



**Western Cape
Government**

Transport and Public Works



Annual Report 2016/2017
Government Motor Transport

Contents

Part A: General information	1
1 Trading entity's general information	1
2 List of abbreviations and acronyms	2
3 Foreword by the Provincial Minister	5
4 Report of the Accounting Officer.....	6
4.1 Overview of operations of the trading entity	6
4.2 Overview of the financial results	10
4.3 Receipts.....	12
4.4 Expenditure.....	15
4.5 Virements / roll overs.....	16
4.6 Unauthorised, irregular, fruitless and wasteful expenditure	16
4.7 Future plans of the trading entity	16
4.8 Public-private partnerships	17
4.9 Discontinued activities / activities to be discontinued	17
4.10 New or proposed activities.....	17
4.11 Supply Chain Management.....	17
4.12 Gifts and donations received in kind from non-related parties.....	18
4.13 Exemptions and deviations received from the National Treasury.....	18
4.14 Events after the reporting date.....	18
4.15 Acknowledgement/s or appreciation.....	18
4.16 Conclusion	19
5 Statement of responsibility and confirmation of accuracy for the Annual Report	20
6 Strategic overview.....	21
6.1 Introduction	21
6.2 Vision	21
6.3 Mission.....	21
6.4 Values	22
7 Legislative and other mandates.....	23
8 Trading entity reporting to the Minister.....	32
9 Organisational structure as at 31 March 2017.....	32
Part B: Performance information	33
1 Auditor-General's report: Predetermined objectives	33
2 Overview of trading entity's performance	33
2.1 Service delivery environment	33
2.2 Service Delivery Improvement Plan (SDIP).....	35
2.3 Organisational environment.....	40
2.4 Key policy developments and legislative changes	40
3 Strategic Outcome-Oriented Goals	41
4 Performance information.....	44
5 Transfer payments	49
5.1 Transfer payments to public entities.....	49
5.2 Transfer payments to all organisations other than public entities	49
6 Conditional grants.....	50
6.1 Conditional grants and earmarked funds paid.....	50
6.2 Conditional grants and earmarked funds received	50
7 Donor funds	50
8 Capital investment.....	50
8.1 Capital investment, maintenance and asset management plan.....	50

Part C: Governance	51
1 Introduction	51
2 Risk management	51
3 Fraud and corruption.....	56
4 Minimising conflicts of interest	57
5 Code of Conduct.....	59
6 Health, safety and environmental issues.....	59
7 Standing Committee on Transport and Public Works	59
7.1 Report of the Standing Committee on Transport and Public Works on the Annual Report	59
7.2 Report of the Standing Committee on Public Accounts	60
8 Public Accounts Committee resolutions	61
8.1 Response to the report of the Public Accounts Committee on the 2015/16 Annual Report dated 28 November 2016	61
8.2 List of information required	65
9 Prior modifications to Audit Reports	65
10 Financial Governance Directorate	66
11 Chief Directorate Supply Chain Management: Directorate Governance and Demand Management	69
12 Internal Audit and Audit Committees.....	72
13 Audit Committee Report.....	74
Part D: Human resource management	77
1 Introduction	77
2 Status of People Management at the Department	78
3 People management oversight statistics.....	79
3.1 Personnel related expenditure.....	79
3.2 Employment and vacancies	81
3.3 Job evaluation	82
3.4 Employment changes	83
3.5 Employment equity	86
3.6 Signing of performance agreements by SMS members	91
3.7 Filling of SMS posts.....	92
3.8 Employee performance	93
3.9 Foreign workers	95
3.10 Leave utilisation for the period 1 January 2016 to 31 December 2016	96
3.11 Health promotion programmes, including HIV and AIDS.....	99
3.12 Labour relations	103
3.13 Skills development	104
3.14 Injury on duty	106
3.15 Utilisation of consultants	107
Part E: Financial information	109
1 Report of the Auditor-General to the Western Cape Provincial Parliament on the Government Motor Transport Trading Entity.....	109
2 Annual Financial Statements for the year ended 31 March 2017	115

Figures

Figure 1: Organisational structure	32
--	----

Report tables

Table 4.3.1:	Revenue collected	12
Table 4.3.2:	Claims and accounts receivable comparison	13
Table 4.3.3:	Outstanding debt per client as at the end of March.....	13
Table 4.4.1:	Expenditure versus budget	15
Table 4.4.2:	Reasons for under spending.....	15
Table 6.4:	Values	22
Table 7.1:	National and provincial legislation	23
Table 2.1.1:	Accidents and losses incidents	34
Table 2.2.1:	Main services and service standards provided in terms of the Service Delivery Improvement Plan.....	35
Table 3.1:	Key areas of delivery	41
Table 3.2:	Strategic Objectives	43
Table 4.1:	Strategic objectives, performance indicators planned targets and actual achievements.....	44
Table 4.2:	Expenditure versus budget	49
Table 3.1:	PFS Case Movement Certificates Issued.....	57
Table 3.2:	PFS Case Movement Certificate Closed and Referred.....	57
Table 7.1.1:	Matters raised by the Committee	60
Table 7.2.1:	Information requested by the Committee	60
Table 8.1:	Views and Resolutions of the Committee.....	62
Table 8.2:	List of information requested	65
Table 10.1:	Financial Governance work performed	66
Table 11.1:	SCM work performed.....	69
Table 12:	Audit Committee members.....	73

Human resource management tables

Table 3.1.1:	Personnel expenditure by Entity, 2016/17	80
Table 3.1.2:	Personnel expenditure by salary band, 2016/17	80
Table 3.1.3:	Salaries, overtime, housing allowance and medical assistance by Entity, 2016/17	80
Table 3.1.4:	Salaries, overtime, housing allowance and medical assistance by salary band, 2016/17	81
Table 3.2.1:	Employment and vacancies by Entity, as at 31 March 2017	81
Table 3.2.2:	Employment and vacancies by salary band, as at 31 March 2017	81
Table 3.2.3:	Employment and vacancies by critical occupation, as at 31 March 2017	82
Table 3.3.1:	Job evaluation, 1 April 2016 to 31 March 2017	82
Table 3.3.2:	Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2016 to 31 March 2017.....	83
Table 3.3.3:	Employees who have been granted higher salaries than those determined by job evaluation per major occupation, 1 April 2016 to 31 March 2017.....	83
Table 3.3.4:	Profile of employees who have been granted higher salaries than those determined by job evaluation, 1 April 2016 to 31 March 2017.....	83
Table 3.4.1:	Annual turnover rates by salary band, 1 April 2016 to 31 March 2017	84
Table 3.4.2:	Annual turnover rates by critical occupation, 1 April 2016 to 31 March 2017	84
Table 3.4.3:	Staff leaving the employ of the Department, 1 April 2016 to 31 March 2017	84
Table 3.4.4:	Reasons why staff resigned, 1 April 2016 to 31 March 2017.....	85
Table 3.4.5:	Different age groups of staff who resigned, 1 April 2016 to 31 March 2017	85
Table 3.4.6:	Employee initiated severance packages.....	85
Table 3.4.7:	Promotions by salary band, 1 April 2016 to 31 March 2017	86
Table 3.4.8:	Promotions by critical occupation, 1 April 2016 to 31 March 2017	86

Table 3.5.1:	Total number of employees (including employees with disabilities) in each of the following occupational levels, as at 31 March 2017.....	86
Table 3.5.2:	Total number of employees (with disabilities only) in each of the following occupational levels, as at 31 March 2017.....	87
Table 3.5.3:	Recruitment, 1 April 2016 to 31 March 2017.....	88
Table 3.5.4:	Promotions, 1 April 2016 to 31 March 2017.....	89
Table 3.5.5:	Terminations, 1 April 2016 to 31 March 2017.....	89
Table 3.5.6:	Disciplinary actions, 1 April 2016 to 31 March 2017.....	90
Table 3.5.7:	Skills development, 1 April 2016 to 31 March 2017.....	91
Table 3.6.1:	Signing of performance agreements by SMS Members, as at 31 May 2016.....	91
Table 3.6.2:	Reasons for not having concluded performance agreements with all SMS members on 31 May 2016.....	92
Table 3.6.3:	Disciplinary steps taken against SMS Members for not having concluded Performance Agreements on 31 May 2016.....	92
Table 3.7.1:	SMS posts information, as at 30 September 2016.....	92
Table 3.7.2:	SMS posts information, as at 31 March 2017.....	92
Table 3.7.3:	Advertising and filling of SMS posts, as at 31 March 2017.....	92
Table 3.7.4:	Reasons for not having complied with the filling of active vacant SMS posts – Advertised within 6 months and filled within 12 months after becoming vacant.....	92
Table 3.7.5:	Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months.....	93
Table 3.8.1:	Notch progressions by salary band, 1 April 2016 to 31 March 2017.....	93
Table 3.8.2:	Notch progressions by critical occupation, 1 April 2016 to 31 March 2017.....	93
Table 3.8.3:	Performance rewards by race, gender, and disability, 1 April 2016 to 31 March 2017.....	94
Table 3.8.4:	Performance rewards (cash bonus), by salary bands for personnel below Senior Management Service level, 1 April 2016 to 31 March 2017.....	94
Table 3.8.5:	Performance rewards (cash bonus), by salary band, for Senior Management Service level, 1 April 2016 to 31 March 2017.....	95
Table 3.8.6:	Performance rewards (cash bonus) by critical occupation, 1 April 2016 to 31 March 2017.....	95
Table 3.9.1:	Foreign workers by salary band, 1 April 2016 to 31 March 2017.....	95
Table 3.9.2:	Foreign workers by major occupation, 1 April 2016 to 31 March 2017.....	95
Table 3.10.1:	Sick leave, 1 January 2016 to 31 December 2016.....	96
Table 3.10.2:	Incapacity leave, 1 January 2016 to 31 December 2016.....	96
Table 3.10.3:	Annual Leave, 1 January 2016 to 31 December 2016.....	97
Table 3.10.4:	Capped leave, 1 January 2016 to 31 December 2016.....	98
Table 3.10.5:	Leave pay-outs, 1 April 2016 to 31 March 2017.....	98
Table 3.11.1:	Health promotion programmes, including HIV and AIDS.....	99
Table 3.11.2:	Details of health promotion including HIV and AIDS Programmes, 1 April 2016 to 31 March 2017.....	99
Table 3.12.1:	Collective agreements, 1 April 2016 to 31 March 2017.....	103
Table 3.12.2:	Misconduct and disciplinary hearings finalised, 1 April 2016 to 31 March 2017.....	103
Table 3.12.3:	Types of misconduct addressed at disciplinary hearings, 1 April 2016 to 31 March 2017.....	105
Table 3.12.4:	Grievances lodged, 1 April 2016 to 31 March 2017.....	103
Table 3.12.5:	Disputes lodged with councils, 1 April 2016 to 31 March 2017.....	103
Table 3.12.6:	Strike actions, 1 April 2016 to 31 March 2017.....	104
Table 3.12.7:	Precautionary suspensions, 1 April 2016 to 31 March 2017.....	104
Table 3.13.1:	Training needs identified, 1 April 2016 to 31 March 2017.....	104
Table 3.13.2:	Training provided, 1 April 2016 to 31 March 2017.....	105
Table 3.14.1:	Injury on duty, 1 April 2016 to 31 March 2017.....	106
Table 3.15.1:	Report on consultant appointments using appropriated funds for the period 1 April 2016 to 31 March 2017.....	107



Part A General Information

Part A: General information

1 Trading entity's general information

Country of incorporation and domicile	South Africa
Legal form of entity	Government Business Enterprise (schedule 3D) Trading Entity
Registration Number	Not applicable
Nature of business and principal activities	Provision of vehicle fleet services to provincial and national clients
Business address	34 Roeland Street Cape Town 8001
Postal Address	Private Bag X9014 Cape Town 8000
Telephone Number	08000 92 468
Fax Number	021 467 4777
E-mail Address	gmt.bureau@westerncape.gov.za
Web Address	www.westerncape.gov.za/dept/tpw
Bankers	Nedbank
Bank address	Second Floor, West Entrance, Mutual Park Pinelands Cape Town 7405
Auditors	Auditor-General South Africa
Auditors' address	Auditor-General South Africa PO Box 446 Pretoria 0001
Accounting Officer	JT Gooch
Company Secretary	Nawaal Sasman Acting Personal Assistant to the Acting Director: Directorate Fleet Services
Telephone Number	021 467 4716

2 List of abbreviations and acronyms

AARTO	Administrative Adjudication of Road Traffic Offences Act, 1998
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
BAS	Basic Accounting System
BBBEE	Broad-based black economic empowerment
BER	Bureau for Economic Research
BI	Business intelligence
BMI	Body Mass Index
CBD	Central business district
CC	Close corporation
CCC	Client Care Centre
CCGMT	Co-ordinating Committee for Government Motor Transport
CD	Chief Director
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CIO	Chief Information Officer
CIPC	Companies and Intellectual Property Commission
CoCT	City of Cape Town
COF	Certificate of fitness
CR	Creditor
CSC	Corporate Services Centre
CSD	Central Supplier Database
D:ERM	Directorate: Enterprise Risk Management
DCGIP	Department Corporate Governance Improvement Plan
DORA	Division of Revenue Act of South Africa, 2015
DotP	Department of the Premier
DPME	Department of Planning Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DR	Debtor
DSG	Departmental Strategic Goal
DTI	Department of Trade and Industry
DTPW	Department of Transport and Public Works
e-Billing	Electronic billing
ECM	Enterprise Content Management
EEA	Employment Equity Act, 1998
E-Fuel	Electronic Fuel Purchasing System
EHWP	Employee Health and Wellness Programme
eNATIS	Electronic National Administration Traffic Information System
EPWP	Expanded Public Works Programme
ERM	Enterprise Risk Management

ERMCO	Enterprise Risk Management Committee
ERP	Enterprise resource planning
FAR	Fixed Asset Register
FIFO	First-in-first-out
FleetMan	Fleet Management ERP System
FleetCare	FleetMan fleet repairs and maintenance module
FOSAD	Forum of South African Directors General
FPP	Fraud Prevention Plan
GAP	Gap Analysis Project
Gb	Gigabyte
GG	Government Garage
GIAMA	Government Immovable Asset Management Act, 2007
GMT	Government Motor Transport
GMT MIB	Government Motor Transport Management Information Bureau
GMT CCC	Government Motor Transport Client Care Centre
GPSSBC	General Public Service Sector Bargaining Council
GRAP	General Recognised Accounting Practice
HCT	HIV and AIDS counselling and testing
HEI	Higher education institution
ICAS	Independent Counselling and Advisory Services
ICT	Information and communication technology
IGRFA	Intergovernmental Relations Framework Act, 2005
IT	Information Technology
IYM	In-Year Monitoring
LOGIS	Logistical Information System
LRA	Labour Relations Act
MTEF	Medium Term Expenditure Framework
NLTA	National Land Transport Act, 2009
NRTA	National Road Traffic Act, 1996
NT	National Treasury
OSD	Occupation Specific Dispensation
PAA	Public Audit Act of South Africa, 2004 (Act No. 25 of 2004)
PAC	Public Accounts Committee
PAIA	Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
PAJA	Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)
PERSAL	Personnel and Salary System
PFMA	Public Finance Management Act, 1999
PFS	Provincial Forensic Services
PILIR	Policy on Incapacity Leave and Ill-Health Retirement
PPE	Property, plant and equipment
PPPFA	Preferential Procurement Policy Framework Act, 2000
PSCBC	Public Service Coordinating Bargaining Council
PSG	Provincial Strategic Goal
PSR	Public Service Regulations

PSRMF	Public Sector Risk Management Framework
RWOPS	Remunerative Work Outside the Public Service
SAPS	South African Police Service
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SHEQ	Safety Health Environment and Quality
SITA	State Information Technology Agency
SNPs	Special needs passenger
SOP	Standard Operating Procedure
STI	Sexually transmitted infection
TB	Tuberculosis
TMT	Traffic Management Technologies
UNAIDS	United Nations Programme on HIV and AIDS
WC	Western Cape
WCBD	Western Cape Bid Document
WCG	Western Cape Government
WCSD	Western Cape Supplier Database
WCPP	Western Cape Provincial Parliament

3 Foreword by the Provincial Minister

MOVING FORWARD TO DELIVER EFFECTIVE FLEET MANAGEMENT SERVICES IN AN INNOVATIVE WAY

I am pleased to present the Annual Report for the period 1 April 2016 to 31 March 2017 for Government Motor Transport (GMT), Western Cape. The purpose of this report is to provide a summary of achievements and of challenges faced by GMT during the financial year under review. GMT is a Trading Entity within the administration of the Department of Transport and Public Works, with its core mandate to deliver effective fleet management services to its provincial and national government clients.

The need for cost-cutting across all government departments required of GMT to assist its client departments in ensuring cost effective and efficient use of vehicles in the fleet and the prevention of abuse of fleet vehicles. The phased introduction of driver tags to monitor driver behaviour, as well as the rollout of the electronic driver nomination functionality for client departments using the FleetMan Client module also contributed towards greater efficiency and a reduction in reported cases of abuse.

The Entity made good progress with its project to insource the repair and maintenance management function which has historically been performed by a service provider. The project will ensure full internal control over the vehicle maintenance management function and better spread and utilisation of vehicle-related suppliers. Implementation commenced on a pilot basis with full take-on planned in 2018.

GMT, in partnership with its client departments, managed to maintain the age of its fleet within the desired five-year band. In doing so, GMT ensured that the Western Cape's fleet contributes towards reducing the province's carbon footprint.

In the year under review, GMT reduced its fleet marginally from 5 413 on 31 March 2016 to 5 404 vehicles, after resuming the auctioning of vehicles that had reached the end of their economically viable life and acquiring newer, more fuel efficient vehicles that meet clients' needs.

The newly approved organisational structure, along with the construction of new premises and office accommodation allowed GMT to acquire additional capacity to grow the fleet to optimal levels and to continue to improve its services to clients.

I wish to thank the management and staff of GMT and my Department for their continued efforts in and dedication to steering GMT into the future. I wish to also thank Mr Johan Koegelenberg, who retired in March 2017 after 46 years in Government, for the sterling contribution that he made to GMT and the Western Cape Government over those many years of dedicated public service.



DAC Grant MPL
Provincial Minister of Transport and Public Works
Date: 31 August 2017

4 Report of the Accounting Officer

4.1 Overview of operations of the trading entity

Organisational review

The redesign of the GMT organisational structure was approved in August 2016. This created space for much-needed additional capacity to further excel in its core function of rendering fleet management services to its clients. The process of matching and placing existing staff in the redesigned Chief Directorate: GMT was concluded in December 2016 and took effect from 1 January 2017. The recruitment process for filling vacant posts is well under way.

The functions of the Fleet Management, Fleet Logistics, Fleet Finance and Fleet Risk Management divisions have been restructured into the Directorate: Fleet Services, the Directorate: Fleet Finance, and the Sub-Directorate: Management Support Services.

Various business processes and standard operating procedures will be revised in accordance with the requirements of the new GMT organisational structure. This revision process will be implemented during the 2017/18 financial year.

The key activities delivered over the reporting period are described below.

4.1.1 Directorate: Fleet Services

Sub-Directorate: Fleet Operations

Vehicle tracking services

During the 2016/17 financial year, GMT focused its vehicle-tracking initiatives on the safety of traffic officers using government-owned vehicles. Most monitoring of the vehicles via the tracking system has been done by the GMT Bureau. A pilot project which will enable this function was implemented in the regional traffic control centres. This enables these control centres to do real-time monitoring and management of the vehicles in their areas (e.g. patrolling of routes, coordinating the despatching of vehicles to incidents, roadblocks, etc.). Traffic control centre management and staff received the necessary training and will continue to receive 24/7 support from the vehicle tracking service provider call centre that was established during the 2016/17 financial year.

GMT recently completed the testing of driver tags. These will link the vehicle trip details that are recorded on the vehicle tracking system against the driver's name. The distribution of driver tags to traffic officers will commence during the first quarter of the 2017/18 financial year.

GMT has started to capture all traffic control centre locations and vehicle repairs and maintenance service provider locations on the vehicle tracking system and maps. This

will assist the GMT Client Care Centre (previously known as the GMT Bureau) and the traffic control centres to jointly monitor individual drivers and their vehicles' movements in real-time. This will enable the rapid rendering of support services when vehicles are involved in accidents or when they experience mechanical failure. The system will also allow for the "geo-fencing" of dangerous/hot spot areas and monitoring of vehicles as they enter such areas as well as drivers sending distress signals or requests for assistance. The locations of vehicle repair and maintenance service provider captured in the vehicle tracking system will assist GMT CCC to manage vehicle downtime in real time.

Fleet rental services

The general hire rental fleet consists of 461 vehicles. During the 2016/17 financial year, a total of 2 294 short-term rental bookings were captured on the FleetMan system.

As part of its ongoing exploration of new ways of delivering more effective service, GMT introduced short-term rentals and full life cycle-term rental vehicle services to national and provincial departments in the Western Cape. The first clients to request these services were the national Office of the Chief Justice, some provincial clients departments, as well as the Stellenbosch Municipality.

Sub-Directorate: Fleet Repairs and Maintenance

The enhancement of the fleet repairs and maintenance module of the GMT FleetMan ERP system known as FleetCare will continue into the 2017/18 financial year. This will enable GMT and client departments to monitor and manage the fleet more efficiently. FleetCare has kept pace with the recent redesign of the organisation and has already established a centralised GMT Client Care Centre, Fleet Quality Assurance section, Supplier Performance Control section, and the Repairs and Maintenance Coordination Centre (i.e. the GMT drop and go service). FleetCare will include an automated workflow feature to effectively manage each case, supported by simpler business processes and integrated business systems that will enable end-to-end oversight of the entire process. The benefits for GMT include reduced operational costs, better planning capacity, more manageable processes, streamlined service delivery, and the ability to manage suppliers in line with best Supply Chain Management practices and processes, as all suppliers will be registered on the Western Cape Supplier Database. FleetCare provides for the scanning and storage of all daily authorisation documentation through the Open Text ECM system with 24/7 access. This fully integrated software solution provides easy access to management overview information and is expected to improve vehicle downtime management and improved service delivery for GMT and its clients.

Sub-Directorate: Fleet Risk Management

Traffic Offence Management

As part of GMT's electronic management approach which encompasses the ongoing enhancement of current technology and the exploration of new initiatives, a high

priority for GMT and its clients is the redirection of traffic fines received in the name of GMT's Fleet Proxy in preparation for national government putting the Administrative Adjudication of Road Traffic Offences Act, 1998 (Act 46 of 1998) into effect.

GMT successfully implemented the automated redirection of traffic fines into the responsible driver's name in conjunction with the City of Cape Town (CoCT). Every day GMT downloads an electronic file with the details of traffic offences committed by drivers of Government Garage vehicles in the municipality's jurisdiction, processes the information, and returns updated information with driver details to the CoCT for further processing. During the year under review, GMT engaged with Traffic Management Technologies (TMT) to establish a similar file exchange process for driver infractions in the 12 local municipalities in the Western Cape that have contracts with TMT.

The next step for GMT was to start exploring paperless, less administratively burdensome ways of providing services to its clients that were also able obtain the driver details for the abovementioned automated redirection processes with CoCT and TMT. GMT added a Traffic Offence driver nomination function to the FleetMan Client module. This enables transport officers, line managers and other officials to name the responsible driver for every traffic offence by selecting the applicable name from a dropdown list of registered officials/drivers. Once a driver responsible for a specific traffic offence has been selected, the FleetMan system will create driver redirection files for approval by the GMT Traffic Offence Management Team, after which these files will be sent to CoCT and TMT, once the necessary arrangements have been put in place. This FleetMan Client module enhancement is currently being tested with clients. By automating the process, municipalities will be able to speed up their administration of traffic infringement proceedings, which means infringement cases are less likely to proceed to the "summons" stage. Further work to enhance this technology by using the vehicle tracking system and its driver tag technology to link the driver to the traffic offence will be explored in the 2017/18 financial year.

4.1.2 Sub-Directorate: Management Support Services

Expanded Public Works Programme

This Sub-Directorate supported the Expanded Public Works Programme (EPWP), through supporting job opportunity initiatives for unemployed persons. During the year under review, six EPWP participants were contracted by GMT. They were responsible for administrative as well as non-administrative duties such as cleaning vehicles. They washed a proportion of the total number of 3 928 vehicles that were cleaned during the year under review. A decision was made to stop washing the exterior of government vehicles at the Buitenkant Street wash bay with effect from 8 March 2017 until further notice. This was due to the water restrictions imposed in the City of Cape Town and surrounding areas. The interior cleaning of vehicles continued as before.

Accommodation

The first phase of relocating designated GMT components from current locations in the Cape Town CBD to the new premises at 3 Rusper Street, Maitland resumed towards the end of 2016 after a new tender was awarded. The relocation of the Directorate: Fleet Services, consisting of the Sub-Directorates: Fleet Operations, Fleet Repairs and Maintenance and Fleet Risk Management to Maitland is scheduled to be complete in September 2017.

Establishment of client liaison services

The client liaison function is being established within the Division: Statutory Reporting and Stakeholder Relations in line with the new organisational structure approved in August 2016. An implementation plan was approved by GMT management. The Sub-Directorate: Management Support Services advertised the new positions, and interviewed short-listed candidates. The newly appointed staff will commence service during 2017/18.

Training of officials tasked with transport duties

During the year under review, GMT trained a total of 190 officials at 16 training events. Transport control officers and transport officers- and officials tasked with transport duties were trained in fleet management best practices and GMT system solutions.

Bi-monthly client forums were held to discuss developments in the government fleet environment and regulatory changes that might have an impact on GMT and its clients. A client survey of GMT's services was undertaken, and GMT's overall rating was "good".

GMT ICT Management

GMT considers ICT management services to be a strategic element of its overall business strategy. Furthermore, the organisation aims to establish a fully functional and integrated Fleet Management ERP business software solution. During the year under review, GMT focused on three principal strategic competencies: leveraging its existing ICT infrastructure to enable business flexibility as well as facilitating the path for future growth; concentrating on more closely aligning the technology component to the business need for improved client services; and continually improving ICT to support.

A series of ICT initiatives have been introduced to meet the aforementioned objectives. The initiatives consist of legacy system improvement; a security and audit compliance management solution; implementation of an incident logging and management infrastructure; the imminent introduction of an in-house management system of services for vehicle maintenance and repair; and improving business intelligence capability and access and management of this capability.

4.1.3 Directorate: Fleet Finance

GMT established the Lease Management data repository at the start of the year. The repository is a dynamic data collection and collation tool that is being utilised to organise all elements related to GMT Asset leases. The tool allows for real-time data assessment of the state of the GMT Asset leases and provides reports that GMT can use to reconcile its vehicle asset lease data. The second phase of the Lease Management software solution is the provision of business reports for use by GMT and its clients. These reports will contain the financial lease information required for audit and management information purposes.

4.2 Overview of the financial results

Statement of financial performance

Revenue

Revenue increased by 3.8% to R679.1 mil (2015/16: R654.1 mil). The increase is due to increases in interest earned on investments, profit on the sale of vehicles and government grants and subsidies received.

Interest earned increased by 60% to R76 mil (2015/16: R47.6 mil). The increase is due to higher balances in cash held with financial institutions and a higher interest yield than that of 2015/16. This is mainly due to funding being invested through Provincial Treasury to attract a higher investment return than is possible in the GMT bank account. The higher cash balances were also due to increased debt collections from clients.

Other income increased to R17.8 mil. This is an increase of 66.3% from R10.7 mil earned during 2015/16. The main reason for the increase is that 554 vehicle disposals during 2016/17 attracted profits, compared to 66 vehicles which were disposed at a profit during 2015/16.

Revenue from government grants and subsidies received increased by 65.7% to R41.1 mil (2015/16: R24.8 mil). This was due to the value of the additional vehicles allocated to provincial client departments being higher than that allocated during 2015/16. There were notable increases in the value of vehicles allocated to the Western Cape Departments of Cultural Affairs and Sport, Health and Local Government.

Expenditure

Total expenditure increased by 5% to R412.4 mil (2015/16: R392.7 mil). This is due to higher expenditure incurred on amortisation, grants and subsidies paid and operating leases. The increase of 5% is within the MTEF inflationary increase.

Amortisation increased by 62.1% to R15.4 mil (2015/16: R9.5 mil). Amortisation is the systematic allocation of the depreciable amount of an intangible asset over its useful life. Amortisation commences when modules are activated in the production environment. The amortisation on service orientated architecture, accounts receivable

reminder letters, lease management platform and fleet finance business intelligence commenced during 2016/17 resulting in an increase in the amortisation expense compared to the figure for 2015/16.

Grants and subsidies paid increased to R9.8 mil (2015/16: nil). Vehicles were alienated to the Department of Local Government during 2016/17. These vehicles were reallocated to local municipalities in the Western Cape.

Operating leases increased by 17.6% to R18 mil (2015/16: R15.3 mil). The number of tracking units which are classified as operating leases increased from 2015/16 to 2016/17. An annual increase which was effective from 1 November also contributed to the increase in this expenditure.

The profit for the year increased by 2% to R266.7 mil (2015/16: R261.5 mil). The increase is the result of expanded operations to generate revenue with effective and efficient expenditure management.

Statement of financial position

The entity has a strong asset base which is reflective of the operations. Significant asset classes include finance lease receivables, property, plant and equipment, intangible assets and cash funds. The liabilities are limited to staff-related items and payables which arise from the entity's operations.

The carrying value of non-current assets decreased by 7.6% to R916.8 mil (2015/16: R992.2 mil). The decrease of R17.5 mil (2016/17: R219.9 mil, 2015/16: R237.4 mil) in property, plant and equipment is due to the high numbers of vehicles allocated to clients and disposals compared to the value of the vehicles purchased during 2016/17. A total of 642 vehicles classified as property, plant and equipment were disposed of and 182 were allocated to clients compared to 257 purchased during 2016/17. The decrease to R558 mil in the non-current portion of the finance lease receivables is due to the fleet having a lower repayable value for a period exceeding 12 months as some vehicles are nearing the end of their useful lives. This trend is not reflected in the current portion of the finance lease receivables.

The carrying value of the current assets increased by 30.5% to R1.442 billion (2015/16: R1.105 billion). This increase is due to increases in the carrying values of the current portion of finance lease receivables and cash funds. The increase of 43.6% to R145.3 mil (2015/16: R101.2 mil) in the current portion of the finance lease receivables is due to the vehicles nearing the end of their useful lives. This resulted in an increase in the receivable amount over the 12 months following 31 March 2017 to R145.3 mil.

The increase in the cash funds is the net effect of payments incurred for expenditure and revenue collected from receivables and other funding sources.

The receivables from exchange transactions decreased to R23.1 mil receivable on 31 March 2017 (31 March 2016: R54.9 mil). The decrease is due to high collections from provincial and national clients during 2016/17. In addition, the tariffs of the permanently

allocated vehicles and general hire fleet were aligned, as well as the provincial and national tariffs which were aligned.

The accumulated surplus increased from R2.025 billion on 31 March 2016 to R2.291 billion on 31 March 2017.

Cash flow statement

The cash generated from operating activities increased to R376.4 mil (2015/16: R334 mil). This is due to an increase of R28.4 mil in the interest earned on cash funds and receivables. In addition, the cash generated from operating activities increased due to high collections in the receivables from exchange transactions.

The cash outflow from investing activities was lower than that of 2015/16. The proceeds on the disposal of property, plant and equipment increased by R55.3 mil (2015/16: R10.4 mil) as 642 vehicles that were classified as property, plant and equipment were disposed of (2015/16: 107 vehicles). The total of the current and non-current portion of the finance lease receivables decreased by R18.4 mil as payments received for the vehicles classified as finance lease receivables exceeded the capitalisation of new vehicles against this item.

The net effect of the cash generated from operating and investing activities resulted in an increase of R322.9 mil.

4.3 Receipts

GMT's main source of income is derived from the charging of daily and kilometre tariffs and claims instituted for insurance excess payments on accidents costing above R10 000 in cases of gross negligence. This is supplemented with the income received through the sale of redundant vehicles at auction and claims instituted against private parties involving losses to the state (mainly accident damage to government vehicles).

The results of the collections for 2016/17 and the comparative previous year are depicted in **Table 4.3.1** below.

Table 4.3.1: Revenue collected

Category of Revenue	2016/17			2015/16		
	Estimate	Actual Amount	(Over)/ Under	Estimate	Actual Amount	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Daily-, kilometre tariffs and interest earned on finance lease receivables	553 010	544 186	8 824	692 149	571 036	121 113
Other income	20 103	17 800	2 303	13 656	10 718	2 938

Category of Revenue	2016/17			2015/16		
	Estimate R'000	Actual Amount R'000	(Over)/ Under R'000	Estimate R'000	Actual Amount R'000	(Over)/ Under R'000
Government grants and other subsidies received (funding received from clients for additional vehicles)	21 459	41 099	(19 640)	20 400	24 804	(4 404)
Interest earned – accounts receivables, and cash and cash equivalents	96 110	76 027	20 083	25 495	46 640	(21 145)
Total	690 682	679 112	11 570	751 700	653 198	98 502

The tariffs are the only category of income that is forecast per financial year. Tariffs claimed, but not paid by clients at the end of the financial year are classified as receivables from exchange transactions. The position of claims raised but not settled at year-end for 2016/17 is shown in **Table 4.3.2** below.

Table 4.3.2: Claims and accounts receivable comparison

Type	2010/11 R'000	2011/12 R'000	2012/13 R'000	2013/14 R'000	2014/15 R'000	2015/16 R'000	2016/17 R'000
Daily-, kilometre tariffs and interest earned on finance lease receivables	340 422	437 559	460 354	531 081	545 497	571 036	544 187
Accumulative debt at year-end	54 767	64 659	71 031	65 620	53 858	65 922	33 841
% Debt at year-end to daily, kilometre tariffs and interest earned on finance lease receivables	16	15	15	12	10	12	6

Table 4.3.3 below, reflects the outstanding debt per client.

Table 4.3.3: Outstanding debt per client as at the end of March

Clients	Outstanding Balance 2017 R'000	Outstanding Balance 2016 R'000
	Provincial	18 913
Western Cape Education Department	324	197
Cape Nature	1 995	1 920
Department of Transport and Public Works	4 522	4 737
Western Cape Provincial Parliament	114	117
Department of Health	3 107	22 959
Department of Cultural Affairs and Sport	-	1 600
Department of Human Settlements	629	56
Provincial Treasury	38	278

Clients	Outstanding Balance	Outstanding Balance
	2017 R'000	2016 R'000
Department of Social Development	3 601	3 415
Department of Environmental Affairs and Development Planning	651	192
Department of the Premier	804	591
Department of Agriculture	2 161	1 989
Department of Local Government	9	-
Department of Economic Development and Tourism	9	-
Western Cape Liquor Authority	94	24
Western Cape Gambling Board	-	8
Department of Community Safety	855	-
Municipal	61	-
Stellenbosch Municipality	61	-
National	15 373	27 153
Department of Justice and Constitutional Development	13 646	19 117
National Prosecuting Authority	192	208
Department of Government Communication and Information System	7	-
Public Service Commission	16	17
Marine Living Resource Fund	510	819
Department of Agriculture, Forestry and Fisheries	-	3 471
Department of Home Affairs	107	316
Department of Mineral Resources	-	70
Department of Labour	108	99
Department of Rural Development and Land Reform	344	989
Department of Finance	-	114
Department of Environmental Affairs	-	83
Department of Public Works	-	1
Department of Cooperative Governance and Traditional Affairs	22	8
National Parliament	129	338
North West Provincial Government	-	13
Department of International Relations and Cooperation	168	9
South African National Defence Force	92	469
Office of the Presidency	-	1 011
National Telecommunication and Postal Services	32	-
Free State Provincial Government	-	1
Grand Total	34 347	65 236

Tariffs

Clients can provide GMT with the capital to purchase additional vehicles, or they can hire vehicles from GMT over short term rental periods or full life cycle-term rentals. These vehicles as well as replacement vehicles are purchased via competitive procurement processes. After delivery, these are captured on the financial system which interfaces with the fleet management system which also constitutes a central vehicle register. Thereafter, a daily tariff is charged to recover the replacement cost (capital) and GMT overhead costs over the economic life cycles of the vehicles. All GMT rental and replacement vehicles are funded from the GMT main bank account. The kilometre tariff income provides for the running costs of vehicles. The Provincial Treasury approved revised tariffs for 2016/17 on 31 March 2016.

Free services

No free services were rendered.

Sales of capital assets

The vehicles that reached the end of their life cycles were sold at public auctions.

4.4 Expenditure

The expenditure versus the budget is depicted in **Table 4.4.1** below.

Table 4.4.1: Expenditure versus budget

2016/17			2015/16		
Final Budget	Actual Expenditure	Variance	Final Budget	Actual Expenditure	Variance
R'000	R'000	R'000	R'000	R'000	R'000
467 203	412 398	54 805	410 365	392 661	17 704

Table 4.4.2: Reasons for under spending

Expenditure	Final Budget	Actual Expenditure	Variance	Reasons for variance
	R'000	R'000	R'000	
Administrative expenses	30 219	22 307	7 913	Under spend on costs associated with the filling of position on the organisational structure (refer to employee cost below).
Employee costs	43 293	32 618	10 674	Certain vacancies not filled as planned as a result of the new organisational structure was approved in August 2016, which was later than expected during the budget estimates.

Expenditure	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Reasons for variance
Operating expenditure	321 147	297 330	23 817	Mainly due to (a lower weighted average fuel price and consumption compared to the budget) and reduced maintenance expenditure on vehicles due to the modernisation of the fleet.
Depreciation	18 192	14 283	3 909	The depreciable amount of the property, plant and equipment was lower than expected.
Amortisation	21 123	15 447	5 676	Timing differences between planned events and actual occurrences.
Accidents and impairment losses	2 785	2 621	164	Insignificant variance.
Grants and subsidies paid	9 771	9 771	-	-
Operating leases	20 673	18 022	2 651	Some operating lease schedules did not have annual increases – as was expected during the budget estimates.
Total	467 203	412 398	54 805	

4.5 Virements / roll overs

Virements

No virements were effected in 2016/17.

Roll overs

No rollovers requested from 2015/16 to 2016/17.

4.6 Unauthorised, irregular, fruitless and wasteful expenditure

According to Management's best knowledge no Unauthorised, Irregular, Fruitless and Wasteful expenditure was incurred during the year under review.

4.7 Future plans of the trading entity

The entity will continue to deliver first class vehicle fleet services to its client base and will also start to focus more on the rental market in the government sphere by extending its services to municipalities and other organs of state to gain economies of scale. Further enhancements in electronic systems and associated business processes will continue to drive the business forward, and GMT plans to expand the Repair and Maintenance

Coordination “drop and go” service further when it relocates to Maitland. The latter entails clients and/or individual users of GG vehicles (based within a radius of 50km from GMT’s premises in Maitland) collecting a “relief vehicle”. Clients can then continue to focus on rendering their core services while GMT attends to their logged service requests. The list of services offered includes: annual and/or kilometre interval services; roadworthy certificates and certificates of fitness (COFs); tyre and glass replacements; vehicle cleaning and valet services; mechanical repairs; accident repairs; and body repairs. GMT undertakes to do an assessment of the vehicles, obtain quotes, authorise the work, deliver or have the vehicle towed to the authorised service provider, oversee the repair process and quality assurance, collect the vehicle from the service provider, and request the client to collect the vehicle from GMT (and to return the relief vehicle). The FleetCare Client module of the GMT FleetMan ERP system will keep clients informed about the status of their vehicles, via system-generated email notifications. Clients are welcome to contact the GMT Client Care Centre on the 24/7 toll free number 08000 92 468 (WC GMT) for any enquiries or requests for assistance.

This planned GMT service will release clients and their users from the burden of having their vehicles serviced and repaired so that they can focus on their core business activities. Since GMT will be overseeing the process from start to finish, this creates an opportunity to provide business opportunities for local service providers.

4.8 Public-private partnerships

No Public-private partnerships were entered into in the year under review.

4.9 Discontinued activities / activities to be discontinued

The trading entity did not discontinue any activities in the year under review, nor is it planning to discontinue any activities in the 2017/18 financial year.

4.10 New or proposed activities

The entity made good progress with the FleetCare project during the 2016/17 financial year to insource the repair and maintenance management function currently being performed by a service provider. It plans to commence with the pilot implementation of FleetCare in October 2017 with a view to full uptake from 1 April 2018. The project will provide full control over the function and assist better spread and utilisation of vehicle-related suppliers.

4.11 Supply Chain Management

The trading entity did not conclude any unsolicited bid proposals for the year under review.

Standard operating procedures and processes are in place to mitigate against the occurrence of irregular expenditure through the design and implementation of detective, preventative and corrective controls. An internal reporting system was

implemented programmatically to monitor the payment of invoices and bring any which are close to the 30-day payment deadline to the attention of management. GMT has introduced an internal control function which checks the payments made each month to ensure that all the prescripts have been adhered to. These controls are encapsulated in the current Supply Chain Management System and Delegation Framework, to which the Oracle accounting system is also aligned.

Structured capacity building and training is in place to promote department-wide awareness of SCM systems, standard operating procedures, policies, templates and tools as much of the SCM system is manual.

4.12 Gifts and donations received in kind from non-related parties

The Trading Entity received an award of R100 000 for winning the ICT Public Service Award for 2017.

4.13 Exemptions and deviations received from the National Treasury

The Trading Entity received no exemption in terms of the Public Finance Management Act, 1999 or Treasury Regulations or deviation from the financial reporting requirements for the current and previous financial year.

4.14 Events after the reporting date

The details of the adjusting and non-adjusting events after reporting date which are recorded in the notes of the Annual Financial Statements are described below.

Adjusting events

Two cases were settled in terms of an agreed payment after the reporting date but before the financial statements were issued in the amount of R62 828 (31 March 2016: two cases with a total value of R16 033).

Non-adjusting events

Ten claims with a total estimated value of R142 098 were issued to GMT after 31 March 2017 (31 March 2016: 16 cases with a total estimated value of R226 845).

A total of 330 cases were registered after 31 March 2017 with a probable loss amount of R1 487 538 (31 March 2016: 94 cases with a probable loss amount of R525 576).

4.15 Acknowledgement/s or appreciation

The GMT trading entity lived up to the expectations of the administrative and executive management to operate as an independent business unit responsible for vehicle fleet management in the Western Cape. The entity made a special effort to prioritise the training of transport officers to raise the service delivery bar. Furthermore, it has maintained its financial reporting processes with adjustments made to accommodate

the requirements of the changes in the Generally Recognised Accounting Practice reporting framework.

4.16 Conclusion

The fleet management environment remains challenging and GMT plans to maintain, amend and implement further business process improvements to ensure excellent service delivery in its environment.

The Annual Financial Statements set on pages 115 to 181 are hereby approved.



J. Gooch

ACCOUNTING OFFICER

DATE: 30.5.2017

5 Statement of responsibility and confirmation of accuracy for the Annual Report

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

- All information and amounts disclosed throughout the Annual Report are consistent;
- The Annual Report is complete, accurate and is free from any omissions;
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury;
- The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practices including any interpretations, guidelines and directives issued by the Accounting Standards Board;
- The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information;
- The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the Annual Financial Statements;
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements; and
- In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Trading Entity for the financial year ended 31 March 2017.

Yours faithfully,



J. Gooch

ACCOUNTING OFFICER

DATE: 30.5.2017

6 Strategic overview

6.1 Introduction

GMT which forms part of the administration of the Department of Transport and Public Works, and is a Chief Directorate, with the following direct operational reporting lines:

- Directorate: Fleet Services;
- Directorate: Fleet Finance; and
- Sub-Directorate: Management Support Services.

6.2 Vision

The DTPW embraces the Western Cape Government's vision as contained in the Provincial Strategic Plan 2014 – 2019.

"An open opportunity society for all".

The DTPW's own vision is consistent with the Western Cape Government's vision.

"To lead in the delivery of government infrastructure and related services".

GMT, guided by the DTPW's vision, aims to become the leading government motor transport service and has simplified its vision to read:

"To become the leading government motor transport service."

6.3 Mission

The Department adopted the following mission:

"The Department of Transport and Public Works delivers infrastructure and services to promote socio-economic outcomes and safe, empowered and connected communities".

In support of the Department's mission, GMT aims to achieve the following mission by setting realistic goals and objectives:

"To be the leader in Government Motor Transport services by providing quality, integrated and cost-effective motor transport to provincial and national client departments and to do so by creating a pleasant, safe and interactive environment where staff are offered the opportunity to develop and improve themselves."

6.4 Values

The core values of the Western Cape Government, to which the Department and GMT subscribes, are as follows:



These values are all underpinned by team work and a detailed explanation of what each core value encapsulates is outlined below:

Table 6.4: Values

Value	Behavioural statement
Caring	<p>We will endeavour to understand people's needs and pay attention to them.</p> <p>We will show respect for others.</p> <p>We will treat staff members as more than just workers and value them as people.</p> <p>We will empathise with staff members.</p> <p>We will emphasise positive features of the workplace.</p> <p>We will provide constructive criticism when needed.</p>
Competence	<p>We will endeavour to ensure that staff members are able to do the tasks they are appointed to do, that they internalise the DTPW's values, and that they always strive for excellence.</p> <p>We will deliver on our outcomes and targets with quality work, within budget, and on time.</p> <p>We will strive to achieve the best results in the service of all the people in the Western Cape.</p> <p>We will work together to meet our constitutional and electoral mandate commitments.</p>
Accountability	<p>We fully understand our objectives, roles, delegations, and responsibilities.</p> <p>We are committed to delivering all agreed outputs on time.</p> <p>We will hold each other accountable in the spirit of mutual trust in honouring all our commitments.</p> <p>As individuals we take responsibility for and ownership of our outcomes and accept the consequence of failure to do so.</p>
Integrity	<p>We will seek greater understanding of the truth in every situation and act with integrity at all times.</p> <p>We will be honest, show respect, and practice positive values.</p> <p>We will be reliable and trustworthy, at all times, doing what we say we will.</p> <p>We will act with integrity at all times and in all instances, ensuring that we remain corruption-free.</p>
Innovation	<p>We seek to implement new ideas, create dynamic service options and improve services.</p> <p>We strive to be creative thinkers who view challenges and opportunities from all possible perspectives.</p> <p>We are citizen-centric and have the ability to consider all options and find a resourceful solution.</p> <p>We value employees who question existing practices with the aim of renewing, rejuvenating and improving them.</p> <p>We foster an environment where innovative ideas are encouraged and</p>

Value	Behavioural statement
	<p>rewarded.</p> <p>We understand mistakes made in good faith, and allow employees to learn from them.</p> <p>We problem-solve collaboratively to realise our strategic organisational goals.</p>
Responsiveness	<p>We will take public opinion seriously, listening to and hearing the voice of the people (more listening and less talking).</p> <p>We will respond to all situations timeously, always asking ourselves whether it is the right response, where we could go wrong, and how we can provide better service.</p> <p>We will engage collaboratively with each other, our stakeholders, and the media, providing full information.</p> <p>We will strive to achieve the best results for the people we serve and to act on their feedback.</p>

7 Legislative and other mandates

The DTPW's mandate is derived from the Constitution of the Republic of South Africa, 1996, (hereafter referred to as the Constitution) and the Constitution of the Western Cape, 1997 (Act 1 of 1998). Certain mandates are concurrent responsibilities, while others are exclusively the responsibility of the provincial sphere of government. These mandates, as well as those derived from the functional legislation and policies, are outlined in this section.

In the main, the following national and provincial legislation guided the Department (inclusive of GMT) in the discharge of its responsibilities:

Table 7.1: National and provincial legislation

Function	Legislation
Transport	<p>Administrative Adjudication of Road Traffic Offences Act, 1998 (Act 46 of 1998) Promotes road traffic quality by providing for a scheme to discourage road traffic contraventions, to facilitate the adjudication of road traffic infringements, to support the prosecution of offenders in terms of national and provincial laws relating to road traffic, to implement a points demerit system, to provide for the establishment of an agency to administer the scheme, to provide for the establishment of a board to represent the agency, and to provide for related matters.</p>
	<p>Advertising Along Roads and Ribbon Development Act, 1940 (Act 21 of 1940) Requires DTPW to regulate the display of advertisements outside certain urban areas at places visible from provincially proclaimed roads, and the depositing or leaving of disused machinery or refuse and the erection, construction, or laying of structures and other things near certain provincially proclaimed roads, and the access to certain land from such roads.</p>
	<p>National Land Transport Act, 2009 (Act 5 of 2009) Provides for the process of transformation and restructuring of the National Land Transport System initiated by the National Land Transport Transition Act, 2000 (Act 22 of 2000), through:</p> <ul style="list-style-type: none"> • the formulation and implementation of provincial land transport policy and strategy; • the planning, coordination, and facilitation of land transport functions; • collaboration between municipalities; and

Function	Legislation
	<ul style="list-style-type: none"> • liaison with other government departments.
	<p>National Road Traffic Act, 1996 (Act 93 of 1996) DTPW, with the MEC as designated authority, must ensure that all functions relating to the registration and licensing of motor vehicles, driver fitness testing and vehicle fitness testing are performed. In addition, the DTPW is responsible for the management of events that take place on public roads.</p> <p>The NRTA regulates registration and licensing of motor vehicles, manufacturers, builders and importers; fitness of drivers; operator fitness; road safety; road traffic signs; speed limits; accidents and accident reports; reckless or negligent driving; inconsiderate driving; driving while under the influence of intoxicating liquor or a drug having a narcotic effect; and miscellaneous road traffic offences.</p>
	<p>National Qualifications Framework Act, 2008 (Act 67 of 2008) Provides for the further development, organisation and governance of the National Qualifications Framework.</p> <p>Applies to: education programmes or learning programmes that lead to qualifications or part-qualifications offered within the Republic by education institutions; and skills development providers.</p>
	<p>Road Traffic Management Corporation Act, 1999 (Act 20 of 1999) Provides, in the public interest, for cooperative and coordinated strategic planning, regulation, facilitation, and law enforcement in respect of road traffic matters by the national, provincial, and local spheres of government; regulates the contracting out of road traffic services; provides for the phasing in of private investment in road traffic and, to that end, provides for the establishment of the Road Traffic Management Corporation and related matters.</p>
	<p>Road Transportation Act, 1977 (Act 74 of 1977) Provides for the control of certain forms of road transportation and related matters.</p>
	<p>Western Cape Provincial Road Traffic Administration Act, 2012 (Act 6 of 2012) Regulates certain road traffic matters in the province.</p>
	<p>Western Cape Road Transportation Act Amendment Law (Law 8 of 1996) Makes provision for the establishment of a provincial transport registrar and the registration of minibus taxi associations, operators, and vehicles.</p>
	<p>Western Cape Toll Road Act, 1999 (Act 11 of 1999) Provides for the tolling of provincial public roads in the Western Cape and for the planning, design, declaration, construction, operation, management, control, maintenance, and rehabilitation of provincial toll roads.</p>
	<p>Cape Roads Ordinance, 1976 (Ordinance 19 of 1976) Provides that the province has sole authority over relaxations of the statutory 5 metre and 95 metre building lines pertaining to various classes of provincially proclaimed roads, and provides for the alteration/change of a road's classification (section 4). Such applications are usually received from the district municipality with jurisdiction over the area in question via the District Roads Engineer, but they can also originate from DTPW's head office.</p>
Public Works and Property Management	<p>Government Immovable Asset Management Act, 2007 (Act 19 of 2007) (GIAMA) Promotes government's service delivery objectives through the sound management of immovable assets they use or control. GIAMA stipulates the responsibilities of the user and those of the custodian which, in the Western Cape, is DTPW Provincial Public Works.</p>
	<p>National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977) Requires DTPW, as custodian and regulator of the built environment in the Western Cape, to ensure that all building and construction work on government property complies with the law.</p>

Function	Legislation
	<p>National Heritage Resources Act, 1999 (Act 25 of 1999) Introduces an integrated and interactive system for the management of the national heritage resources, sets down general principles for governing heritage resources management, introduces an integrated system for the identification, assessment and management of heritage resources, and enables the provinces to establish heritage authorities which must adopt powers to protect and manage certain categories of heritage resources. Requires DTPW to subject properties identified for development or regeneration activities to comprehensive heritage impact assessments and an approval process to preserve the heritage aspects of the properties in question.</p>
	<p>Western Cape Land Administration Act, 1998 (Act 6 of 1998) Provides for the acquisition of immovable property and the disposal of land that vests in the WCG, and for the management of incidental matters. DTPW is responsible for continuously updating the asset and property register, procuring additional properties that may be required, and relinquishing or redeveloping properties that fall into disuse.</p>
Transversal	<p>Basic Conditions of Employment Act, 1997 (Act 75 of 1997) Gives effect to fair labour practices referred to in section 23(1) of the Constitution by establishing and making provision for the regulation of basic conditions of employment, and thereby to comply with the obligations of the Republic as a member state of the International Labour Organization.</p>
	<p>Basic Conditions of Employment Act, 1997 (Act of 1997): Ministerial Determination 4: EPWP, gazetted 4 May 2012 Contains the standard terms and conditions for workers employed in elementary occupations in an EPWP project.</p>
	<p>Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003) Establishes a legislative framework for the promotion of broad-based black economic empowerment (BBBEE); empowers the Minister to issue codes of good practice and to publish transformation charters; and establishes the Black Economic Empowerment Advisory Council.</p>
	<p>Competition Act, 1998 (Act 89 of 1998) Provides for the establishment of a Competition Commission responsible for the investigation, control and evaluation of restrictive practices, abuse of dominant position, and mergers; for the establishment of a Competition Tribunal responsible for adjudicating such matters; for the establishment of a Competition Appeal Court; and for related matters.</p>
	<p>Construction Industry Development Board Act, 2000 (Act 38 of 2000) Establishes the CIDB, which is responsible for, among other things, developing the industry for the improved delivery of infrastructure to the South African public; working with all stakeholders for the sustainable growth of construction enterprises and the best practice of employers, contractors and the professions; identifying best practice and setting national standards; and promoting common and ethical standards for construction delivery and contracts.</p>
	<p>Consumer Protection Act, 2008 (Act 68 of 2008) (CPA) Constitutes an overarching framework for consumer protection. All other laws which provide for consumer protection (usually within a particular sector) must be read together with the CPA to ensure a common standard of protection. The Act applies to all suppliers of goods and services.</p>
	<p>Control of Access to Public Premises and Vehicles Act, 1985 (Act 53 of 1985) Provides for the safeguarding of certain public premises and vehicles and for the protection of the people therein or thereon, and for related matters.</p>
	<p>Criminal Procedure Act, 1977 (Act 51 of 1977) Makes provision for procedures and related matters in criminal proceedings.</p>

Function	Legislation
	<p>Division of Revenue Act (Annual) An annual Act of Parliament which provides, <i>inter alia</i>, for the equitable division of revenue anticipated to be raised nationally among the national, provincial, and local spheres of government and for Conditional Grants to provinces to achieve government's policy objectives. It further promotes predictability and certainty in respect of all allocations to provinces and municipalities so that such governments can plan their budgets over a multi-year period.</p>
	<p>Employment Equity Act, 1998 (Act 55 of 1998) Aims to achieve equity in the workplace by: 1) promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and 2) implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce.</p>
	<p>Firearms Control Act, 2000 (Act 60 of 2000) Establishes a comprehensive, effective system of firearms control and related matters.</p>
	<p>Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005) Provides for the establishment of a framework for national government, provincial governments, and local governments to promote intergovernmental relations; provides for mechanisms and procedures to facilitate the settlement of intergovernmental disputes; and provides for related matters.</p>
	<p>Labour Relations Act, 1995 (Act 66 of 1995) Enables the DTPW to advance economic development, social justice, labour peace, and the democratisation of the workplace.</p>
	<p>Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) Provide for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities, and ensure universal access to essential services that are affordable to all; defines the legal nature of a municipality as including the local community within the municipal area, working in partnership with the municipality's political and administrative structures; provides for the manner in which municipal powers and functions are exercised and performed; provides for community participation; establishes a simple and enabling framework for the core processes of planning, performance management, resource mobilisation and organisational change which underpin the notion of developmental local government; provides a framework for local public administration and human resource development; to empower the poor and ensure that municipalities put in place service tariffs and credit control policies that take their needs into account by providing a framework for the provision of services, service delivery agreements and municipal service districts; provides for credit control and debt collection; and establishes a framework for support, monitoring and standard setting by other spheres of government in order to progressively build local government into an efficient, frontline development agency capable of progressively build local government into an efficient, frontline development agency capable of integrating the activities of all spheres of government for the overall social and economic upliftment of communities in harmony with their local natural environment.</p>
	<p>National Environmental Management Act, 1998 (Act 107 of 1998) Provides for cooperative environmental governance by establishing principles for decision making on matters affecting the environment, institutions that promote cooperative governance, and procedures for coordinating environmental functions exercised by organs of state; and provides for related matters.</p>
	<p>Occupational Health and Safety Act, 1993 (Act 85 of 1993) Requires DTPW, as custodian and regulator of the built environment, to ensure that all building and construction work on government property, irrespective of whom it</p>

Function	Legislation
	is undertaken by, complies with this legislation and that the structures remain compliant throughout their life cycle.
	<p>Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) (PPPFA) Provides that an organ of state must determine its preferential procurement policy and implement a preference points system whose aims may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability.</p>
	<p>Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004) Provides for the strengthening of measures to prevent and combat corruption and corrupt activities.</p>
	<p>Promotion of Access to Information Act, 2000 (Act 2 of 2000) (PAIA) Fosters a culture of transparency and accountability in public and private bodies by giving effect to the right of access to information (provided by section 32 of the Constitution), and actively promoting a society in which people have effective access to information to enable them to more fully exercise and protect all their rights.</p>
	<p>Promotion of Administrative Justice Act, 2000 (Act 3 of 2000) (PAJA) Gives effect to section 33 of the Constitution which provides that everyone has the right to administrative action that is lawful, reasonable, and procedurally fair. Anyone whose rights have been adversely affected by administrative action has the right to be given reasons. PAJA deals with general administrative law and therefore binds the entire administration at all levels of government.</p>
	<p>Protection of Personal Information Act, 2013 (Act 4 of 2013) Promotes the protection of personal information processed by public and private bodies; introduces certain conditions so as to establish minimum requirements for the processing of personal information; provides for the establishment of an Information Regulator to exercise certain powers and to perform certain duties and functions in terms of this Act and the Promotion of Access to Information Act, 2000; provides for the issuing of codes of conduct; provides for the rights of persons regarding unsolicited electronic communications and automated decision making; regulates the flow of personal information across the borders of the Republic; and provides for related matters.</p>
	<p>Provincial Archives and Records Service of the Western Cape Act, 2005 (Act 3 of 2005) Preserves archival heritage for use by the government and people of South Africa, and promotes efficient, accountable, transparent government through the proper management and care of government records.</p>
	<p>Public Finance Management Act, 1999 (Act 1 of 1999) Supports transparency, accountability, and sound management of the revenue, expenditure, assets, and liabilities of DTPW.</p>
	<p>Public Service Act, 1994 (Proclamation 103 published in Government Gazette 15791 of 3 June 1994) This is the principal Act governing public administration. It provides the administrative and operational framework for government departments by providing guidelines on employment and human resource practices, i.e. conditions of employment, terms of office, discipline, retirement, and discharge of members of the public service, and related matters.</p>
	<p>Public Administration Management Act, 2014 (Act 11 of 2014) Promotes the basic values and principles governing the public administration referred to in section 195(1) of the Constitution; provides for the transfer and secondment of employees in the public administration; regulates conducting business with the State; provides for capacity development and training; provides for the establishment of the National School of Government; provides for the use of</p>

Function	Legislation
	information and communication technologies in the public administration; and provides for the Minister to set minimum norms and standards for public administration.
	<p>Skills Development Act, 1998 (Act 97 of 1998) Provides an institutional framework to devise and implement national, sector and workplace strategies to development and improve the skills in the workplace, and to integrate those strategies in the National Qualifications Framework. As the lead employer, DTPW has to ensure compliance with the employer's duties in terms of the workplace agreement and to ensure the implementation of the agreement in the workplace. Through the Expanded Public Works Programme, DTPW implements learnership and skills development programmes to participants in artisan-related fields.</p>
	<p>Radio Act, 1952 (Act 3 of 1952) Controls radio activities and related matters.</p>
	<p>Western Cape Land Use Planning Ordinance, Amendment Act, 2009 (Act 1 of 2009) Regulates land use planning in the Western Cape and related matters.</p>
	<p>Western Cape Procurement (Business Interests of Employees) Act, 2010 (Act 8 of 2010) Manages the business interests of employees of the provincial government and of provincial public entities, as well as members of controlling bodies of such entities, in entities conducting business with the provincial government and provincial public entities; provides for the disclosure of such interests; and related matters.</p>
	<p>Western Cape Monitoring and Support of Municipalities Act, 2014 (Act 4 of 2014) Gives effect to sections 154(1) and 155(6) of the Constitution by making further provision for measures to support municipalities, to develop and strengthen the capacity of municipalities, and to improve their performance. Also gives effect to section 106(1) of the Local Government: Municipal Systems Act, 2000, by providing for the monitoring of suspected non-performance and maladministration in municipalities, and for related matters.</p>

In the main, the national and provincial policies and strategies described below guide DTPW and GMT in the discharge of their responsibilities.

Function	Policies
Transport	<p>National Freight Logistics Strategy, 2005 Reduces inland freight costs through lower system costs that result from increased efficiency, reliability, and lower transit times, thus offering the customer viable modal choices between road and rail.</p>
	<p>National Public Transport Strategy, 2007 This strategy has two key thrusts, namely:</p> <ul style="list-style-type: none"> • Accelerated modal upgrading, which aims to provide for new, more efficient, universally accessible, and safe public transport vehicles and skilled operators; and • Integrated rapid public transport networks which aim to develop and optimise integrated public transport solutions.
	<p>National Road Safety Strategy, 2009-2015 Deals with road safety issues by integrating and coordinating the various road safety strategies, structures, and interventions of all the role-players and agencies in the road safety arena.</p>
	<p>National Road Safety Strategy, 2011-2020 Informs a national coordinated effort to improve education and enforcement regarding poor road use behaviour in line with international best practices and recommendations from the World Health Organization for developing countries.</p>

Function	Policies
	<p>National Rural Transport Strategy, 2007 Provides guidance to all three spheres of government on dealing with challenges of mobility and access to mobility experienced in rural areas in an integrated, aligned, coordinated manner. Its two main strategic thrusts are: promoting coordinated rural nodal and linkage development; and developing demand-responsive, balanced, sustainable rural transport systems.</p>
	<p>White Paper on National Transport Policy, 1996 Deals with safe, reliable, effective, efficient, fully integrated transport operations and infrastructure. These should meet the needs of freight and passenger customers in a way that supports government strategies for economic and social development while also being environmentally and economically sustainable.</p>
	<p>White Paper on Provincial Transport Policy, 1997 Builds on the foundation created by the White Paper on National Transport Policy by providing details of specific interventions responsive to the needs and opportunities in the Western Cape; and recognises current and future competencies assigned to provinces and other spheres of government under the Constitution.</p>
	<p>Road Access Guidelines Provides guidelines to assist practising engineers and planners, as well as property developers, to develop acceptable road access standards.</p>
	<p>Road Infrastructure Strategic Framework for South Africa (RISFSA) Provides guidelines for the redefinition of the South African road network; and assists roads authorities to reclassify existing road networks.</p>
	<p>Road Safety Strategy for the Western Cape Province, 2005 Encourages a safer road environment by promoting road safety throughout the province focusing on national and provincial routes; and is responsible for the basic training of all traffic officer recruits in the province in order to ensure uniformity and professionalism.</p>
	<p>Western Cape Policy Statement on Transport for Special Needs Passengers (SNPs), 2009 Places certain responsibilities on the DTPW:</p> <ul style="list-style-type: none"> • Encouraging the incremental accessibility of rail infrastructure and providing training to operators and their staff on dealing sensitively with special needs persons; • Supporting the provision of universally accessible public transport information services; • In association with the NDoT, preparing and publishing guideline requirements for accessible public transport vehicles; • Ensuring that all new public transport facilities cater for special needs persons; and • Ensuring that all future contracted public transport services in the province progressively include the operation of accessible services until all contracted services are either accessible and/or an alternative demand-responsive service is available.
Public Works and Property Management	<p>Western Cape Provincial Acquisition Policy Guides custodian(s), among others, in the acquisition of immovable assets; promotes and specifies uniform criteria and processes.</p>
	<p>Western Cape Provincial Government White Paper on the Management of Provincial Property, 2004 Provides a framework to guide activities relating to fixed properties of the Western Cape Government and other properties it uses; and covers coordination with the property management activities of other public and civil society role-players in the province.</p>

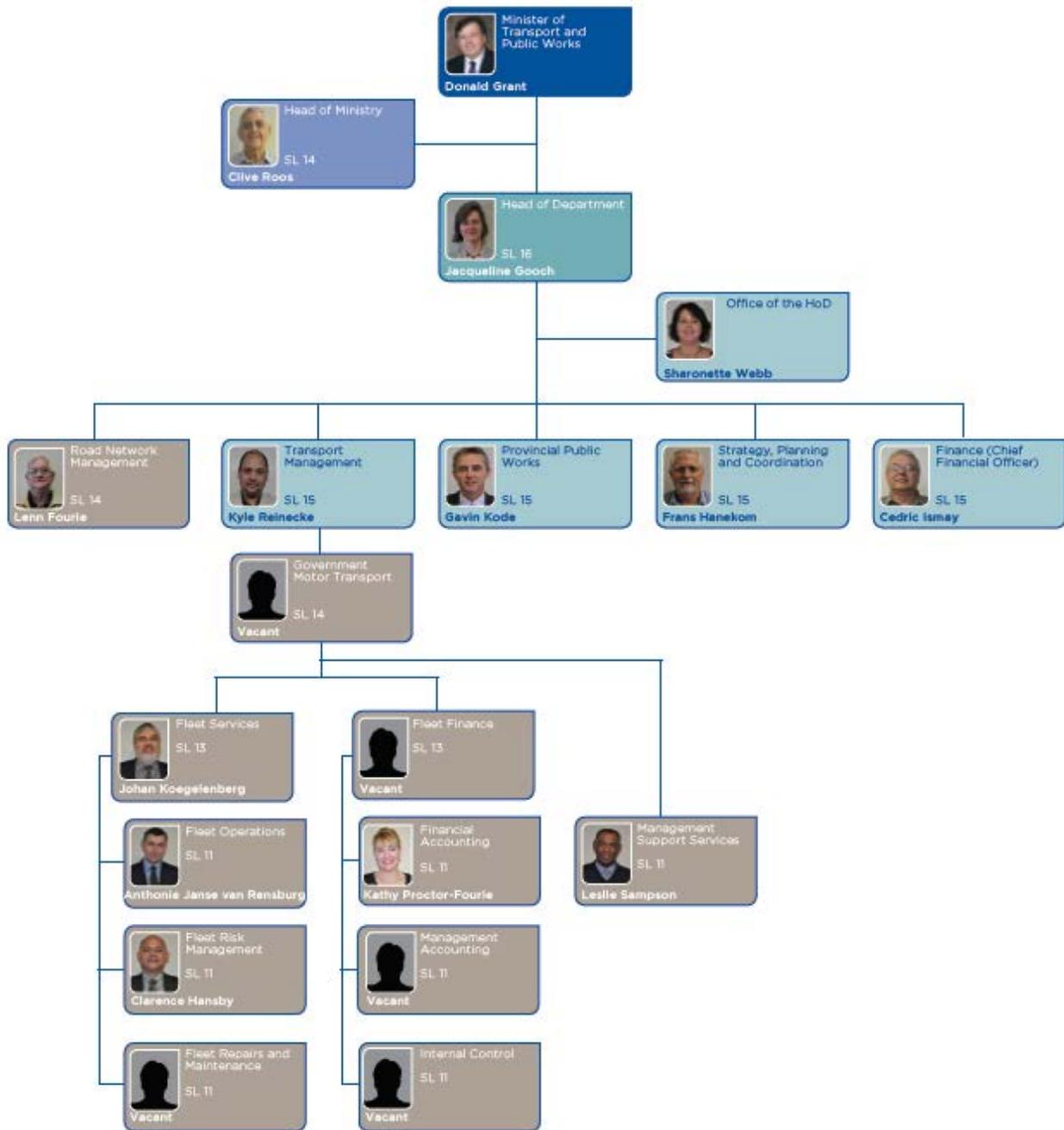
Function	Policies
	<p>Western Cape Infrastructure Framework, 2013 Aligns the planning, delivery, and management of infrastructure provided by all stakeholders (national government, provincial government, local government, parastatals, and the private sector) with the strategic agenda and vision for the province.</p>
	<p>Western Cape Provincial Property Disposal Policy Guides development, drives transformation, and instils confidence, especially in underdeveloped areas, to redress the imbalances of the past and to promote economic activities.</p>
Expanded Public Works Programme	<p>Guidelines on the implementation of the EPWP The EPWP's objective is to create short- and medium-term work opportunities for the poor and unemployed as part of government's anti-poverty strategy. These work opportunities are combined with training to increase the employability of the low-skilled beneficiaries in the formal employment market. The programme targets opportunities in the infrastructure, environment, culture, and social and non-state sectors.</p>
	<p>Guidelines on the Implementation of the National Youth Service Provides that implementation of youth programmes is the responsibility of all the institutions of government. The responsibility for planning, coordinating, and initiating effective and innovative strategies for youth development therefore reside equally with the National Youth Commission and individual government departments in the national and provincial spheres.</p>
Transversal	<p>Provincial Strategic Plan, 2014 - 2019 A set of overarching Strategic Objectives for the WCG for the current electoral term, setting out desired outcomes for the medium term (five years). These objectives reflect the needs and priorities of the provincial government and jointly promote integrated, improved performance across the public sector in the Western Cape.</p>
	<p>Departmental Monitoring and Evaluation Framework and Manual Describes the monitoring and evaluation systems and tools in place for results-based management in the public service.</p>
	<p>Departmental Records Management Policy Provides the foundation for a corporate culture of responsibility for the management of information and records as an essential requirement for effective service delivery.</p>
	<p>Western Cape E-Mobility Policy Transversal policy on the use of cellular data cards for official purposes. It regulates and standardises the practices and procedures for the acquisition, provisioning, and use of the data cards in the WCG and its departments and for the efficient and cost-effective management of this essential service.</p>
	<p>Western Cape Government Transversal Management System Aims to achieve measurable outcomes through the facilitation of sectorial clusters addressing issues transversally with individual line departments as the implementing agents; and manages the implementation of the provincial strategic plan transversally throughout the WCG. The Executive Project Dashboard is the information management tool for the system.</p>
	<p>White Paper on Human Resource Management, 1997 Focuses on the essential role of developing and transforming human resource capacity in order to meet the goals of efficient service delivery and transforming the public service.</p>

GMT, as a trading entity operating within the administration of the DTPW, is responsible for the provision of vehicle fleet services to provincial and national clients. GMT is guided by all policies applicable to the DTPW, including provincial and departmental policies. In addition, transversal policies are developed and supported by the Coordinating Committee for GMTs which is a sub-committee of the National Committee of Transport Officials. Furthermore, there are National Transport Circulars that guide GMT's operational activities. Finally, internal policy documents, frameworks and guidelines also govern the responsibilities and obligations of GMT.

8 Organisational structure as at 31 March 2017

The GMT linkage within the macro-structure of the DTPW is depicted in **Figure 1**.

Figure 1: Organisational structure



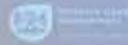
9 Trading entity reporting to the Minister

GMT is a trading entity under the administration of the Department of Transport and Public Works.

GOVERNMENT MOTOR TRANSPORT

Ladies & Gentlemen

WELCOME!



Ministry of Transport
and Road Safety



Part B Performance Information

Part B: Performance information

1 Auditor-General's report: Predetermined objectives

The Auditor-General South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit opinion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with no material findings being reported under the Predetermined Objectives heading in the Report on Other Legal and Regulatory Requirements section of the auditor's report.

Refer to page 109 of the report of AGSA, published as **PART E: FINANCIAL INFORMATION**.

2 Overview of trading entity's performance

2.1 Service delivery environment

GMT continued with its core business to provide an effective fleet management service to its clients. A total of 833 replacement vehicles were ordered during the year under review. Special attention was given to addressing the requirements in the 1400 – 1500cc sedan class, as well as to introduce automatic sedan-class vehicles in the fleet. A large number of the new vehicles had to be converted (into ambulances, forensic pathology vehicles, and mobile clinics) before the old vehicles could be withdrawn from service. As these conversions are of a specialised nature, and also require more floor space than sedan cars, care had to be taken to effectively manage the available floor space at GMT's premises.

The requests for vehicle maintenance and repairs (including tyres and batteries) were promptly responded to in consultation with the service providers, thus ensuring an effective operational fleet. The total expenditure to address these requests amounted to R57.4 mil. The fleet travelled a total of 105 047 675 kilometres during the year (based on the actual kilometres billed at the end of each month), which is 4 234 401 kilometres less than the previous year.

Fuel expenditure, which represents the largest portion of the maintenance/operational costs of the fleet, increased from R139.5 mil. incurred during 2015/16 to R140.3 mil. for 2016/17. To ensure that a firm hand is maintained on fuel usage, GMT maintained the 5 229 E-Fuel units (electronic fuelling devices) in the fleet.

Transport control officers and transport officers play a critical role in the successful delivery of motor transport services to GMT's clients. The establishment of the client liaison function within the Division: Statutory Reporting and Stakeholder Relations recognised this. This led to the drafting of a strategy and implementation plan that is aimed at improving communication, training and the marketing of GMT services to its

clients. GMT continued the transport officers' training programme which resulted in a total of 190 officials being trained at 16 training events during the year under review. Bi-monthly client forums were held to keep clients abreast of developments in the fleet industry, regulatory changes, as well as to receive feedback from clients.

Electronic systems provide GMT with the capacity to deliver a more efficient service to its clients. To this end, GMT continues to refine its processes supported by investment in technologies and system solutions. The GMT FleetMan ERP is an all-encompassing software solution that endeavours to streamline the execution of activities across functional units. The business applications are managed and hosted by a third party in the SITA (State Information Technology Agency) shared services centre. In order to mitigate potential business interruption due to unforeseen circumstances, a fully functional disaster recovery site and management plan is maintained. System failures for the year under review have been minimal.

Efforts to highlight the occurrence of traffic violations via management and vehicle tracking reports, the referral of exceptional cases of speed violations directly to respective heads of department, and disciplinary action instituted against transgressors continued unabated. The automated redirection of traffic violation fines via the Client Module in GMT's Fleetman system enabled clients to electronically nominate and capture the details of the responsible drivers. The system enhancements paid off as GMT was able to process the total number of traffic violations which increased by 1 791 cases (7 035 cases versus 5 244 for the previous year). It is expected that the situation will be influenced when the Administrative Adjudication of Road Traffic Offences Act is brought into effect. A firm implementation date for AARTO is still to be announced by the national Minister of Transport. GMT has already commenced with adjusting its business processes to address the implications and GMT's readiness for AARTO for traffic violations, and further work will be done in the 2017/18 financial year.

The number of incidents reported to GMT of the alleged misuse of government vehicles continues a downward trend. Only 161 incidents were recorded in the year under review, 29 fewer than the previous year.

The number of accidents and losses cases processed decreased from 2015/16 to 2016/17, while the number of 3rd party claims processed increased slightly. Details are provided in Table 2.1.1 below.

Table 2.1.1: Accidents and losses incidents

Cases Processed	2016/17	2015/16
Accidents and losses	2 787	2 859
3rd party claims	93	75

2.2 Service Delivery Improvement Plan (SDIP)

GMT developed a SDIP in March 2016 for the 2016/17 – 2018/19 MTEF period.

It is important to note that the desired standard for 2016/17 was set in the baseline year: 2015/16. This is therefore a fixed target whilst the “current standard of service” reflects the actual achievements of the previous year, 2015/16.

The tables below highlight GMT’s SDIP achievements in 2016/17.

Table 2.2.1: Main services and service standards provided in terms of the Service Delivery Improvement Plan

Main services and standards

Main services	Beneficiaries	Current standard of service 2015/16	Desired standard of service 2016/17	Actual achievement 2016/17
Provision of a Government Motor Transport Service.	Provincial Departments National Departments Other Provincial Governments Public Entities	Fleet repairs and Maintenance The service is currently performed by the external service provider (Nedfleet).	Fleet repairs and Maintenance FleetCare Phase 1 (Fleet Rental) Go-live on 1 June 2016. FleetCare Phase 2 Go-Live 1 September 2016. Start Transition arrangement with Nedfleet by 31 March 2017.	Fleet repairs and Maintenance Target not achieved. Staff establishment was approved in August 2016. Recruitment process started, 8 new Client Care Centre staff will be appointed. Phase 1 is expected to go-live on 1 October 2017. Target not achieved. Phase 2 is dependent on completion of Phase 1. Target not achieved. The transition arrangement is further dependent on completion of Phase 1 and 2 respectively.
		Vehicle utilisation 61 per cent of the total vehicle fleet is utilised.	Vehicle utilisation 3 per cent increase in utilisation efficiency by 31 March 2017.	Vehicle utilisation 74.6 per cent vehicles have been utilised effectively. An increase of 13.6 per cent from the base was achieved.
		Vehicle inspection 70 per cent of vehicles are inspected annually (6 000 inspections).	Vehicle inspection 2 per cent increase of vehicles inspected by 31 March 2017, (6 200 inspections).	Vehicle inspection 12 per cent increase of vehicles inspected by 31 March 2017 (6 925 inspections).
		Drop-and-Go service Currently GMT is fragmented in the CBD. Only 1 technical assistant is	Drop-and-Go service Complete phase 1: completion of the first office block and two wash bays	Drop-and-Go service Target not achieved. Contractor was liquidated; a new contractor appointed. The expected completion is during September 2017. Upon completion, relocation

Main services	Beneficiaries	Current standard of service 2015/16	Desired standard of service 2016/17	Actual achievement 2016/17
		placed in George to cover the Southern Cape Region up to Beaufort West in the central Karoo.	31 March 2017.	for fleet operations, fleet repairs and maintenance and fleet risk management will commence.

Batho Pele arrangements with beneficiaries

Current arrangements 2015/16	Desired arrangement 2016/17	Actual achievement 2016/17
Provision of a Government Motor Transport Service		
<p>Consultation: Client are consulted through:</p> <ul style="list-style-type: none"> • Bi -monthly Transport Client Forum meetings are held with clients to resolve Transport related issues. • Bi-monthly Fleet Finance Client Forum meetings are held to resolve financial aspects. • Annually (in November) the clients evaluate GMT services. Shortcomings are identified and resolved. <p>Courtesy: Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> • A 24/7 Call-in centre is operational to process reports on unacceptable driver behaviour and/or misuse of government vehicles. <p>Access: The service is accessible:</p> <ul style="list-style-type: none"> • At GMT Client Care Centre toll free number: 08000 92 468/WCGMT. • 34 Roeland Street, Cape Town. • 49 Hope Street, Cape Town. • 3 Rusper Street, Maitland. • 19 Verbena Street, Paarden Eiland 	<p>Consultation: Client are consulted through:</p> <ul style="list-style-type: none"> • Bi-monthly Transport Client Forum meetings are held with clients to resolve Transport related issues. • Bi-monthly Fleet Finance Client Forum meetings are held to resolve financial aspects. • Annually (in November) the clients evaluate GMT services. Shortcomings are identified and resolved. <p>Courtesy: Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> • A 24/7 Call-in centre is operational to process reports on unacceptable driver behaviour and/or misuse of government vehicles. <p>Access: The service is accessible:</p> <ul style="list-style-type: none"> • At GMT Client Care Centre toll free number: 08000 92 468/WCGMT. • 34 Roeland Street, Cape Town. • 49 Hope Street, Cape Town. • 3 Rusper Street, Maitland. • 19 Verbena Street, Paarden Eiland 	<p>Consultation: Desired standard maintained. In addition:</p> <ul style="list-style-type: none"> • New contact point: Client Care Centre 08000 92 468 • Email: gmt.ccc@westerncape.gov.za • Operating hours (Mon - Fri): 07:00 - 16:00 • After hours: remote assistance <p>Courtesy: Desired standard maintained.</p> <p>Access: Desired standard maintained.</p>

Current arrangements 2015/16	Desired arrangement 2016/17	Actual achievement 2016/17
<p>Information: Information is communicated through:</p> <ul style="list-style-type: none"> • GMT circulars are published on the GMT website (portal) and the Intranet. • GMT delivers a training service to the Transport Officers of clients. <p>Openness and transparency: Openness and transparency is achieved through:</p> <ul style="list-style-type: none"> • Service level agreements have been entered into with clients. • A custom designed Client Module within the Fleet Management system is available to clients to assist with the execution of duties. <p>Redress: Complaints/ Suggestions/ Compliments/ Queries are registered and monitored through:</p> <ul style="list-style-type: none"> • GMT 24/7 Client Care Centre toll free number: 08000 92 468/WCGMT (i.e. to report possible vehicle misuse cases). • Transport Officers/Client departments can raise problem areas/ complaints or compliments at the Bi-monthly GMT Transport Client Forum meetings. • GMT Training Team (presenting Transport Officer and FleetMan Client Module training). • Financial Officials/ Client departments can raise problem areas/ complaints or compliments at the Bi-monthly GMT Finance Client Forum meetings. 	<p>Information: Information is communicated through:</p> <ul style="list-style-type: none"> • GMT circulars are published on the GMT website (portal) and the Intranet. • GMT delivers a training service to the Transport Officers of clients. <p>Openness and transparency: Openness and transparency is achieved through:</p> <ul style="list-style-type: none"> • Service level agreements have been entered into with clients. • A custom designed Client Module within the Fleet Management system is available to clients to assist with the execution of duties. <p>Redress: Complaints/ Suggestions/ Compliments/ Queries are registered and monitored through:</p> <ul style="list-style-type: none"> • GMT 24/7 Client Care Centre toll free number: 08000 92 468/WCGMT (i.e. to report possible vehicle misuse cases). • Transport Officers/Client departments can raise problem areas/ complaints or compliments at the Bi-monthly GMT Transport Client Forum meetings. • GMT Training Team (presenting Transport Officer and FleetMan Client Module training). • Financial Officials/ Client departments can raise problem areas/ complaints or compliments at the Bi-monthly GMT Finance Client Forum meetings. 	<p>Information: Desired standard maintained.</p> <p>In addition:</p> <ul style="list-style-type: none"> • GMT website: portal.gmtwc.gov.za <p>Openness and transparency: Desired standard maintained.</p> <p>In addition:</p> <ul style="list-style-type: none"> • Utilisation of the Client Care Centre: 08000 92 468 <p>Redress: In addition:</p> <ul style="list-style-type: none"> • Utilisation of the Client Care Centre: 08000 92 468

Current arrangements 2015/16	Desired arrangement 2016/17	Actual achievement 2016/17
<p>Value for money: The costs for GMT Services are kept at minimal:</p> <ul style="list-style-type: none"> • The GMT fleet is within its economic life cycle. • The annual increase in the GMT Daily and Kilometre tariffs are approved by the Provincial Treasury. <p>Human Resources: Number of personnel:</p> <ul style="list-style-type: none"> • The review and redesign of the GMT organisational structure is currently in process. <p>Time: Fleet repairs and maintenance requests:</p> <ul style="list-style-type: none"> • 75 per cent of fleet repairs and maintenance service requests are authorised or declined within 2 days, and others within 5 days. The latter includes vehicle inspections to be performed by GMT Technical Assistants. • GMT Operational Projects: An average of 8 months' project plan execution. These include project coordination with appropriate role players, i.e. time cost (budget), quality. Where impact is most needed and most effective. 	<p>Value for money: The costs for GMT Services are kept at minimal:</p> <ul style="list-style-type: none"> • The GMT fleet is within its economic life cycle. • The annual increase in the GMT Daily and Kilometre tariffs are approved by the Provincial Treasury. <p>Human Resources: Number of personnel:</p> <ul style="list-style-type: none"> • The review and redesign of the GMT organisational structure is approved. <p>Time: Fleet repairs and maintenance requests:</p> <ul style="list-style-type: none"> • 75 per cent of fleet repairs and maintenance service requests are authorised or declined within 2 days, and others within 5 days. The latter includes vehicle inspections to be performed by GMT Technical Assistants. • GMT Operational Projects: An average of 8 months' project plan execution. These include project coordination with appropriate role players, i.e. time cost (budget), quality. Where impact is most needed and most effective. 	<p>Value for money: The desired standard maintained.</p> <p>Human Resources: The desired standard has been achieved.</p> <p>Time: The desired standard has been achieved.</p>

Service information tool

Current/actual information tools	Desired information tools	Actual achievements
Provision of a Government Motor Transport Service		
<p>Information is communicated through:</p> <ul style="list-style-type: none"> • GMT circulars are published on the GMT website (portal) and the Intranet. • GMT delivers a training service to the Transport Officers of clients. 	<p>Information is communicated through:</p> <ul style="list-style-type: none"> • GMT circulars are published on the GMT website (portal) and the Intranet. • GMT delivers a training service to the Transport Officers of clients. 	<p>The desired standard has been achieved.</p> <p>In addition: GMT website is utilised: portal.gmtwc.gov.za</p>

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Provision of a Government Motor Transport Service		
<p>Complaints/Suggestions/Compliments/Queries are registered and monitored through:</p> <ul style="list-style-type: none"> • GMT24/7 Client Care Centre toll free number: 08000 92 468/ WCGMT (i.e. to report possible vehicle misuse cases). • Transport Officer/Client departments can raise problem areas/complaints or compliments at the Bi-monthly GMT Transport Client Forum meetings. • GMT Training Team (presenting Transport Officer and FleetMan Client Module training). • Financial Officials/Client departments can raise problem areas/complaints at the Bi-monthly GMT Finance Client Forum meetings. 	<p>Complaints/Suggestions/Compliments/Queries are registered and monitored through:</p> <ul style="list-style-type: none"> • GMT24/7 Client Care Centre toll free number: 08000 92 468/ WCGMT (i.e. to report possible vehicle misuse cases). • Transport Officer/Client departments can raise problem areas/complaints or compliments at the Bi-monthly GMT Transport Client Forum meetings. • GMT Training Team (presenting Transport Officer and FleetMan Client Module training). • Financial Officials/Client departments can raise problem areas/complaints at the Bi-monthly GMT Finance Client Forum meetings. 	<p>The desired standard has been achieved.</p>

2.3 Organisational environment

The GMT organisational structure was approved in August 2016 leading to the creation of much-needed capacity and the restructuring of functional areas through the Chief Directorate: GMT into Directorate: Fleet Services; the Directorate: Fleet Finance; and Sub-Directorate: Management Support Services. The Directorate: Fleet Services is responsible for the operational aspects of GMT and is divided into three sub-directorates: Fleet Operations, Fleet Repair and Maintenance, and Fleet Risk Management. The Directorate: Fleet Finance is responsible for managing the financial health and compliance of the organisation and is divided into three sub-directorates: Management Accounting, Financial Accounting, and Internal Control. The Sub-Directorate Management Support Services is responsible for the facilitation of business planning, marketing and communication processes and activities. This component will also provide office support services and render an ICT management service.

The matching and placing process of existing staff was completed and became effective on 1 January 2017. The recruitment process for new vacancies on the establishment has commenced and is currently in process. The implementation of the organisational structure will require all processes and procedures to be reviewed and updated to provide an efficient operating environment. The training needs of staff will be assessed to ensure that delivery standards are maintained and improved.

GMT continued its support to the EPWP, Pay1000 and internship programmes. During the year under review, 15 vacancies were filled. Thirteen contract and permanent contractors resigned, and one staff member retired. No strikes were recorded, no fraud and corruption cases were reported, and no disciplinary cases were lodged.

The vehicle repair and maintenance and conversion of vehicles are outsourced. However, GMT will take full control of these functions once the new organisational structure which provides for the staffing of this function has been implemented and once technology to support these operations is in operation.

Due to the specialised nature and level of expertise required, GMT continued its co-sourcing approach to delivering electronic systems, financial statements and business process documentation. Specialists in these disciplines have been contracted-in to complement internal capacity where necessary.

Co-sourcing was necessary to ensure that the financial statements for 2016/17 were prepared and submitted by the due date. Furthermore, additional business processes were documented and standard operating procedures revisited, adjusted, or adapted for the new environment.

2.4 Key policy developments and legislative changes

There were no major changes during the period under review to policies or legislation that affected GMT's operations.

3 Strategic Outcome-Oriented Goals

No significant internal developments impacted on GMT's ability to deliver on its Annual Performance Plan and Strategic Plan. In the APP for the 2016/17 financial year, and in support of section 27(4) of the PFMA, targets were set for different areas in GMT, in order to ensure that performance can be measured. The key areas of delivery and focus pertinent to the 2016/17 financial year, linked to each strategic goal of GMT and to those of the Provincial Strategic Goals (PSGs) of Western Cape Government, and the Departmental Strategic Goals (DSGs) of the Department of Transport and Public Works, are outlined in the **Table 3.1** below.

Table 3.1: Key areas of delivery

STRATEGIC OUTCOME-ORIENTED GOAL 1:	
Access to a fit-for-purpose vehicle fleet	
Goal statement	To allow clients access to a fit-for-purpose fleet of vehicles on a full-time basis that will enable them to deliver government's services efficiently and effectively and economically by 31 March 2020.
Justification	The provision of vehicles, inclusive of customised vehicles, and value-adding services at competitive cost allows clients to deliver on their mandates.
Link to PSGs and DSGs	Western Cape Government (PSG 5): Enable good governance and integrated service delivery through partnerships and spatial alignment. Departmental Strategic Goal 1: Promote good governance and an effective and efficient department.

STRATEGIC OUTCOME-ORIENTED GOAL 2:	
Stable, resourced financial management environment.	
Goal statement	A state of financial stability where the financial system is able to withstand financial changes and is fit to smoothly fulfil its financial management functions by 31 March 2020.
Justification	To meet the regulatory requirement of Treasury Regulations. To conduct the business of the GMT Trading Entity in a viable financial and operational manner.
Link to PSGs and DSGs	Western Cape Government (PSG 5): Enable good governance and integrated service delivery through partnerships and spatial alignment. Departmental Strategic Goal 1: Promote good governance and an effective and efficient department.

STRATEGIC OUTCOME-ORIENTED GOAL 3:	
Effective operational systems.	
Goal statement	To enhance operational activities through technologically advanced fleet management systems and maintaining effective business processes by 31 March 2020.
Justification	<p>To maintain the competitive edge.</p> <p>To sustain value adding services in the interest of the client.</p> <p>To render a cost-effective service.</p> <p>To provide reliable client and management information.</p> <p>To be in a position to effectively respond to client's expectations in a continuously changing business environment.</p>
Link to PSGs and DSGs	<p>Western Cape Government (PSG 5): Enable good governance and integrated service delivery through partnerships and spatial alignment.</p> <p>Departmental Goal 1: Promote good governance and an effective and efficient department.</p>

Table 3.2: Strategic Objectives

No	Strategic objectives/ Indicators	Actual Achievement	Planned Target	Actual Achievement	Deviation from planned target to Actual Achievement	Comment on deviations
		2015/16	2016/17	2016/17	2016/17	
1	Improve efficiency of the government vehicle fleet through efficient utilisation, effective fleet management and provision of quality services.					
1.1	No of vehicles in the fleet	5 491	5 900	5 404	(496) (8%)	The optimal fleet size has been restored. The previous backlog with the selling of redundant vehicles was resolved by GMT's new initiative to successfully utilise e-auctions.
1.2	No of vehicles travelling more than 1 000 kilometres per month	n/a	4 500	3 615	(885) (20%)	The utilisation of the fleet dropped by approximately 20%, which is to be expected in light of the drive in government to curb expenses.
1.3	Number of system enhancements made to the fleet management system	21	10	10	-	-
2	Strengthen inter-departmental working relationships through the implementation of targeted communication and policy initiatives.					
2.1	No of client surveys conducted	1	1	1	-	-
3	Improve quality of financial standing through good governance.					
3.1	Rating of financial capability maturity	3	3+	3+	-	-
4	Improve operational capability through the streamlining of business processes and comprehensive incident management.					
4.1	No of business processes revisited	13	25	36	11 44%	Current GMT business processes must be revisited and aligned with the new GMT organisational structure. GMT will continue to update existing business processes as the new organisational structure is implemented.

4 Performance information

The purpose of GMT is to provide quality, integrated and cost-effective motor transport to state departments and entities.

Strategic objectives, performance indicators planned targets and actual achievements

An overview of GMT's performance against pre-determined targets is presented in the **Table 4.1** below.

Table 4.1: Strategic objectives, performance indicators planned targets and actual achievements

No	Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
1.1	Improve efficiency of the government vehicle fleet through efficient utilisation, effective fleet management and provision of quality services.							
1.1.1	Percentage of approved budget for replacement vehicles spent.	n/a	n/a	56%	93%	97%	4%	To ensure the GMT fleet stays within its optimum life expectancy, the lead time for delivery, and preparation of the vehicles by GMT was factored into the procurement plan and fast-tracked.
1.1.2	No. of vehicle inspections carried out.	5 275	6 378	6 278	6 200	6 925	725 12%	GMT's drive to improve technical service delivery.
1.1.3	No. of registered client FleetMan users.	n/a	581	632	480	582	102 21%	Demand driven.

No	Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
2.1	Strengthen inter-departmental working relationship through the implementation of targeted communication and policy initiatives.							
2.1.1	Number of policy and guideline circulars issued.	27	21	26	25	26	1 4%	There was a requirement to issue more circulars and guideline documents than expected.
3.1	Improve quality of financial standing through good governance.							
3.1.1	Debt outstanding for current financial year.	R44 mil	R48 mil	R48.6 mil	R70 mil	R27 mil	(R43 mil) 159%	There was over performance on this target. The target was based on a new trend seen in the 2015/16 financial year where some clients settled accounts on pro-forma invoices. During 2016/17 more clients opted to settle accounts based on pro-forma invoices by the end of the financial year.
3.1.2	Debt outstanding for all previous financial years.	R21 mil	R7 mil	R6.7 mil	R3 mil	R6.9 mil	R3.9 mil (57%)	There was under performance on this target. Some clients did not settle the accounts. GMT is actively following up in order to recover the debts.
4.1	Improved operational capability through the streamlining of business processes and comprehensive incident management.							
4.1.1	Number of business processes documented.	22	34	13	25	12	(13) (52%)	Current GMT business processes need to be revisited and aligned with the new GMT organisational structure. GMT

No	Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
								will continue to document any new processes identified during the implementation of the new organisational structure.
4.1.2	Number of documented business processes reviewed.	34	6	28	25	36	11 44%	Current GMT business processes must be revisited and aligned with the new GMT organisational structure. GMT will continue to update existing business processes as the new organisational structure is implemented.
4.1.3	No. of transport officers trained (operational).	172	189	142	120	133	13 11%	Operational training target was met - the indicator is demand driven.
4.1.4	No. of transport officers trained (FleetMan).	174	69	67	40	57	17 43%	FleetMan Client Module training target was met – the indicator is demand driven.
4.1.5	No. of misuse complaints processed.	255	310	190	300	161	(139) (46%)	All complaints received were logged and followed up with the relevant client departments. Fewer complaints were received than expected.

No	Performance Indicator	Actual Achievement	Actual Achievement	Actual Achievement	Planned Target	Actual Achievement	Deviation from planned target to Actual Achievement for	Comment on deviations
		2013/14	2014/15	2015/16	2016/17	2016/17	2016/17	
4.1.6	No. of traffic violations processed.	6 698	5 763	5 244	6 500	7 035	(535) (8%)	More traffic fines were received by GMT as traffic authorities placed more emphasis on prosecuting drivers for speeding. As more client departments start to use the FleetMan Client Module to name the driver who committed the traffic offence, GMT will be increasingly able to fast-track the redirection process with the local authority, and at the same time enable client departments to follow up and to initiate disciplinary action against transgressing drivers more quickly.
4.1.7	Number of 3rd party claims processed.	84	88	75	100	93	(7) (7%)	Fewer cases might be registered. This is a reflection of an increase in good driver behaviour. GMT reports regularly to client departments to enable them to manage their staff more effectively. The improved client module in FleetMan also assists the transport officers with reports which they can use to manage their staff.

No	Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations
4.1.8	Number of accident and losses incidents processed.	2 808	2 747	2 859	3 000	2 787	(213) (7%)	Fewer cases might be registered. This is a reflection of an increase in good driver behaviour. GMT reports regularly to client departments to enable them to manage their staff more effectively. The improved client module in FleetMan also assists the transport officers with reports which they can use to manage their staff.

Strategies to overcome areas of under performance

Adequate control measures and strategies were put in place to ensure that the set service delivery standards could be met.

Changes to planned targets

There were no changes to planned targets.

Linking performance with budgets

An assessment was carried out to determine if the actual achievements recorded at year-end met the service delivery targets set at the beginning of the year. Services delivered to the clients were of a high standard and are directly linked to the outputs and associated budget allocation.

The financial information set out below is in agreement with the information in the Annual Financial Statements.

Table 4.2: Expenditure versus budget

2016/17			2015/16		
Final Budget	Actual Expenditure	(Over)/ Under Expenditure	Final Budget	Actual Expenditure	(Over)/ Under Expenditure
R'000	R'000	R'000	R'000	R'000	R'000
467 203	412 398	54 805	410 365	392 661	17 704

5 Transfer payments

5.1 Transfer payments to public entities

No transfer payments were made.

5.2 Transfer payments to all organisations other than public entities

No transfer payments were made.

6 Conditional grants

6.1 Conditional grants and earmarked funds paid

GMT did not pay any conditional grants or earmarked funds during the year under review.

6.2 Conditional grants and earmarked funds received

GMT received funds from clients to purchase additional vehicles. These funds are classified as conditional grants and were deposited into GMT's bank account before the orders were processed. Unspent amounts are disclosed as liabilities at year-end.

7 Donor funds

The Entity did not receive donor assistance.

8 Capital investment

8.1 Capital investment, maintenance and asset management plan

All vehicles in the government fleet that are under the control of GMT are recorded in the asset register, kept in the electronic fleet system and verified by the clients. Clients report back on any vehicle not operational or damaged so that the required impairment tests and procedures can be performed. The redundant vehicles are auctioned off at public auctions after which FleetMan ERP and eNATIS are updated. GMT does not manage any infrastructure.



Part C Governance

Part C: Governance

1 Introduction

The GMT Trading Entity, as part of the administration of the DTPW, is committed to maintaining the highest standards of governance which is fundamental to the management of public finances and resources. Readers of the Annual Report require assurance that the Department has sound governance structures in place to effectively, efficiently and economically utilise the state resource at its disposal which is funded by the tax payer. One of the core values of the DTPW is “accountability” and this is promoted through a strengthened governance environment.

2 Risk management

The Accounting Officer for the Department of Transport and Public Works takes responsibility for implementing Enterprise Risk Management (ERM) in accordance with the National Treasury Public Sector Risk Management Framework. The Directorate Enterprise Risk Management in the Department of the Premier provides a centralised strategic support service to the Department.

In compliance with the National Treasury Public Sector Risk Management Framework and to further embed risk management within the Department, the Western Cape Government has adopted an ERM Policy Statement which sets out the WCG’s overall intention with regard to ERM. The Department adopted an ERM Policy 2016/17 – 2017/18, approved by the Accounting Officer on 18 April 2016, and an ERM Strategy and Implementation Plan for 2016/17, approved by the Accounting Officer on 19 April 2016. The ERM Implementation Plan gave effect to the departmental ERM Policy and Strategy and outlines the roles and responsibilities of management and staff in embedding risk management in the Department.

The Department assessed significant risks that could have an impact on the achievement of its objectives, both strategically and on a programme level, on a quarterly basis. Risks were prioritised based on its likelihood and impact (inherently and residually) and additional mitigations were agreed upon to reduce risks to acceptable levels. New/emerging risks were identified during the quarterly review processes and during the weekly Top Management Committee meetings.

Impact on institutional performance

Sound risk management practises in the DTPW contributed to the achievement of a clean audit for the fifth consecutive year.

ENTERPRISE RISK MANAGEMENT COMMITTEE (ERMCO) REPORT:

Enterprise Risk Management Committee responsibility

The Enterprise Risk Management Committee reports that it has complied with its responsibilities arising from Section 38 (1)(a)(i) of the Public Finance Management Act and Treasury Regulation 3.2.1. The ERMCO also reports that it has adopted the appropriate formal Terms of Reference (approved by the ERMCO chairperson on 6 June 2016) as its Enterprise Risk Management Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Enterprise Risk Management Committee Members

The ERMCO comprises of selected members of the DTPW's senior management team. As per its Terms of Reference the ERMCO met at least four times (quarterly) during the year under review.

The table below discloses relevant information on ERMCO members:

Member	Position	Scheduled meetings	Attended	Date Appointed
Ms J Gooch	Accounting Officer (Risk Champion and ERMCO Chairperson)	4	3	n/a
Mr C Ismay	Deputy Director-General: Finance – (Chief Financial Officer)	4	3	15/04/2016
Adv C Smith	Chief Director: Supply Chain Management	4	4	15/04/2016
Mr F Hanekom	Deputy Director-General: Strategy, Planning and Co-ordination	4	4	15/04/2016
Mr G van Schalkwyk	Chief Director: Policy and Strategy Integration	4	4	15/04/2016
Mr R Maharaj	Chief Director: Strategic Management and Operational Support	4	4	15/04/2016
Mr G Kode	Deputy Director-General: Provincial Public Works	4	4	15/04/2016
Mr L Fourie	Chief Director: Road Network Management	4	3	15/04/2016
Adv K Reinecke	Deputy Director-General: Transport Management	4	4	15/04/2016
Ms H Robson	Deputy Director-General: Corporate Assurance (DotP)	4	3	15/04/2016
Mr R Jansen van Rensburg	Chief Director: Provincial Forensic Services (DotP)	4	4	15/04/2016
Ms E de Bruyn	Director: Centre of e-Innovation (DotP)	4	4	15/04/2016
Ms A Haq	Director: Enterprise Risk Management	4	4	21/06/2016
Mr J Koegelenberg	Director: Government Motor Transport	4	2	20/04/2016

Other attendees	Position	Scheduled meetings	Attended
Mr B Rahim	Director: Financial Governance (Fraud Champion)	4	4
Ms C Mdlalo	Deputy Director: Enterprise Risk Management	4	4

Enterprise Risk Management Committee Key Activities

The Accounting Officer is the risk champion and chairperson of the ERMCO.

In executing its function, the ERMCO performed the following key activities during the year:

- Reviewed the Management Performance Assessment Tool in relation to risk management issues;
- Considered any Corporate Governance Review and Outlook questionnaires in relation to risk management matters;
- Reviewed the DTPW's Risk Management Policy, Strategy and Implementation Plan; for recommendation by the Audit Committee and approval by the Accounting Officer;
- Set, reviewed and applied appropriate risk appetite and tolerances, and recommend same for approval by the Accounting Officer;
- Reviewed the DTPW's risk identification and assessment methodology;
- Evaluated the effectiveness of mitigating strategies to address the material risks of the DTPW;
- Agreed on action required to be taken with respect to any material changes to the risk profile of the DTPW;
- Reviewed the Fraud Prevention Plan (Strategy, Policy and Implementation Plan) and recommended it for approval by the Accounting Officer;
- Evaluated the effectiveness of the implementation of the Fraud Prevention Plan;
- Reviewed any material findings and recommendations by assurance providers on the system of risk management and monitored that appropriate actions were instituted to address weaknesses;
- Developed goals and key performance indicators for the ERMCO for approval by the Accounting Officer;
- Developed goals, objectives and key performance indicators to measure the effectiveness of the departmental strategic risk management activity;
- Evaluated the extent and effectiveness of integration of risk management within the DTPW; and
- Assessed the implementation of the departmental Risk Management Policy, Strategy and Implementation Plan.

Enterprise Risk Management Committee Resolutions

Resolutions for the 2016/17 year	Total
No. of resolutions taken	14
No. of resolutions implemented	7
No. of resolutions in process of being implemented	7

The following are the key risks that were considered during the year and addressed:

Programme 1:

- Competitive tendering process at Construction Industry Development Board Grade 9 jeopardised;
- Inability to access IT systems and related information in the event of a significant disruption or disaster;
- Misalignment of existing IT system capability to departmental requirements;
- Lack of ownership and direction of the Enterprise Content Management system, due to the shift of custodianship for implementation from Department of Transport and Public Works to Department of Culture Affairs and Sport;
- Inability to attract, recruit and retain suitable specialised skills;
- Inadequate funded posts to appoint candidates in training;
- Limited capability of students from disadvantaged communities to be admitted and pass mathematics and related subjects at higher education institutions; and
- Insufficient coordination between Centre of e-Innovation and DTPW during the planning and implementation DTPW infrastructure projects.

Programme 2:

- IDMS;
- Increasing maintenance backlog;
- Insufficient electricity supply;
- Civil liability, asset value destruction and reputational damage;
- Failure to deliver according to the modernization programme; and
- Non-compliance with the Government Immovable Asset Management Act; relating to completion of facility condition assessments due within a five-year cycle.

Programme 3:

- Inability to maintain the provincial road network; and
- Changes in National Environmental Management Act legislation affecting borrow pits.

Programme 4 and 5:

- Fraud and corruption within the transport environment;
- National and provincial readiness to operationalise Administrative Adjudication of Road Traffic Offences Act; and
- Further public transport violence and criminal acts.

Programme 6:

- The delay in issuing of learner certifications by the relevant Sector Education and Training Authorities.

Government Motor Transport:

- Inability to deliver effective service to clients;
- Inadequate systems and business processes to manage traffic violations; and
- Delays in the procurement of vehicles and the conversions of vehicles.

The following are the key emerging risks which need to be addressed in the next financial year:

- Anticipated municipal policy changes after the local government elections.

Conclusion

During the period under review, the Accounting Officer, through the execution of the functions of the Department of Transport and Public Works' Enterprise Risk Management Committee as alluded to above, continued to effectively facilitate the risk assessment process to determine any material risk to which the DTPW may be exposed and evaluate strategies to manage these risks. The Committee continues to foster a culture that emphasises and demonstrates the benefits of a risk-based approach to internal control and management of the Department.

Some of the overarching actions undertaken by ERMCO during the year included the review of the Management Performance Assessment Tool in relation to risk management issues, the review of the Department's Risk Management Policy, Strategy and Implementation plan as well as a review of the Fraud Prevention Plan.



J. GOOCH

ACCOUNTING OFFICER

DATE: 17/5/2017

3 Fraud and corruption

Fraud and corruption represent significant potential risks to the Department's assets and can negatively impact on service delivery efficiency and the DTPW's reputation.

The WCG has adopted an Anti-Corruption Strategy which confirms the provincial government's zero tolerance stance towards fraud and corruption. In line with this strategy, the DTPW is committed to zero tolerance with regard to corrupt or fraudulent activities, whether internal or external, and vigorously pursues and prosecutes any parties who engage in such practices or attempt to do so by all available legal means.

The DTPW has an approved Fraud Prevention Plan which includes a policy and strategy, and a Fraud Prevention Implementation Plan which gives effect to the Fraud Prevention Plan.

Various channels for reporting allegations of fraud and corruption are described in detail in the Provincial Anti-Corruption Strategy and the Departmental Fraud Prevention Plan. Each allegation received by PFS Unit is recorded in its Case Management System which is used as a management tool to report on progress made with cases relating to the DTPW and to generate statistics for the WCG and DTPW.

Employees who blow the whistle on suspicions of fraud, corruption and theft are protected if the disclosure is a protected disclosure (i.e. meets statutory requirements and was made in good faith). A transversal Whistle-blowing Policy was approved on 24 February 2016 to provide guidelines to employees on how to raise concerns with the appropriate line management, specific designated persons in the WCG or external institutions, where they have reasonable grounds for believing that offences or improprieties have been, or are being, perpetrated in the WCG. The opportunity to remain anonymous is afforded to any person who would like to report acts of fraud, theft and corruption and, should they do so in person, their identities are kept confidential by the person to whom they are reporting.

Once fraud or corruption is confirmed after completion of an investigation, the relevant employee who participated in these acts is subjected to a disciplinary hearing. In all such instances, the WCG representative initiating the disciplinary proceedings is required to recommend dismissal of the employee concerned. Where *prima facie* evidence of criminal conduct is detected, a criminal matter is reported to the South African Police Service.

As part of the Department's Fraud Prevention Plan the PFS unit provided fraud, corruption and whistle-blowing awareness training in the year under review. The primary training goals were:

- To enhance potential fraudsters' perception of detection by providing employees with an understanding of the concepts of, and potential manifestations of fraud, theft and corruption; and
- To raise the potential for tip-offs by increasing awareness of the WCG Whistle-blowing Policy, reporting duties, requirements for a disclosure to be a protected disclosure in terms of the Protected Disclosures Act, 2000 (Act 26 of 2000).

Further electronic communications were provided to WCG officials informing them of the actions taken against suspected implicated persons after the conclusion of forensic investigations. Officials were also sensitised by means of electronic communication to responsible whistle-blowing.

During 2016/17, 510 officials from the DTWP attended the training.

For the year under review, the following PFS Case Movement Certificates was issued:

Table 3.1: PFS Case Movement Certificates Issued

Cases	Number of cases
Open cases as at 1 April 2016	7
New cases (2016/17)	9
Reallocated to Department	1
Closed cases (2016/17)	(8)
Referred cases (2016/17)	(4)
Open cases as at 31 March 2017	5

The following table further analyse the closed and referred cases indicated above:

Table 3.2: PFS Case Movement Certificate Closed and Referred

Further action	Closed cases	Referred cases
Unfounded	4	2
Referred to Labour Relations/SAPS	2	-
Department to monitor contract conditions	-	1
Department to implement controls	2	1
Total	8	4

Fraud risk assessment

A fraud risk assessment was undertaken during 2016 and the fraud risk register was updated accordingly and adopted on 21 March 2017.

4 Minimising conflicts of interest

The Department managed the following processes to minimise conflict of interest in the Supply Chain Management domain. The Accounting Officer's SCM System requires all employees in the Department's Supply Chain to submit an annual disclosure of financial interests and an annual application for Remunerative Work Outside the Public Service (RWOPS), taking into account the new Public Service Regulations effective from 1 August 2016. In addition:

- The content of the new Public Service Regulations which came into effect on 1 August 2016 was communicated to officials where there was a possibility of non-compliance;

- The transitional arrangements as prescribed in Annexure 1(2) of the PSR were put into operation;
- Declarations of interest were required from everyone involved in the consideration, recommendation and/or adjudication of bids;
- All prospective bidders have to be in compliance with the requirements of Western Cape Bid Document (WCBD) 4 (disclosure of interest/suppliers performance/ declaration of employees and independent bid determination);
- All DTPW staff are required to comply with ethical standards;
- Provisions on confidentiality are in place;
- A Code of Conduct for SCM practitioners is in place;
- NT's Code of Conduct for Bid Adjudication Committees is adhered to;
- The potential for the acceptance of gratification, hospitality and gifts to be a conflict of interest; and
- Bidder/employee profile verification processes are in place that entail a monthly comparison of employee information on Personnel Salary system (PERSAL) to the WCSD as well as the NT's CSD with information about suppliers. This serves as both a preventative and detective control to identify officials doing business with government.

Provincial Treasury Instructions requires the compulsory registration on the Western Cape Supplier Database of all suppliers intending to do business with the Western Cape Government including:

- Verification with the Companies and Intellectual Property Commission for company registration and ownership information;
- A sworn declaration in the form of the WCBD 4, by all prospective bidders; and
- The submission of a BEE profile which is verified against the DTI's BEE database.

National Treasury Instruction 4A of 2016 requires the registration on the Central Supplier Database by all suppliers intending to do business with government. NT granted the Provincial Treasury permission to run the WCSD concurrently with the CSD. The following key information of prospective suppliers is verified on the CSD:

- Business registration, including details of directorship and membership;
- Bank account holder information;
- In the service of the state status;
- Tax compliance status;
- Identity number;
- BEE status level; and
- Tender defaulting and restriction status.

Identification and verification of potential conflicts of interest of employees is checked through the Provincial Treasury's Compliance Report.

Annual training and formal workshops on ethics are provided via Supply Chain Management.

Where a conflict of interest has been identified in the Supply Chain domain, it is deemed to constitute abuse of the SCM System. The Accounting Officer's SCM System in describes the process to be followed to respond to such abuse.

5 Code of Conduct

The Department adheres to the Public Service Code of Conduct. The highest standards of ethical business are required of public servants employed by the Department in fulfilling their responsibilities. All employees are personally responsible for ensuring that their conduct is ethical and are required to bring any possible contraventions of the Code to the attention of their supervisor. The Code of Conduct is electronically distributed to all employees every second month. All new employees are informed in their letters of appointment that the Code of Conduct is available on the WCG website. The Explanatory Manual on the Code of Conduct for Public Servants was delivered to all SMS members.

6 Health, safety and environmental issues

The Occupational Health and Safety Act, 1993 (Act 85 of 1993) imposes the responsibility on the Department to ensure the physical safeguarding of its infrastructure sites, as well as ensuring the physical health and safety of the contractor and his/her employees.

GMT has an operational Safety and Security Committee which includes a representative from Department of Transport and Public Works, given high responsibility for providing guidelines in Health and Safety management.

In support of effective emergency evacuation procedures, four evacuation plans were reviewed in the 2016/17 financial year. Two planned and two unplanned evacuation exercises took place during the reporting period.

7 Standing Committee on Transport and Public Works

7.1 Report of the Standing Committee on Transport and Public Works on the Annual Report

GMT met with the Standing Committee for Transport and Public Works on 26 October 2016. The matters raised by the Committee and GMT's responses to these matters, are tabulated below.

7.1.1 The Committee's resolutions contained in its letter (referenced 11/4/1/1/2/7) dated 15 November 2016, following its meeting held on 26 October 2016, and the GMT's response outlined below.

Table 7.1.1: Matters raised by the Committee

Matters raised by the Committee	GMT's response
1. The Committee further resolved that it would invite the DTPW, in 2017, to brief it on the specific targets to achieve specific proposals that the DTPW is making to Provincial Treasury with regards to the invested reserves whose origin in GMT.	The department notes the intended briefing as outlined in the committee's letter (referenced 11/4/1/1/2/7 dated 15 November 2016). The department awaits the Committee's invitation in this regard.
2. The Committee Recommended that the DTPW and Government Motor Vehicle Transport set specific targets to achieve representivity in terms of gender (female) and race(African) and report back to the Committee in this regard. These specific targets must be included in your next Annual Performance Plan that will be tabled with your Budget in the next financial year.	Targets relating to employment equity are contained in the Department's EE Plan. The current EE Plan expires on 31 March 2017 and a new EE Plan is currently being developed that will come into effect as of 1 April 2017. The department will therefore not include any targets in the 2017/18 APP as this is tabled prior to the conclusion of the EE Plan review.

7.2 Report of the Standing Committee on Public Accounts

The information requested by the Standing Committee on Public Accounts and GMT's responses are tabulated below.

Table 7.2.1: Information requested by the Committee

Papers, reports and information requested by the Committee	GMT's response
1. The Committee's resolutions contained in its letter (referenced 11/4/1/1/2/7) dated 15 November 2016: The Committee requested that the DTPW provide it with the following information: 1.1 The total amount of third party claims that were processed in terms of accidents and losses.	The information was provided by GMT and was included in the letter issued by DTPW (reference 11/1/2/2/Standing Committee on Transport and Public Works) dated 31 January 2017.
2. The Standing Committee's letter (referenced 11/4/1/2/1) dated 9 September 2016: The Committee to be briefed on: 2.1 The draft policy on The Conflict of Interest indicated on page 40 of its Annual Report 2014/15; and 2.2 The SOP and policies to enhance financial governance indicated on pages 43 and 44 of its Annual Report 2014/15.	GMT's response was provided to the Committee in the form of a presentation made on 28 September 2016.

8 Public Accounts Committee resolutions

8.1 Response to the report of the Public Accounts Committee on the 2015/16 Annual Report dated 28 November 2016

"The Committee noted the Auditor-General's audit opinion regarding the Entity's Annual Financial Statements for the 2015/16 financial year, having obtained a clean audit. This audit opinion remains unchanged from the 2014/15 financial year.

Government Motor Transport spent R392.7 million of a budget of R410.4 million, resulting in an overall under-expenditure of R17.7 million (4.3%), as reflected on pages 90 to 93 of the Annual Report.

The under-expenditure occurred due to the following factors:

- Administrative expenses;
- Employee costs;
- Operating expenditure;
- Depreciation;
- Amortisation;
- Accidents and Impairment losses; and
- Operating leases."

The views and resolutions of the Committee are laid out below:

Table 8.1: Views and Resolutions of the Committee

Background/Concerns	Resolutions	Responsible Official	Response	Resolved (Yes / No)
<p>Page: 311 and 312 Paragraph 6.1 and 6.2 of the Public Accounts Committee report - "Transversal resolutions by the PAC".</p>	<p>The Committee RESOLVED that all departments and entities oblige with the following transversal requests that the –</p> <ol style="list-style-type: none"> 1. Departments and entities publishes the PAC table of resolutions, including the list of information requested, in its Annual Report, in Part C, for the 2016/17 financial year and ongoing; and 2. Departments and entities highlight the Broad-Based Black Economic Empowerment status of all contracts and consultants when reporting in Part D of their Annual Reports for the 2016/17 financial year and ongoing. 	<p>Leadership of the Department and Government Motor Transport</p>	<p>Finance Instruction 8 of 2014 was issued in this regard. (Copy attached as Annexure E)</p>	Yes
<p>Page: 311 and 312 Paragraph 6.1 and 6.2 of the Public Accounts Committee report - "Transversal resolutions by the PAC".</p>			<p>Finance Instruction 35 of 2016 was issued in this regard. (Copy attached as Annexure F)</p>	Yes
<p>Page: 312 and 313 Paragraph 7.4 of the Public Accounts Committee report - "General Findings".</p>	<ol style="list-style-type: none"> 3. During the 2015/16 financial year, 12 departments and five entities achieved a clean audit outcome. Of this, all the departments maintained their clean audit outcome status from the 2014/15 financial year. As previously mentioned, the total number of entities that obtained a clean audit outcome regressed from seven to five entities. The Committee wishes to advise departments and entities to be cognisant of the transversal risks that were identified by the Audit Committee during the 2015/16 financial year. <p>These include the following: 3.1 New regulations that may be</p>	<p>Leadership of the Department and Government Motor Transport</p>	<p>Noted</p> <p>The following emerging risks have been included in the 2016/17 Departmental Corporate Governance Improvement Plan:</p> <ol style="list-style-type: none"> 1. Inventory disclosure; 2. Central Suppliers Database; and 3. Supply Chain Management projects relating to current changes. <p>The following will be managed through the Enterprise Risk Management Committee:</p> <ol style="list-style-type: none"> a. New Treasury Regulations; b. Public Service Regulations; 	Yes

Background/Concerns	Resolutions	Responsible Official	Response	Resolved (Yes / No)
	<p>introduced by Treasury;</p> <p>3.2 Inventory disclosure risks due to the continuous use of the Modified Cash Standard of accounting;</p> <p>3.3 The implementation of a nationwide Integrated Financial Management System;</p> <p>3.4 The risk of Supply Chain Management as continuous changes are implemented;</p> <p>3.5 National Treasury, including the Centralised Database system;</p> <p>3.6 New Public Service Regulations; and</p> <p>3.7 Cash-flow management under extreme budgetary constraints.</p>		<p>c. Integrated Financial Management System; and</p> <p>d. Cash-flow management under extreme budgetary constraints.</p> <p>The Public Service Regulations has been issued.</p> <p>Delegations in terms of section 42A of the Public Service Act, 1994 as amended and the Public Service Regulations, 2016 have been issued and distributed under Departmental Circular 3 of 2012 (Amendment 1 of 2016) effective 1 August 2016.</p>	
<p>Page: 313 Paragraph 7.6 of the Public Accounts Committee report - "General Findings".</p>	<p>4. Overall, there has been an improvement in the financial and performance management key controls of the departments and entities of the Western Cape Government. The Committee requests that departments and entities focus on improving the following risk areas, as identified by the Auditor-General South Africa, as follows:</p> <p>4.1 Supply Chain Management;</p> <p>4.2 Financial Health; and</p> <p>4.3 Information Technology.</p>	<p>Leadership of the Department and Government Motor Transport</p>	<p>Noted.</p> <p>Various projects relating to Supply Chain Management, Financial Health and Information Technology are managed through the Departmental Corporate Governance Improvement Plan.</p>	<p>Yes</p>

Background/Concerns	Resolutions	Responsible Official	Response	Resolved (Yes / No)
<p>Page: 313 Paragraph 7.8 of the Public Accounts Committee report - "General Findings".</p>	<p>5. The Committee echoes the sentiments of its strategic partners, the Auditor-General South Africa and the Audit Committees, in noting the following as a way forward for the 2016/17 financial year:</p> <p>5.1 The approach of the Auditor-General South Africa and Audit Committee in assisting and seeking solutions to stakeholder challenges is commendable and should be strengthened;</p> <p>5.2 The audit outcomes of the departments and entities will need to be maintained (for those with clean audit opinions) while those with unqualified and qualified audit opinions will have to be assisted by Provincial Treasury and the Department of the Premier in reaching the status of clean audit opinions; and</p> <p>5.3 The PAC will continue to engage the Auditor-General South Africa and Audit Committees with the aim of executing effective and efficient oversight of the departments and entities.</p>		<p>Noted</p> <p>Noted</p> <p>Noted</p>	<p>Yes</p>

8.2 List of information required

Table 8.2: List of information requested

List of information requested:	Response
None	N/A

9 Prior modifications to Audit Reports

There were no modifications to the Audit Reports for the past six years.

10 Financial Governance Directorate

The Financial Governance Directorate's purpose is to ensure sound financial governance practices. During the course of the financial year under review, the focus was on verifying compliance to approved delegations, compliance testing of expenditure vouchers, detecting and preventing irregular, fruitless and wasteful expenditure, conducting predetermined financial inspections as indicated on its operational plan, *ad hoc* investigations, and providing effective and efficient fraud and loss control management services.

Table 10.1: Financial Governance work performed

Issues	Work performed
Financial delegations	PFMA Accounting Officers Delegations – Delegation Framework 2014 Finance Instruction 6 of 2006 (Amendment 1 of 2016) issued on 8 December 2016
The development, review, and amendment of standard operating procedures and policies to enhance financial governance	<ul style="list-style-type: none"> • Regularity Audit process - Finance Instruction 2 of 2007: (Supplementary 1 of 2016) issued on 28 December 2016 • ERMCO Terms of Reference – Finance Instruction 5 of 2012: (Supplementary 1 of 2016) issued on 17 June 2016 • BAS Payment checklist: Finance Instruction 3 of 2016 issued on 3 June 2016 • Catering Expenditure: Finance Instruction 4 of 2014 (Amendment 1 of 2016) issued on 22 July 2016 • Distribution of salary advices, payrolls and certification of the latter: Finance instruction 5 of 2016 issued on 4 July 2016 • Staff recruitment and procurement contracts prior approvals and noting: Finance Instruction 6 of 2009 (Supplementary 1 of 2016) issued on 31 October 2016 • Management of Losses and claims: Finance Instruction 8 of 2016 issued on 26 September 2016 • Retention of financial information: Finance Instruction 10 of 2016 issued on 26 September 2016 • Submitting information to the WCPP and Public Protector SA: Finance Instruction 11 of 2016 issued on 1 July 2016 • Departmental rules for the management of compensation of employees: Finance Instruction 12 of 2016 issued on 26 August 2016 • Finance Instruction 12 of 2016 (Supplementary 1 of 2016) issued on 29 August 2016 • WCG Anti-Corruption Strategy 2015: Finance Instruction 13 of 2016 issued on 29 July 2016 • Fraud Awareness Training 2016/17: Finance Instruction 15 of 2013: (Supplementary 1 of 2016) issued on 6 May 2016 • Departmental Anti-Fraud and Anti-Corruption Policy: Finance instruction 15 of 2016 issued on 1 August 2016

Issues	Work performed
	<ul style="list-style-type: none"> • Submissions to Higher Authorities - Finance Instruction 16 of 2013: (Supplementary 1 of 2016) issued on 8 December 2016 • Asset Accounting Policy guide: Finance Instruction 17 of 2016 issued on 19 August 2016 • Adopting of the WCG Whistle Blowing Policy by DTPW: Finance Instruction 18 of 2016 issued on 26 August 2016 • Tariff Approval process and required information: Finance Instruction 19 of 2016 issued on 26 August 2016 • Adjustment of the determination and directive on working time 2015: Finance Instruction 20 of 2016 issued on 28 August 2016 • Allowances and tariffs for calculation and application: Finance Instruction 21 of 2016 issued on 28 August 2016 • Adjustment of Danger Allowances: Finance Instruction 22 of 2016 issued on 28 August 2016 • Bank tender services – Acceptance of gifts, donations and sponsorships: Finance Instruction 23 of 2016 issued on 19 September 2016 • Strongboxes and safes: Finance Instruction 24 of 2016 issued on 26 September 2016 • Payment Stubs, Document control report and System password control: Finance Instruction 25 of 2016 issued on 21 November 2016 • Directive-Acceptance of gifts, donations and sponsorships by employees: Finance Instruction 26 of 2016 issued on 26 September 2016 • Granting on gifts, donations and sponsorships by the Department: Finance Instruction 27 of 2016 issued on 26 September 2016 • Management and treatment of Internal Audit reports: Finance Instruction 28 of 2016 issued on 26 September 2016 • Acceptance of gifts, donations and sponsorships by the Department: Finance Instruction 29 of 2016 issued on 26 September 2016 • Cost Containment Measures: Finance Instruction 31 of 2016 issued on 1 November 2016 • Departmental Fraud and Corruption Prevention Implementation Plan 2016/17: Finance Instruction 32 of 2016 issued on 9 November 2016 • 2016 Adjustment of the Remuneration levels - service benefit packages for Office bearers of certain Statutory and other Institutions: Finance Instruction 33 of 2016 issued on 1 November 2016 • 2016 Remuneration of Non-official members - commissions and Committees of Inquiry and Audit Committees: Finance Instruction 34 of 2016 issued on 10 November 2016 • Public Accounts Committee report on the 2015/16 Annual Report: Finance Instruction 35 of 2016 issued on 8 December 2016

Issues	Work performed
Provincial Forensic Services' reports	Attended to the recommendations of the 12 reports received
External audit process	To ensure continuity with the prior year audit outcome, essential preparation work was performed prior to the commencement of the new audit cycle in December 2016
Internal audit process	As at 31 March 2017, 6 reports were received and the implementations of the recommendations are managed through the Departmental Corporate Governance Improvement Plan
Retention of financial information	During 2016/17 financial year 23 731 BAS expenditure vouchers, 8 676 journals and 7 988 receipts were verified against the monthly document control reports to ensure completeness and safeguarding of financial information
Reporting	<p><u>Reporting done under the administration of DTPW</u></p> <ul style="list-style-type: none"> • Public Accounts Committee (Resolutions) Annually • Public Service Commission (Financial Misconduct) Annually • Department of Public Service and Administration (Corruption and Fraud) Quarterly • Top Management (Departmental Corporate Governance Improvement Plan) Monthly • Audit Committee (Departmental Corporate Governance Improvement Plan) Quarterly • Top Management (Irregular, Fruitless and Wasteful Expenditure) Monthly • ERMCO (Fraud Prevention Strategy Implementation Plan and Fraud Risk Registers) Quarterly • IYM (Irregular, Fruitless and Wasteful Expenditure) Monthly • PFS recommendations Quarterly <p><u>Reporting done by GMT</u></p> <ul style="list-style-type: none"> • In-Year Monitoring (IYM) (Top Management) Monthly • IYM (Audit Committee) Quarterly • Interim Financial Statements (Top Management and Audit Committee) Bi-annually • Annual Financial Statements (Top Management, Audit Committee, Auditors and Provincial Treasury) Annually
Departmental Corporate Governance Improvement Plan	The DCGIP was updated with findings from the AGSA Management report, Internal Audit reports, Provincial Treasury GAP analysis, Provincial Forensic Services reports and PAC resolutions At year-end 43 projects in this regard were monitored
Financial Manual on the Electronic Content Management system	Maintenance of the system and loading of governance documents on an ongoing basis

Issues	Work performed
Financial Inspections	<p>Number of compliance inspections and ad-hoc inspections conducted: 52</p> <p>Number of Post Auditing inspections conducted: 86</p> <p>Due to the magnitude of payments processed by the department only certain payment offices and certain months were post audit. To ensure that all BAS expenditure vouchers are correct, a pre-audit checklist has been designed and is used to mitigate the risks of non-compliance</p> <p>As part of the Inspectorates Operational Plan, the accruals for the financial year are verified for correctness prior to submission into the AFS. All LOGIS and BAS Payments are verified</p>
Loss Control case files: Cases relate to claims against the state, damages to Government Motor Vehicles and loss off moveable assets	Claims against the state received and accidents and losses cases processed
Irregular, fruitless and wasteful case files	<p>Opening balance 1 April 2016 (0)</p> <p>New cases registered (0)</p> <p>Total cases investigated (0)</p> <p>Cases closed (0)</p> <p>Balance as at 31 March 2017 (0)</p>

11 Chief Directorate Supply Chain Management: Directorate Governance and Demand Management

The Governance and Demand Management Directorate's purpose is to render a service with regards to planning, compliance, performance management, capacity building and demand management. During the course of the financial year under review, the directorate has mainly been involved in the implementation and application of the Accounting Officer's Supply Chain Management System, enhancing our processes through the development, reviewing and amendment of procedures in order to address internal control deficiencies, do skills transfers where necessary or any other relevant consequence management.

Table 11.1: SCM work performed

Issues	Work performed
--------	----------------

Issues	Work performed
Supply Chain Management	<p>Provided comments on the following Draft National Treasury, Regulations Instructions and Circulars (Consolidated comments provided via the Provincial Treasury to National Treasury). Specific focus by the Department on the Infrastructure impact:</p> <ul style="list-style-type: none"> • Draft NT SCM Instruction Note 1: Procurement by means other than competitive bids. Current status: Draft • Draft NT SCM Instruction Note 2: Compliance with ethical standards, code of conduct and ethics for SCM Practitioners and role players. Current status: Draft • Draft NT Instruction Note 3: Contract Management. Current status: Draft • Draft NT SCM Instruction Note 4: Report on deviation from bid committee recommendations. Current status: Draft • Draft NT SCM Instruction Note 5: Performance Management and Reporting. Current status: Draft • Draft NT SCM Instruction Note 6: Threshold values in respect of procurement of goods and services, declaration of interest and other administrative requirements. Current status: Draft • Draft NT Instruction: Payments to Suppliers within the prescribed or agreed period. Current status: Issued on 30 June 2016 – National Treasury Instruction 5 of 2016/17: Payments exceeding 30 days • Draft NT Instruction 1 of 2016/17: Travel Policy Framework. Current status: Issued on 15 April 2016 and retracted with NT Instruction 1A of 2016/17 on 20 September 2016. NT Instruction 2 of 2017/18: National Travel Policy Framework issued on 20 April 2017 with an implementation date of 1 October 17 • Draft NT SCM Circular 9 of 2016/17: Travel Policy Framework. Current status: Issued on 20 September 2016 • Draft National Treasury Regulations. Current status: Draft • Draft Preferential Procurement Regulations, 2017. Current status: Issued on 20 January 2017, for implementation 1 April 2017 • Draft NT Circular: Procurement of Leased Properties to the State. Current status: Draft • Draft Public Procurement Bill 2016. Current status: Draft
Public Accounts Committee	The Supply Chain Management Unit managed and performed preparation work, assistance and presentations for the Public Accounts Committee, as well as accompanied them on several site visits during the year.

Issues	Work performed
The development, review, and amendment of standard operating	<ul style="list-style-type: none"> • SCM Instruction 3 of 2016/17: Acceptance of Affidavits in terms of the Broad-Based Black Economic Empowerments and Implementation of the Revised WCBD 6.1(a) and 6.1(b)

Issues	Work performed
<p>procedures and policies to enhance supply chain management</p>	<ul style="list-style-type: none"> • SCM Instruction 5 of 2016/17: 2016 Year-end Advertising Dates • SCM Instruction 7 of 2016/17: Financial Statement Compilation of LOGIS Disclosure notes 2016/17 • SCM Instruction 8 of 2016/17: Procurement Plan 2017/18 • SCM Instruction 9 of 2016/17: Financial Year-end Processing of LOG1 Requisitions • SCM Instruction 10 of 2016/17: Disclosure of Financial Interest for SCM Practitioners <ul style="list-style-type: none"> ◦ Subject to review in terms of the new Public Services Regulations relating to designated categories of employees to disclose financial interest • SCM Instruction 11 of 2016/17: Financial Year-end Asset Re-classification 2016/17

12 Internal Audit and Audit Committees

Internal Audit provides management with independent, objective assurance and consulting services designed to add value and to continuously improve the operations of the Department. It assists the Department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Governance, Risk Management and Control processes.

The following key activities are performed in this regard:

- Assess and make appropriate recommendations for improving the governance processes in achieving the department's objectives;
- Evaluate the adequacy and effectiveness and contribute to the improvement of the risk management process; and
- Assist the Accounting Officer in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.

The following assurance engagements were approved and completed in the 2016/17 Internal Audit Plan:

- DPSA Delegation;
- Demand Management in Government Motor Transport;
- Contract Management in Public Works;
- Transfer Payments in Roads Infrastructure;
- Application Portfolio Management (ICT audit); and
- Disaster Recovery Plan (ICT Audit).

The following consulting engagements were approved and completed in the 2016/17 Internal Audit Plan:

- District Safety Plan; and
- Information Management in Immoveable Asset Management.

The Audit Committee is established as an oversight body, providing independent oversight over governance, risk management and control processes in the Department, which include oversight and responsibilities relating to:

- Internal Audit function;
- External Audit function AGSA;
- Departmental accounting and reporting;
- Departmental Accounting Policies;
- Review of AGSA management and audit report;
- Review of Departmental In-Year Monitoring;
- Departmental Risk Management;
- Internal Control;
- Pre-determined objectives; and
- Ethics and Forensic Investigations.

The table below discloses relevant information on the audit committee members.

Table 12: Audit Committee members

Name	Qualifications	Internal or external	If internal, position in the Department	Date appointed	Date Resigned	No. of Meetings attended
Mr Francois Barnard	B.Proc; B.Compt (Honours); CTA; Postgraduate Diploma in Auditing; M.Com (Tax); CA (SA)	External	N/A	1 January 2016 (2 nd term)	N/A	7
Mr Sedick Steenkamp	Higher Diploma Accounting; CA (SA)	External	N/A	1 January 2016 (2 nd term)	16 November 2016	1
Mr Johannes Kleyn	Finance and Business Systems, Risk Management and Compliance	External	N/A	1 January 2015 (1 st term)	N/A	7
Ms J Gunther	CIA; AGA; Masters in Cost Accounting; B.Compt; CRMA,	External	N/A	1 January 2016 (1 st term)	N/A	7

13 Audit Committee Report

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

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal Terms of Reference, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

In line with the PFMA and Treasury Regulations, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by a risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

The following internal audit engagements were approved by the Audit Committee and completed by Internal Audit during the year under review:

- Demand Management in Government Motor Transport.

The areas for improvement, as noted by Internal Audit during the performance of their work, were agreed to by management. The Audit Committee monitors the implementation of the agreed actions on a quarterly basis./

In-Year Management and Monthly/Quarterly Reports

The Audit Committee is satisfied with the content and quality of the quarterly in-year management and performance reports issued during the year under review by the Accounting Officer of the Department in terms of the National Treasury Regulations and the Division of Revenue Act.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the Audited Annual Financial Statements to be included in the Annual Report with the Auditor – General South Africa (AGSA) and the Accounting Officer;
- Reviewed the AGSA's Management Report and Management's response thereto;
- Reviewed changes to accounting policies and practices as reported in the Annual Financial Statements; and
- Reviewed material adjustments resulting from the audit of the Department.

Compliance

The Audit Committee has reviewed the Department's processes for compliance with legal and regulatory provisions.

Performance Information

The Audit Committee has reviewed the information on predetermined objectives as reported in the Annual Report.

Report of the Auditor-General of South Africa

The Audit Committee has:

- Reviewed the AGSA's Management Report and Management's responses thereto;
- On a quarterly basis reviewed the Department's implementation plan for audit issues raised in the prior year; and
- Met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit.

Corrective actions on the detailed findings raised by the AGSA are monitored by the Audit Committee on a quarterly basis.

The Audit Committee concurs and accepts the AGSA's opinion regarding the Annual Financial Statements and proposes that these Audited Annual Financial Statements be accepted and read together with their report.

The Audit Committee commends GMT for maintaining an unqualified audit opinion with no findings.



Mr Francois Barnard

Chairperson of the Audit Committee

Government Motor Transport

Date: August 2017

NOTES:



Part D Human Resource Management

Part D: Human resource management

1 Introduction

Our unique contribution to the work of the Western Cape Government is largely ascribed to the persistent, and often selfless, efforts of the people within Government Motor Transport (GMT). Building a new service delivery trajectory and successfully directing the collective efforts of our team is not without its own challenges. The modern people management landscape has shifted significantly in recent years and requires complex navigation between a range of competing variables.

Apart from the fact that these variables are inter-dependent and inter-related, they are also governed by stringent rules and regulations, which prove difficult when retention and attraction initiatives are explored. These include balancing service delivery imperatives, the attraction and retention of critical and scarce skills, workforce empowerment, career management, succession planning, employment equity and creating an enabling environment where employees are able to thrive. Further to this, GMT is required to function within an austere environment, which demands that managers consider the impact of “doing more with less”.

Despite this, the consistent hard work of our people, amidst the ever-challenging circumstances, has resulted in remarkable achievements and service delivery improvement during the year under review.

In order to effect ongoing service delivery efforts in the Public Service, the Department of Public Service and Administration (DPSA) launched a strategy in 2011 to reduce the vacancy rate in Departments to a national standard below 10%. Compliance with the strategy is monitored by the Forum for South African Directors General (FOSAD) as well as the Department of Planning, Monitoring and Evaluation (DPME) through the Monitoring Performance Assessment Tool.

GMT achieved an overall vacancy rate of 6.7% at 31 March 2017. This is an improvement on the 11.5% vacancy rate during 2015/16.

In order to proactively strategise around the optimal acquisition and retention of an engaged workforce, GMT is currently in the process of developing and implementing an integrated Strategic Talent Plan. The Plan aims to address the complexities of the built environment, the growing demand for service delivery, and the push-pull factors impacting on the sustainability of talent within GMT.

Internship Programmes

The Department created learning opportunities for 4 unemployed matriculants through the Premier’s Advancement of Youth Programme (PAY Internship Programme). A further three student interns gained experiential learning as part of their course work. The 7 interns comprised 5.6% of the total workforce remunerated over the period.

2 Status of People Management at the Department

Workforce planning framework and key strategies to attract and retain a skilled and capable workforce

Ranked Departmental HRP Priorities		Outcomes	Approach to Mitigate Risk and Achieve Outcome
1	Recruitment and Selection (including Employment Equity)	Competent people in the right numbers at the right place at the right time with the right attitude. An equitable workforce.	Address prioritised people needs by talent sourcing and selection. Broaden access to employment opportunities and mainstream both disabilities and gender considerations in the workplace.
2	Retention, Succession Planning and Career Management	Competent people in the right numbers at the right place at the right time with the right attitude.	Strategically aligned people plans to address retention of employees. Succession Planning framework with effective measure to transfer skills and capacitate people for higher posts.
3	Organisational Design	A performance conducive workplace.	Implementation of transversally consistent and equitable work organisation policies and practices.
4	Training and Development	Competent People in the right numbers at the right place at the right time with the right attitude.	Develop and evaluate prioritised skills.
5	Employee Health and Wellness	Leaders that are exemplars of the behaviours associated with the organisation's values. Highly engaged people.	Frontline values and behaviour-based change navigation initiatives. Provide health and wellness services in support of a wellness culture.

Employee Performance Management Framework

One of the cornerstones of the Staff Performance Management System is the basic requirement that all employees are obliged to do what is expected of them. These expectations and the required performance standards are concretised by means of job descriptions, performance agreements, business plans and/or service level agreements. Rewards and incentives are therefore only granted for work that qualitatively and quantitatively surpasses work for which employees are remunerated.

Employees who are nominated for performance bonuses are assessed by moderation panels, who then examine the evidence of superior performance. Under-performing

staff members, on the other hand, are required to complete the actions stipulated in a Performance Improvement Plan. These are closely monitored to ensure absolute compliance with acceptable performance standards.

The framework also seeks to promote a positive workplace culture that encourages formal and informal discussions about performance quality, lead practice and continuous individual improvement.

This system sets the framework in which both the employer and employee can equally realise their goals and objectives to ensure the achievement of PSG 5, namely to Embed good governance and integrated service delivery through partnerships and spatial alignment.

Employee wellness

Developing a wellness culture in the Department is of strategic importance to ensure that employees achieve optimum levels of performance while feeling cared for and supported in the work context. The WCG's transversal Employee Health and Wellness Programme (EHW) follow a holistic approach to employee wellbeing and is largely preventative in nature, offering both primary and secondary services. The EHW Programme is monitored in the Department through monthly utilisation reports for primary services (24/7/365 telephonic counselling service, online e-Care service and reporting) and secondary services (face-to-face counselling, trauma and critical incidents, training and targeted intervention, executive coaching and advocacy).

A quarterly report is prepared by the Directorate: Organisational Behaviour within the Corporate Service Centre that provides a trend analysis of utilisation, risk identification and its impact on productivity. Furthermore, ongoing reporting to the Department of Public Service and Administration (DPSA) is a requirement and such reporting focuses on four areas namely, HIV/ AIDS, Health and Productivity, Wellness Management and SHEQ (Safety Health Environment and Quality).

3 People management oversight statistics

3.1 Personnel related expenditure

The following tables summarise final audited expenditure by programme (Table 3.1.1) and by salary bands (Table 3.1.2).

The figures in Table 3.1.1 are drawn from the BAS and the figures in Table 3.1.2 are drawn from the PERSAL system. The two systems are not synchronised for salary refunds in respect of staff appointments and resignations and/or transfers to and from other departments. This means there may be a difference in the total expenditure reflected on these systems.

Table 3.1.1: Personnel expenditure by Entity, 2016/17

Entity	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Goods and services (R'000)	Personnel expenditure as a % of total expenditure	Average personnel expenditure per employee (R')	Number of employees
GMT	412 398	32 618	167	379 613	7.9	263 048	124

Note: The number of employees refers to all individuals remunerated during the reporting period, including interns.

Table 3.1.2: Personnel expenditure by salary band, 2016/17

Salary bands	Personnel expenditure (R'000)	% of total personnel expenditure	Average personnel expenditure per employee (R'000)	Number of employees
Lower skilled (Levels 1-2)	793	2.4	72	11
Skilled (Levels 3-5)	14 680	45.3	213	69
Highly skilled production (Levels 6-8)	12 096	37.2	327	37
Highly skilled supervision (Levels 9-12)	3 818	11.7	636	6
Senior management (Levels 13-16)	1 111	3.4	1 111	1
Total	32 498	100.0	262	124

Note: The number of employees refers to all individuals remunerated during the reporting period, including interns.

Table 3.1.3: Salaries, overtime, housing allowance and medical assistance by Entity, 2016/17

Entity	Salaries		Overtime		Housing allowance		Medical assistance	
	Amount (R'000)	Salaries as a % of personnel expenditure	Amount (R'000)	Overtime as a % of personnel expenditure	Amount (R'000)	Housing allowance as a % of personnel expenditure	Amount (R'000)	Medical assistance as a % of personnel expenditure
GMT	22 269	68.5	915	2.8	1 182	3.6	2 033	6.3

Note: The table above does not make provision for other expenditure such as Pensions, Performance Bonus and other allowances, which make up the total personnel expenditure.

Table 3.1.3 and 3.1.4 should essentially reflect the same totals. However, due to the fact that the data is rounded off to thousands and grouped by either programme or salary band, it could present differently.

Table 3.1.4: Salaries, overtime, housing allowance and medical assistance by salary band, 2016/17

Salary Bands	Salaries		Overtime		Housing allowance		Medical assistance	
	Amount (R'000)	Salaries as a % of personnel expenditure	Amount (R'000)	Overtime as a % of personnel expenditure	Amount (R'000)	Housing allowance as a % of personnel expenditure	Amount (R'000)	Medical assistance as a % of personnel expenditure
Lower skilled (Levels 1-2)	581	1.8	39	0.1	42	0.1	49	0.2
Skilled (Levels 3-5)	9 487	29.2	648	2.0	678	2.1	1 266	3.9
Highly skilled production (Levels 6-8)	8 689	26.7	206	0.6	429	1.3	637	2.0
Highly skilled supervision (Levels 9-12)	2 764	8.5	22	0.1	29	0.1	62	0.2
Senior management (Levels 13-16)	748	2.3	0	0	4	0	19	0.1
Total	22 269	68.5	915	2.8	1 182	3.6	2 033	6.3

Table 3.1.3 and 3.1.4 should essentially reflect the same totals. However, due to the fact that the data is rounded off to thousands and grouped by either programme or salary band, it could present differently.

3.2 Employment and vacancies

The following tables summarise the number of funded posts on the establishment, the number of employees, and the percentage active vacant posts as at the end of the financial year. This information is presented in terms of three key variables, namely: Programme (Table 3.2.1), Salary Band (Table 3.2.2) and Critical Occupations (Table 3.2.3). Table 3.2.3 provides establishment and vacancy information for the key critical occupations of the Entity.

Table 3.2.1: Employment and vacancies by Entity, as at 31 March 2017

Entity	Number of funded posts	Number of posts filled	Vacancy rate %
GMT	119	111	6.7

Table 3.2.2: Employment and vacancies by salary band, as at 31 March 2017

Salary Band	Number of funded posts	Number of posts filled	Vacancy rate %
Lower skilled (Levels 1-2)	15	15	0
Skilled (Levels 3-5)	69	67	2.9
Highly skilled production (Levels 6-8)	26	22	15.4

Salary Band	Number of funded posts	Number of posts filled	Vacancy rate %
Highly skilled supervision (Levels 9-12)	8	6	25.0
Senior management (Levels 13-16)	1	1	0
Total	119	111	6.7

Note: The information in each case reflects the situation as at 31 March 2017. An indication of changes in staffing patterns for the year under review is reflected in section 3.4 (Employment Changes) in this report.

Table 3.2.3: Employment and vacancies by critical occupation, as at 31 March 2017

Critical occupations	Number of funded posts	Number of posts filled	Vacancy rate %
None			

3.3 Job evaluation

The Public Service Regulations, 2001 as amended, introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities are required to evaluate each new post in his or her organisation or re-evaluate any post where the post mandate or content has significantly changed. This job evaluation process determines the grading and salary level of a post.

Table 3.3.1 summarises the number of posts that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.3.1: Job evaluation, 1 April 2016 to 31 March 2017

Salary Band	Total number of funded posts as at 31 March 2017	Number of posts evaluated	% of posts evaluated	Posts upgraded		Posts downgraded	
				Number	As a % of total posts	Number	As a % of total posts
Lower skilled (Levels 1-2)	15	0	0	0	0	0	0
Skilled (Levels 3-5)	69	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	26	0	0	2	1.7	0	0
Highly skilled supervision (Levels 9-12)	8	0	0	1	0.8	0	0

Salary Band	Total number of funded posts as at 31 March 2017	Number of posts evaluated	% of posts evaluated	Posts upgraded		Posts downgraded	
				Number	As a % of total posts	Number	As a % of total posts
Senior Management Service Band A (Level 13)	1	0	0	0	0	0	0
Total	119	0	0	3	2.5	0	0

Table 3.3.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2016 to 31 March 2017

Beneficiaries	African	Indian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	1	2	3
Total	0	0	1	2	3
Employees with a disability					0

Note: Table 3.3.2 is a breakdown of posts upgraded in table 3.3.1.

Table 3.3.3 summarises the number of cases where salary levels exceeded the grade determined by job evaluation or where higher notches awarded to employees within a particular grade. Reasons for the deviation are provided in each case.

Table 3.3.3: Employees who have been granted higher salaries than those determined by job evaluation per major occupation, 1 April 2016 to 31 March 2017

Major occupation	Number of employees	Job evaluation level	Remuneration on a higher salary level	Remuneration on a higher notch of the same salary level	Reason for deviation
None					

Table 3.3.4: Profile of employees who have been granted higher salaries than those determined by job evaluation, 1 April 2016 to 31 March 2017

Beneficiaries	African	Indian	Coloured	White	Total
None					

Note: Table 3.3.4 is a breakdown of table 3.3.3 by race and gender.

3.4 Employment changes

Turnover rates provide an indication of trends in the employment profile of the Entity during the year under review. The following tables provide a summary of turnover rates by salary band (Table 3.4.1) and by critical occupation (Table 3.4.2).

Table 3.4.1: Annual turnover rates by salary band, 1 April 2016 to 31 March 2017

Salary Band	Number of employees as at 31 March 2016	Turnover rate % 2015/16	Appointments into the Entity	Transfers into the Entity	Terminations out of the Entity	Transfers out of the Entity	Turnover rate % 2016/17
Lower skilled (Levels 1-2)	15	0	2	0	2	0	13.3
Skilled (Levels 3-5)	70	2.9	11	1	12	1	18.6
Highly skilled production (Levels 6-8)	24	8.0	1	0	4	0	16.7
Highly skilled supervision (Levels 9-12)	5	0	0	0	0	0	0
Senior Management Service Band A (Level 13)	1	0	0	0	0	0	0
Total	115	3.4	14	1	18	1	16.5
			15		19		

Note: Transfers refer to the lateral movement of employees from one Public Service entity to another. The turnover rate is determined by calculating the total exits as a percentage of the baseline (Number of employees as at 31 March 2016).

Table 3.4.2: Annual turnover rates by critical occupation, 1 April 2016 to 31 March 2017

Critical Occupation	Number of employees as at 31 March 2016	Turnover rate 2015/16	Appointments into the Entity	Transfers into the Entity	Terminations out of the Entity	Transfers out of the Entity	Turnover rate % 2016/17
None							

Table 3.4.3: Staff leaving the employ of the Entity, 1 April 2016 to 31 March 2017

Exit Category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2016
Death	1	5.3	0.9
Resignation *	13	68.4	11.3
Expiry of contract	3	15.8	2.6
Dismissal – operational changes	0	0	0
Dismissal – misconduct	0	0	0
Dismissal – inefficiency	0	0	0
Discharged due to ill-health	0	0	0
Retirement	1	5.3	0.9
Employee initiated severance package	0	0	0

Exit Category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2016
Transfers to Statutory	0	0	0
Transfers to other Public Service Departments	1	5.3	0.9
Total	19	100.0	16.5

Note: Table 3.4.3 identifies the different exit categories for those staff members who have left the employ of the Entity.

* Resignations are further discussed in tables 3.4.4 and 3.4.5.

Table 3.4.4: Reasons why staff resigned, 1 April 2016 to 31 March 2017

Resignation Reasons	Number	% of total resignations
Contract to permanent	9	69.2
Need for a career change	2	15.4
No reason provided	1	7.7
Personal health	1	7.7
Total	13	100.0

* **Note:** "Translation to permanent" refers to contract employees who have resigned from their contracts to take up a permanent post in the Entity.

Table 3.4.5: Different age groups of staff who resigned, 1 April 2016 to 31 March 2017

Age group	Number	% of total resignations
Ages <19	0	0
Ages 20 to 24	5	38.5
Ages 25 to 29	3	23.1
Ages 30 to 34	1	7.7
Ages 35 to 39	0	0
Ages 40 to 44	2	15.4
Ages 45 to 49	0	0
Ages 50 to 54	2	15.4
Ages 55 to 59	0	0
Ages 60 to 64	0	0
Ages 65 >	0	0
Total	13	100.0

Table 3.4.6: Employee initiated severance packages

Total number of employee initiated severance packages offered in 2016/ 2017	None
---	------

Table 3.4.7: Promotions by salary band, 1 April 2016 to 31 March 2017

Salary Band	Employees as at 31 March 2016	Promotions to another salary level	Promotions as a % of total employees	Progressions to another notch within a salary band	Notch progressions as a % of total employees within a salary band
Lower skilled (Levels 1-2)	15	0	0	3	20.0
Skilled (Levels 3-5)	70	0	0	46	65.7
Highly skilled production (Levels 6-8)	24	0	0	20	83.3
Highly skilled supervision (Levels 9-12)	5	0	0	4	80.0
Senior management (Levels 13-16)	1	0	0	1	100.0
Total	115	0	0	74	64.3

Note: Employees who do not qualify for notch progressions include those who are on probation, as well as poor performing employees.

Table 3.4.8: Promotions by critical occupation, 1 April 2016 to 31 March 2017

Critical Occupation	Employees as at 31 March 2016	Promotions to another salary level	Promotions as a % of total employees in critical occupations	Progressions to another notch within a critical occupation	Notch progressions as a % of total employees within a critical occupation
None					

Note: Employees who do not qualify for notch progressions include those who are on probation, as well as poor performing employees.

3.5 Employment equity

Table 3.5.1: Total number of employees (including employees with disabilities) in each of the following occupational levels, as at 31 March 2017

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	2	0	2	0	0	0	2	0	0	6

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	1	9	0	16	0	5	0	4	0	0	35
Semi-skilled and discretionary decision making (Levels 3-5)	4	28	0	3	6	24	0	0	0	0	65
Unskilled and defined decision making (Levels 1-2)	1	1	0	1	1	0	0	0	0	0	4
Total	6	40	0	23	7	29	0	6	0	0	111
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	6	40	0	23	7	29	0	6	0	0	111

A = African; C = Coloured; I = Indian; W = White.

Note: The figures reflected per occupational levels include all permanent, part-time and contract employees. Furthermore the information is presented by salary level and not post level. For the number of employees with disabilities, refer to Table 3.5.2.

Table 3.5.2: Total number of employees (with disabilities only) in each of the following occupational levels, as at 31 March 2017

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	0	0	2	0	0	0	0	0	0	2

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Semi-skilled and discretionary decision making (Levels 3-5)	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	3	0	0	0	0	0	0	3
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	0	0	3	0	0	0	0	0	0	3

A = African; C = Coloured; I = Indian; W = White.

Note: The figures reflected per occupational level include all permanent, part-time and contract employees. Furthermore the information is presented by salary level and not post level.

Table 3.5.3: Recruitment, 1 April 2016 to 31 March 2017

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	0	0	1	0	0	0	0	0	0	1

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Semi-skilled and discretionary decision making (Levels 3-5)	1	6	0	1	0	4	0	0	0	0	12
Unskilled and defined decision making (Levels 1-2)	1	1	0	0	0	0	0	0	0	0	2
Total	2	7	0	2	0	4	0	0	0	0	15
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	2	7	0	2	0	4	0	0	0	0	15

A = African; C = Coloured; I = Indian; W = White.

Note: Recruitment refers to the appointment of new employees to the staff establishment of the Entity. The totals include transfers from other government departments and/or institutions, as per Table 3.4.1.

Table 3.5.4: Promotions, 1 April 2016 to 31 March 2017

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
None											

A = African; C = Coloured; I = Indian; W = White.

Note: Promotions refer to the total number of employees who have advanced to a higher post level within the Entity, as per Table 3.4.7.

Table 3.5.5: Terminations, 1 April 2016 to 31 March 2017

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	0	0	0	0	0	0	0	0	0	0

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	2	0	2	0	0	0	0	0	0	4
Semi-skilled and discretionary decision making (Levels 3-5)	1	5	0	0	0	7	0	0	0	0	13
Unskilled and defined decision making (Levels 1-2)	1	1	0	0	0	0	0	0	0	0	2
Total	2	8	0	2	0	7	0	0	0	0	19
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	2	8	0	2	0	7	0	0	0	0	19

A = African; C = Coloured; I = Indian; W = White.

Note: Terminations refer to those employees who have left the employ of the Entity, including transfers to other departments, as per Table 3.4.1.

Table 3.5.6: Disciplinary actions, 1 April 2016 to 31 March 2017

Disciplinary actions	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
None											

A = African; C = Coloured; I = Indian; W = White.

Note: The disciplinary actions total refers to formal outcomes only and not headcount. For further information on the outcomes of the disciplinary hearings and the types of misconduct addressed at disciplinary hearings, refer to Tables 3.12.2 and Table 3.12.3.

Table 3.5.7: Skills development, 1 April 2016 to 31 March 2017

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid- management (Levels 9-12)	0	1	0	0	0	0	0	2	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	2	0	1	0	2	0	0	5
Semi-skilled and discretionary decision making (Levels 3-5)	2	8	0	2	3	8	0	1	24
Unskilled and defined decision making (Levels 1-2)	1	0	0	0	0	0	0	0	1
Total	3	11	0	3	3	10	0	3	33
Temporary employees	0	0	0	0	0	0	0	0	0
Grand total	3	11	0	3	3	10	0	3	33

A = African; C = Coloured; I = Indian; W = White.

Note: The above table refers to the total number of employees including interns who have received training during the period under review, and not the number of training interventions attended by individuals. For further information on the actual training provided, refer to Table 3.13.2.

3.6 Signing of performance agreements by SMS members

Table 3.6.1: Signing of performance agreements by SMS Members, as at 31 May 2016

SMS Level	Number of active SMS posts per level	Number of SMS members per level	Number of signed performance agreements per level	Signed performance agreements as % of SMS members per level
Salary Level 13	1	1	1	100.0

Note: This table refers to employees who are appointed as Senior Management Service (SMS) members only. Employees who are remunerated higher than a SL12, but who are not SMS members have been excluded. Furthermore, the table reflects post salary details and not the individual salary level of employees. The allocation of performance-related rewards (cash bonus) for SMS members is dealt with later in the report. Refer to Table 3.8.5 in this regard.

Table 3.6.2: Reasons for not having concluded performance agreements with all SMS members on 31 May 2016

Reasons for not concluding performance agreements with all SMS
None required

Table 3.6.3: Disciplinary steps taken against SMS Members for not having concluded Performance Agreements on 31 May 2016

Disciplinary steps taken against SMS members for not having concluded performance agreements
None required

3.7 Filling of SMS posts

Table 3.7.1: SMS posts information, as at 30 September 2016

SMS Level	Number of active SMS posts per level	Number of SMS posts filled per level	% of SMS posts filled per level	Number of SMS posts vacant per level	% of SMS posts vacant per level
Salary Level 13	1	1	100.0	0	0

Table 3.7.2: SMS posts information, as at 31 March 2017

SMS Level	Number of active SMS posts per level	Number of SMS posts filled per level	% of SMS posts filled per level	Number of SMS posts vacant per level	% of SMS posts vacant per level
Salary Level 13	1	1	100.0	0	0

Table 3.7.3: Advertising and filling of SMS posts, as at 31 March 2017

SMS Level	Advertising	Filling of posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months after becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Salary Level 13	0	0	0

Table 3.7.4: Reasons for not having complied with the filling of active vacant SMS posts – Advertised within 6 months and filled within 12 months after becoming vacant

SMS Level	Reasons for non-compliance
Director-General/ Head of Department	N/A
Salary Level 15	N/A
Salary Level 14	N/A
Salary Level 13	N/A

Table 3.7.5: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months

Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts
None required

3.8 Employee performance

Table 3.8.1: Notch progressions by salary band, 1 April 2016 to 31 March 2017

Salary Band	Employees as at 31 March 2016	Progressions to another notch within a salary band	Notch progressions as a % of total employees within a salary band
Lower skilled (Levels 1-2)	15	3	20.0
Skilled (Levels 3-5)	70	46	65.7
Highly skilled production (Levels 6-8)	24	20	83.3
Highly skilled supervision (Levels 9-12)	5	4	80.0
Senior management (Levels 13-16)	1	1	100.0
Total	115	74	64.3

Note: Employees who do not qualify for notch progressions include those who are on probation, as well as poor performing employees.

Table 3.8.2: Notch progressions by critical occupation, 1 April 2016 to 31 March 2017

Critical occupations	Employees as at 31 March 2016	Progressions to another notch within a critical occupation	Notch progressions as a % of total employees within a critical occupation
None			

Note: Employees who do not qualify for notch progressions include those who are on probation, as well as poor performing employees.

To encourage good performance, the Entity has granted the following performance rewards to employees for the performance period 2015/16, but paid in the financial year 2016/17. Not all employees are eligible for performance rewards. Employees who are on probation, employees who perform satisfactorily as well as poor performing employees do not qualify for performance rewards. For details of the Performance Management Framework, refer to the introduction to Part D. The information is presented in terms of race, gender, and disability (Table 3.8.3), salary bands (Table 3.8.4 and Table 3.8.5) and critical occupations (Table 3.8.6).

Table 3.8.3: Performance rewards by race, gender, and disability, 1 April 2016 to 31 March 2017

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Total number of employees in group as at March 2016	% of total within group	Cost (R'000)	Average cost per beneficiary (R)
African	8	14	57.1	37	4 611
Male	5	7	71.4	24	4 872
Female	3	7	42.9	13	4 177
Coloured	25	72	34.7	161	6 434
Male	9	41	22.0	74	8 184
Female	16	31	51.6	87	5 450
Indian	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
White	11	26	42.3	137	12 450
Male	8	20	40.0	86	10 715
Female	3	6	50.0	51	17 079
Employees with a disability	2	3	66.7	46	23 246
Total	46	115	40.0	381	8 287

Table 3.8.4: Performance rewards (cash bonus), by salary bands for personnel below Senior Management Service level, 1 April 2016 to 31 March 2017

Salary Bands	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2016	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	1	15	6.7	4	3 908	0
Skilled (Levels 3-5)	24	70	34.3	110	4 574	0.4
Highly skilled production (Levels 6-8)	15	24	62.5	112	7 490	0.4
Highly skilled supervision (Levels 9-12)	5	5	100.0	113	22 687	0.4
Total	45	114	39.5	339	7 543	1.1

Note: The cost is calculated as a percentage of the total personnel expenditure for salary levels 1-12, reflected in Table 3.1.2.

Table 3.8.5: Performance rewards (cash bonus), by salary band, for Senior Management Service level, 1 April 2016 to 31 March 2017

Salary Bands	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2016	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of the total personnel expenditure
Senior Management Service Band A (Level 13)	1	1	100.0	42	41 722	3.8

Note: The cost is calculated as a percentage of the total personnel expenditure for salary levels 13-16, reflected in Table 3.1.2.

Table 3.8.6: Performance rewards (cash bonus) by critical occupation, 1 April 2016 to 31 March 2017

Critical occupation	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2016	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of total personnel expenditure
None						

Note: The cost is calculated as a percentage of the total personnel expenditure reflected in Table 3.1.2.

3.9 Foreign workers

The tables below summarise the employment of foreign nationals in the Entity in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

Table 3.9.1: Foreign workers by salary band, 1 April 2016 to 31 March 2017

Salary Band	1 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% change
None						

Note: The table above excludes non-citizens with permanent residence in the Republic of South Africa.

Table 3.9.2: Foreign workers by major occupation, 1 April 2016 to 31 March 2017

Major occupation	1 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% change
None						

Note: The table above excludes non-citizens with permanent residence in the Republic of South Africa.

3.10 Leave utilisation for the period 1 January 2016 to 31 December 2016

The following tables provide an indication of the use of sick leave (Table 3.10.1) and incapacity leave (Table 3.10.2). In both instances, the estimated cost of the leave is also provided. The total number of employees refers to all employees remunerated during the period under review, excluding interns.

Table 3.10.1: Sick leave, 1 January 2016 to 31 December 2016

Salary Band	Total days	% days with medical certification	Number of employees using sick leave	Total number of employee (excluding Interns)	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1-2)	40	82.5	3	4	75.0	13	14
Skilled (Levels 3-5)	884	84.5	68	69	98.6	13	486
Highly skilled production (Levels 6-8)	299	72.6	33	37	89.2	9	283
Highly skilled supervision (Levels 9-12)	16	68.8	4	6	66.7	4	32
Senior management (Levels 13-16)	22	100.0	1	1	100.0	22	62
Total	1 261	81.7	109	117	93.2	12	877

Note: The three-year sick leave cycle started in January 2016 and ends in December 2018. The information in each case reflects the totals excluding incapacity leave taken by employees. For an indication of incapacity leave taken, refer to Table 3.10.2.

Table 3.10.2: Incapacity leave, 1 January 2016 to 31 December 2016

Salary Band	Total days	% days with medical certification	Number of employees using incapacity leave	Total number of employee (excluding Interns)	% of total employees using incapacity leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	4	0	0	0
Skilled (Levels 3-5)	302	100.0	4	69	5.8	76	154
Highly skilled production (Levels 6-8)	0	0	0	37	0	0	0

Salary Band	Total days	% days with medical certification	Number of employees using incapacity leave	Total number of employee (excluding Interns)	% of total employees using incapacity leave	Average days per employee	Estimated cost (R'000)
Highly skilled supervision (Levels 9-12)	0	0	0	6	0	0	0
Senior management (Levels 13-16)	0	0	0	1	0	0	0
Total	302	100.0	4	117	3.4	76	154

Note: The leave dispensation as determined in the "Leave Determination", read with the applicable collective agreements, provides for normal sick leave of 36 working days in a sick leave cycle of three years. If an employee has exhausted his or her normal sick leave, the employer must conduct an investigation into the nature and extent of the employee's incapacity. Such investigations must be carried out in accordance with item 10(1) of Schedule 8 of the Labour Relations Act (LRA). Incapacity leave is not an unlimited amount of additional sick leave days at an employee's disposal. Incapacity leave is additional sick leave granted conditionally at the employer's discretion, as provided for in the Leave Determination and Policy on Incapacity Leave and Ill-Health Retirement (PILIR).

Table 3.10.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the Public Service Coordinating Bargaining Council (PSCBC) in 2000 requires management of annual leave to prevent high levels of accrued leave having to be paid at the time of termination of service.

Table 3.10.3: Annual Leave, 1 January 2016 to 31 December 2016

Salary Band	Total days taken	Total number employees using annual leave	Average number of days taken per employee
Lower skilled (Levels 1-2)	83	5	17
Skilled (Levels 3-5)	1 560	70	22
Highly skilled production (Levels 6-8)	910	39	23
Highly skilled supervision (Levels 9-12)	147	5	29
Senior management (Levels 13-16)	41	1	41
Total	2 741	120	23

Table 3.10.4: Capped leave, 1 January 2016 to 31 December 2016

Salary Band	Total capped leave available as at 31 Dec 2015	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Number of employees with capped leave as at 31 Dec 2015	Total capped leave available as at 31 Dec 2016
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	803	3	1	3	20	800
Highly skilled production (Levels 6-8)	892	0	0	0	25	892
Highly skilled supervision (Levels 9-12)	169	0	0	0	5	169
Senior management (Levels 13-16)	93	11	1	11	1	82
Total	1 957	14	2	7	51	1 943

Note: It is possible for the total number of capped leave days to increase as employees who were promoted or transferred into the Entity, retain their capped leave credits, which form part of that specific salary band and ultimately the departmental total.

Table 3.10.5 summarises capped- and annual leave payments made to employees as a result of non-utilisation.

Table 3.10.5: Leave payouts, 1 April 2016 to 31 March 2017

Reason	Total Amount (R'000)	Number of incidents	Average payment per employee
Leave payouts during 2016/17 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2016/17	17	1	17 304
Current leave payouts on termination of service 2016/17	41	4	10 359
Total	58	5	11 748

3.11 Health promotion programmes, including HIV and AIDS

Table 3.11.1: Health promotion programmes, including HIV and AIDS

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
The nature of the Department's work does not expose employees to increased risk of contracting HIV and AIDS. Despite the very low occupational risk, all employees have been targeted at all levels within the Department.	<p>HIV and AIDS Counselling and Testing (HCT) and Wellness screenings sessions were conducted in general. The outsourced Health and Wellness contract (Employee Health and Wellness Programme (EHWP)) provides employees with their immediate family members (it means the spouse or partner of an employee or children living with an employee) with a range of services. These services include the following:</p> <ul style="list-style-type: none"> • 24/7/365 telephone counselling; • Face to face counselling (4 session model); • Trauma and critical incident counselling; • Advocacy on HIV and AIDS awareness, including online E-Care services; and • Training, coaching and targeted Interventions where these were required.

Table 3.11.2: Details of health promotion including HIV and AIDS Programmes, 1 April 2016 to 31 March 2017

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	√		Ms Reygana Shade, Director: Organisational Behaviour, (Department of the Premier).
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	√		<p>The Corporate Services Centre (CSC) within the Department of the Premier provides a transversal service to the eleven departments, including the Department of Transport and Public Works.</p> <p>A designated Employee Health and Wellness unit within the Directorate Organisational Behaviour and the Chief Directorate Organisation Development serves to promote the health and wellbeing of employees in the eleven Client departments.</p> <p>The unit consists of a Deputy Director, three Assistant Directors, and two EHW Practitioners.</p> <p>Budget R2.65 mil.</p>

Question	Yes	No	Details, if yes
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/services of this Programme.	√		<p>The Department has entered into a service level agreement with ICAS (external service provider) to render an Employee Health and Wellness Service to the eleven departments of the CSC.</p> <p>The Department conducted interventions namely, Awareness session (EHW services), Interventions (Relationship Enrichment, Trauma Management, Mental Health Awareness, Stress Management, Conflict Management, Financial Management, Diversity Management, Diversity Awareness, Work-Life Balance and Financial Literacy and Alternative Dispute Resolutions and Coaching for employees.</p> <p>These interventions were planned based on the trends reported quarterly through the Employee Health and Wellness Programme (EHWP) reports provided by the service provider, ICAS, for the period 2016/17. The reports were based on the utilisation of the EHW services and management information in order to target appropriate interventions to address these trends. The targeted interventions were aimed at improving employee engagement through awareness and educational interventions that promote healthy lifestyles and coping skills. This involves presentations to create awareness and encourage employees to have a pro-active approach to limit the impact of these problems in the workplace. The above-mentioned interventions were conducted for the targeted departments, managers and supervisors as well as executive coaching for SMS members.</p> <p>The Department also provided information sessions, as requested by various departments in the Western Cape Government (WCG) to inform employees of the EHW service, how to access the Employee Health and Wellness Programme (EHWP). Promotional material such as pamphlets, posters and brochures were distributed.</p>
4. Has the Department established a committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	√		<p>The Provincial Employee Health and Wellness Steering Committee have been established with members nominated by each department.</p> <p>The Department of Transport and Public Works is represented by Mr C Marx and Mrs Z De Monk.</p>
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment	√		<p>The Transversal Management Framework for Employee Health and Wellness Programmes in the Western Cape Government is in effect and was adopted by the Co-ordinating Chamber of the PSCBC for the Western Cape Province on 10 August 2005.</p> <p>In this regard, all employment policies make provision for fair practices, regardless of the HIV status of staff or applicants.</p>

Question	Yes	No	Details, if yes
policies/practices so reviewed.			<p>During the period under review, the Department of the Premier has developed four Provincial Employee Health and Wellness Policies which were ratified and approved on 8th March 2016. One of the policies, HIV and AIDS and TB Management, responds to the prevention of discrimination against employees affected and infected by HIV and Aids and TB in the workplace.</p> <p>Further to this, the Department of Health, that is the lead department for HIV and AIDS, has approved the Transversal HIV and AIDS/STI Workplace Policy and Programme that is applicable to all departments of the Western Government. The document is in line with the four pillars of the EHW Strategic Framework 2008.</p>
<p>6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.</p>	√		<p>The Department implemented the Provincial Strategic Plan on HIV and AIDS, STIs and TB 2012 - 2016 to mainstream HIV and TB and its gender and rights-based dimensions into the core mandates to reduce HIV-related stigma.</p> <p>The overarching aim of the said Provincial Strategic Plan is to protect HIV-positive employees by advocating the implementation of the Three Zero's in line with the Joint United Nations Programme on HIV and AIDS (UNAIDS). These are Educational programmes and information sessions developed to eradicate stigma and discrimination and to raise awareness through:</p> <ul style="list-style-type: none"> • Zero new HIV, STI and TB infections; • Zero deaths associated with HIV and TB; and • Zero discrimination. <p>Also, the Department has conducted HCT and Wellness screenings to ensure that every employee in the Entity has the opportunity to be tested for HIV and screened for TB, at least annually.</p> <p>The aim was to:</p> <ul style="list-style-type: none"> • Reduce HIV and TB discrimination in the workplace. This included campaigns against unfair discrimination and empowerment of employees; and • Reduce unfair discrimination in access to services. This included ensuring that the Directorate Employee Relations addresses complaints or grievances relating to unfair discrimination and provides training to employees. <p>Other key elements that addressed anti HIV and AIDS discrimination issues were:</p> <ul style="list-style-type: none"> • Conducting Wellness and TB Screenings with specific requests from departments; • Distributing posters and pamphlets; • Providing HCT and TB Screenings, condom distribution and spot talks; and • Commemoration of World AIDS Day and Wellness events.

Question	Yes	No	Details, if yes
7. Does the Department encourage its employees to undergo HIV counselling and testing (HCT)? If so, list the results that you have achieved.	√		<p>HCT SESSIONS: The following screening sessions were conducted: Blood pressure, Glucose, Cholesterol, TB, BMI (body mass index) and spot talks. The Department of Transport and Public Works participated in 4 HCT and Wellness screening sessions. 184 employees were tested and counselled for HIV, Tuberculosis and Sexually Transmitted Infections (STI's). There were 2 clinical referrals for TB, HIV or any other STIs.</p>
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	√		<p>The impact of health promotion programmes is indicated through information provided through the Employee Health and Wellness Contract (external service provider). The Employee Health and Wellness Programme (EHWP) is monitored through Quarterly and Annual reporting. This reporting is provided by (ICAS). The most recent annual health review period was 1 April 2016 – 31 March 2017. The quarterly and annual review provides a breakdown of the EHWP Demographic i.e. age, gender, length of service, dependent utilisation, language utilisation, employee vs. manager utilisation, number of cases, etc. The review further provides amongst others, details pertaining to service utilisation, problem profiling and trending, assessment of employee and organisational risk and the impact thereof on the individual functioning in the work place.</p>

3.12 Labour relations

The following provincial collective agreements were entered into with trade unions for the period under review.

Table 3.12.1: Collective agreements, 1 April 2016 to 31 March 2017

Total collective agreements	None
-----------------------------	------

Table 3.12.2 summarises the outcome of disciplinary hearings conducted within the Department for the period.

Table 3.12.2: Misconduct and disciplinary hearings finalised, 1 April 2016 to 31 March 2017

Outcomes of disciplinary hearings	Number of cases finalised	% of total
None		

Note: Outcomes of disciplinary hearings refer to formal cases only.

Table 3.12.3: Types of misconduct addressed at disciplinary hearings, 1 April 2016 to 31 March 2017

Type of misconduct	Number	% of total
None		

Table 3.12.4: Grievances lodged, 1 April 2016 to 31 March 2017

Grievances lodged	Number	% of total
Number of grievances resolved	11	78.6
Number of grievances not resolved	3	21.4
Total number of grievances lodged	14	100.0

Note: Grievances lodged refer to cases that were finalised within the reporting period. Grievances not resolved refer to cases finalised, but where the outcome was not in favour of the aggrieved and found to be unsubstantiated.

Table 3.12.5: Disputes lodged with councils, 1 April 2016 to 31 March 2017

Disputes lodged with councils	Number	% of total
Number of disputes upheld	1	100.0
Number of disputes dismissed	0	0
Total number of disputes lodged	1	100.0

Note: Councils refer to the Public Service Coordinating Bargaining Council (PSCBC) and General Public Service Sector Bargaining Council (GPSSBC). When a dispute is "upheld", it means that the Council endorses the appeal as legitimate and credible in favour of the aggrieved. When a dispute is "dismissed", it means that the Council is not ruling in favour of the aggrieved.

Table 3.12.6: Strike actions, 1 April 2016 to 31 March 2017

Strike actions	Number
Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Table 3.12.7: Precautionary suspensions, 1 April 2016 to 31 March 2017

Precautionary suspensions	Number
Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspensions	0

Note: Precautionary suspensions refer to staff that were suspended with full pay, whilst the case was being investigated.

3.13 Skills development

Table 3.13.1: Training needs identified, 1 April 2016 to 31 March 2017

Occupational categories	Gender	Number of employees as at 1 April 2016	Training needs identified at start of reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	1	0	0	0	0
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	27	0	72	0	72
	Male	33	0	74	0	74
Clerks	Female	16	0	75	0	75
	Male	11	0	66	0	66
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	9	0	54	0	54

Occupational categories	Gender	Number of employees as at 1 April 2016	Training needs identified at start of reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	9	0	24	0	24
Elementary occupations	Female	1	0	0	0	0
	Male	5	0	2	0	2
Sub Total	Female	44	0	147	0	147
	Male	68	0	220	0	220
Total		112	0	367	0	367
Employees with disabilities	Female	0	0	0	0	0
	Male	3	0	0	0	0

Note: The above table identifies the training needs at the start of the reporting period as per the Entity's Workplace Skills Plan.

Table 3.13.2: Training provided, 1 April 2016 to 31 March 2017

Occupational categories	Gender	Number of employees as at 31 March 2017	Training provided within the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	1	0	0	0	0
Professionals	Female	1	0	2	0	2
	Male	0	0	0	0	0
Technicians and associate professionals	Female	1	0	11	0	11
	Male	7	0	18	0	18
Clerks	Female	39	0	15	0	15
	Male	38	0	17	0	17
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	9	0	0	0	0

Occupational categories	Gender	Number of employees as at 31 March 2017	Training provided within the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	8	0	1	0	1
Elementary occupations	Female	1	0	0	0	0
	Male	6	0	0	0	0
Sub Total	Female	42	0	26	0	26
	Male	69	0	38	0	38
Total		111	0	64	0	64
Employees with disabilities	Female	0	0	0	0	0
	Male	3	0	0	0	0

Note: The above table identifies the training courses attended by individuals (including all categories of interns) during the period under review.

3.14 Injury on duty

Table 3.14.1 provides basic information on injuries sustained whilst being on official duty.

Table 3.14.1: Injury on duty, 1 April 2016 to 31 March 2017

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	100.0
Temporary disablement	0	0
Permanent disablement	0	0
Fatal	0	0
Total	2	100.0
Percentage of total employment		1.6

3.15 Utilisation of consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2016 to 31 March 2017

Entity	Consulting Firm	Project title	Nature of the project	Total number of consultants that worked on the project	(Duration) working days/ hours	Contract value in Rands	Total number of projects	Total individual consultants	BBBEE level
GMT	Ducharme Consulting	Rendering of accounting services	Accounting Services	1	102	1 290 007	1	1	4
	R Wiggill	Rendering of accounting services	Accounting Services	1	241	1 309 967	1	1	No
	Third Quarter Consulting CC	Rendering of Information Communication Services	Information Communication Services expenditures	45	10 031	30 584 373	13	45	6
Total				47	10 374	33 184 347	15	47	

NOTES:



Part E Financial Information

Part E: Financial information

1 Report of the Auditor-General to the Western Cape Provincial Parliament on the Government Motor Transport Trading Entity

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Government Motor Transport Trading Entity set out on pages 115 to 181, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government Motor Transport Trading Entity as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

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

Responsibilities of the accounting officer for the financial statements

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

7. In preparing the financial statements, the accounting officer is responsible for assessing the Government Motor Transport Trading Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the trading entity or to cease operations, or there is no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

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

Objective	Page in the annual performance report
Objective 1 – improve efficiency of the government vehicle fleet through efficient utilisation, effective fleet management and provision of quality services	44

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objective:
 - Objective 1 – improve efficiency of the government vehicle fleet through efficient utilisation, effective fleet management and provision of quality services

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on page 44 for information on the achievement of planned targets for the year and explanations provided for the overachievement of a number of targets.

Report on audit of compliance with legislation

Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the trading entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. I did not identify any instances of material non-compliance in respect of the compliance criteria for the applicable subject matters.

Other information

19. The Government Motor Transport Trading Entity’s accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor’s report and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor’s report.

20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Internal control deficiencies

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

Auditor-General

Cape Town

31 July 2017



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-General’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

2 Annual Financial Statements for the year ended 31 March 2017

General information

Country of incorporation and domicile	South Africa
Legal form of entity	Government Business Enterprise (schedule 3D) Trading Entity
Nature of business and principal activities	Provision of vehicle fleet services to Provincial and National clients
Business address	34 Roeland Street Cape Town 8001
Postal Address	Private Bag X9014 Cape Town 8000
Bankers	Nedbank
Auditors	Auditor-General of South Africa
Accounting Officer	J Gooch

GOVERNMENT MOTOR TRANSPORT ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Accounting Officer's Responsibility and Approval

The Accounting Officer is required by the Public Finance Management Act, 1999 (Act No. 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements. It is the responsibility of the Accounting Officer to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period that ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and were given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

The Accounting Officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement.

In the light of the current financial position and the expected future cash flows for the 12 months ended 31 March 2018, the Accounting Officer is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Annual Financial Statements, which have been prepared on the going concern basis, are approved by the Accounting Officer.



H. Gooch

Accounting Officer

Date: 30.5.2017

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017**

	Notes	2016/17 R'000	Restated 2015/16 R'000
EQUITY AND LIABILITIES			
Net Assets			
Accumulated Surplus		2,291,319	2,024,605
Total net assets		2,291,319	2,024,605
Non-current liabilities			
Employee Benefit Liability	1	805	909
Provisions	2	1,704	1,539
Total non-current liabilities		2,509	2,448
Current liabilities			
Payables from Exchange Transactions	3	10,745	9,396
Payables from Non-exchange Transactions	4	6,851	4,494
Unspent Conditional Grants and Receipts	5	46,081	55,242
Provisions	6	834	993
Total current liabilities		64,510	70,125
Total liabilities		67,019	72,573
Total net assets and liabilities		2,358,339	2,097,178
ASSETS			
Non-current assets			
Property, Plant and Equipment	7	219,930	237,377
Intangible Assets	8	108,716	104,021
Heritage Assets	9	140	140
Finance Lease Receivables	10	588,045	650,682
Total non-current assets		916,831	992,220
Current assets			
Inventory	11	62	42
Receivables from Exchange Transactions	12	23,118	54,926
Receivables from Non-exchange Transactions	13	4,248	3,018
Cash and Cash Equivalents	14	1,268,702	945,806
Finance Lease Receivables	10	145,380	101,167
Total current assets		1,441,510	1,104,959
Total Assets		2,358,339	2,097,178

**GOVERNMENT MOTOR TRANSPORT
 STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2016/17 R'000	Restated 2015/16 R'000
REVENUE			
Revenue from Exchange Transactions			
Revenue	15	544,187	571,036
Other income	16	17,800	10,718
Interest earned	17	76,027	47,586
Government Grants and Subsidies Received	18	40,784	23,764
Revenue from Non-exchange Transactions			
Other grants and subsidies received	18	315	1,039
Total Revenue		679,113	654,143
EXPENDITURE			
Administrative expenses	19	(22,307)	(23,093)
Employee costs	20	(32,618)	(32,128)
Operating expenditure	21	(297,329)	(293,169)
Depreciation	22	(14,283)	(15,684)
Amortisation	23	(15,447)	(9,466)
Accidents and Impairment losses	24	(2,621)	(3,792)
Grants and subsidies paid	25	(9,771)	-
Operating leases	32	(18,022)	(15,329)
Total Expenditure		(412,398)	(392,661)
SURPLUS FOR THE YEAR		266,714	261,482

**GOVERNMENT MOTOR TRANSPORT
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED 31 MARCH 2017**

Description	Retained earnings	Total equity
	R'000	R'000
Balance at 31 March 2015	1,763,123	1,763,123
Changes in net assets for the year ended 31 March 2016		
Surplus for the year ended 31 March 2016	261,482	261,482
Balance at 31 March 2016	2,024,605	2,024,605
Changes in net assets for the year ended 31 March 2017		
Surplus for the year ended 31 March 2017	266,714	266,714
Balance at 31 March 2017	2,291,319	2,291,319

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2016/17 R'000	2015/16 R'000
CASH FROM OPERATING ACTIVITIES			
Receipts			
Charges for services provided		575,996	553,987
Other receipts		6,841	8,645
Interest earned		76,027	47,586
Government Grants and Subsidies Received		31,600	32,791
Payments			
Employee costs		(32,464)	(31,713)
Suppliers paid		(234,114)	(239,805)
Other payments		(47,497)	(37,493)
NET CASH FLOWS FROM OPERATING ACTIVITIES	26	<u>376,389</u>	<u>333,998</u>
CASH FROM INVESTING ACTIVITIES			
Proceeds on disposal of Property, Plant and Equipment		55,307	10,398
Acquisition of Property, Plant and Equipment		(107,082)	(74,666)
Intangible Assets - development cost capitalised		(20,142)	(25,963)
Decrease/(Increase) in Finance Lease Receivables		18,424	(37,837)
NET CASH FROM INVESTING ACTIVITIES		<u>(53,493)</u>	<u>(128,067)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		322,896	205,932
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR		945,806	739,874
CASH AND CASH EQUIVALENTS - END OF THE YEAR	27	<u>1,268,702</u>	<u>945,806</u>

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2017

31 March 2017

Description	Original Budget	Budget commitments from Prior Year	Budget Adjustments	Final Adjustments Budget	Additional Budget	Shifting of funds	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
FINANCIAL POSITION												
Current Assets												
Inventories	-	-	-	-	-	-	-	62	-	62	-	-
Receivables from Exchange Transactions	-	-	-	-	-	-	-	23,118	-	23,118	-	-
Receivables from Non-exchange Transactions	-	-	-	-	-	-	-	4,248	-	4,248	-	-
Cash and Cash Equivalents	-	-	-	-	-	-	-	1,268,702	-	1,268,702	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	145,380	-	145,380	-	-
Non-current Assets												
Property, Plant and Equipment	194,492	23,735	-	218,227	-	35,020	253,248	219,930	-	(33,318)	87	113
Intangible Assets	29,704	15,922	-	45,625	-	3,544	49,169	108,716	-	59,547	221	366
Heritage Assets	-	-	-	-	-	-	-	140	-	140	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	588,045	-	588,045	-	-
Total Assets	224,196	39,657	-	263,853	-	38,564	302,417	2,358,339	-	2,055,922	780	1052
Current Liabilities												
Payables from Exchange Transactions	-	-	-	-	-	-	-	10,745	-	10,745	-	-
Payables from Non-exchange Transactions	-	-	-	-	-	-	-	6,851	-	6,851	-	-
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	46,081	-	46,081	-	-
Provisions	-	-	-	-	-	-	-	834	-	834	-	-
Non-current Liabilities												
Employee Benefit Liability	-	-	-	-	-	-	-	805	-	805	-	-
Provisions	-	-	-	-	-	-	-	1,704	-	1,704	-	-
Total Liabilities	-	-	-	-	-	-	-	67,020	-	67,020	-	-
Total Assets and Liabilities	224,196	39,657	-	263,853	-	38,564	302,417	2,291,320	-	1,988,903	-	-
Net Assets												
Accumulated Surplus	-	-	-	-	-	-	-	2,291,319	-	2,291,319	-	-
Total Net Assets	-	-	-	-	-	-	-	2,291,319	-	2,291,319	-	-

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2017

31 March 2017

Description	Original Budget	Budget commitments from Prior Year	Budget Adjustments	Final Adjustments Budget	Additional Budget	Shifting of funds	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
FINANCIAL PERFORMANCE												
Revenue from Exchange Transactions												
Revenue	(603,083)	-	-	(603,083)	-	50,072	(553,010)	(544,187)	-	8,824	98	90
Other income	(15,125)	-	-	(15,125)	-	(4,979)	(20,103)	(17,800)	-	2,303	89	118
Interest earned	(51,016)	-	-	(51,016)	-	(45,094)	(96,110)	(76,027)	-	20,083	79	149
Government Grants and Subsidies Received	(21,459)	-	-	(21,459)	-	-	(21,459)	(40,784)	-	(19,325)	190	190
Revenue from Non-exchange Transactions												
Other grants and subsidies received	-	-	-	-	-	-	-	(315)	-	(315)	-	-
Financing of Capital Budget												
	(30,500)	-	-	(30,500)	-	-	(30,500)	-	-	30,500	-	-
Total Revenue	(721,183)	-	-	(721,183)	-	-	(721,183)	(679,113)	-	42,070	94	94
Expenditure												
Administrative expenses	27,505	95	-	27,600	-	2,619	30,219	22,307	-	(7,913)	74	81
Employee costs	43,293	-	-	43,293	-	-	43,293	32,618	-	(10,674)	75	75
Operating expenditure	357,967	8,685	-	366,652	-	(45,505)	321,147	297,329	-	(23,818)	93	83
Depreciation	26,366	-	-	26,366	-	(8,174)	18,192	14,283	-	(3,909)	79	54
Amortisation	22,899	-	-	22,899	-	(1,776)	21,123	15,447	-	(5,676)	73	67
Accidents and Impairment losses	1,500	-	-	1,500	-	1,285	2,785	2,621	-	(163)	94	175
Grants and subsidies paid	-	-	-	-	-	9,771	9,771	9,771	-	-	100	-
Operating leases	17,457	-	-	17,457	-	3,217	20,673	18,022	-	(2,651)	87	103
Total Expenditure	496,987	8,780	-	505,767	-	(38,564)	467,203	412,398	-	(54,804)	88	83
Surplus for the year	-	8,780	-	(215,416)	-	(38,564)	(253,980)	(266,714)	-	(12,735)	-	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2017

31 March 2017

Explanation of variances between the Original and Final Budget

The reasons for movements between the Original and Final Budget on the various items disclosed in the Statement of Financial Performance and Statement of Financial Position are explained below:

STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

Revenue from Exchange Transactions

Revenue

A shifting of funds decrease of R50.072 million between the Original Budget and Final Adjustments Budget was done. The budget was prepared during 2015/16 based on the trend in revenue over a period of time and the growth in the fleet. However, with effect from 1 April 2016 the following occurred:

- The annual tariffs increases applied by GMT during the 2016/17 financial year is 2% below the annual Medium Term Expenditure Framework (MTEF) inflationary increase. This was a lower percentage than the MTEF increase used in the calculations of the budgeted revenue.
- The alignment of National and Provincial tariff charges resulted in lower revenue earned from tariffs than originally expected.
- The alignment of the General Hire Pool tariffs to that of the permanently allocated vehicles.

The combination of these factors resulted in lower revenue earned.

Other Income

A shifting of funds increase of R4.979 million between the Original Budget and Final Adjustments Budget was done. The shift increase of R4.979 million was done during 2016/17 as GMT was expected to dispose of approximately 700 vehicles during the financial year. It was anticipated that the second hand vehicle market at the time when the budget was prepared would remain the same during 2016/17. However, the market conditions strengthened during 2016/17 for the disposal of second hand vehicles. GMT disposed 772 vehicles during 2016/17.

Interest earned

A shifting of funds increase of R45.094 million between the Original Budget and Final Adjustments Budget was done. The budget was based on interest earned on an interest rate of 5.5% (Prime interest rate of 9.5% less 4%) and a cash funds base of R920 million. The actual rate on the interest earned on the funds held in the GMT main account was 6.5% during 2016/17 as determined by the South African Reserve Bank. The Prime interest rate was 10.5% during the reporting period. The funds invested through the Western Cape Provincial Treasury attracted interest between 6.5% and 7.47% during 2016/17. In addition, the cash funds' balance increased to R1.269 billion by 31 March 2017. The increase in the cash funds was due to the inflow of cash funds which exceeded the cash outflow.

EXPENDITURE

Administrative expenses

A budget commitment increase of R95 000 between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds increase of R2.619 million between the Final Adjustments Budget to the Final Budget. The budget commitment of R95 000 was for purchase orders raised during the 2015/16 financial year for office supplies and stationery which were not yet invoiced by 31 March 2016. The shifting of funds increase of R2.619 million was mostly due to the expected insourcing of the fleet management project not being implemented in the production environment and thus the Entity would still be reliant on services rendered by the current service provider, which charges fees for its services.

Operating expenditure

A budget commitment increase of R8.685 million between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds decrease of R45.505 million between the Final Adjustments Budget and Final Budget. The budget commitment of R8.685 million was for purchase orders raised for IT related costs during the 2015/16 financial year which were not yet invoiced by 31 March 2016. The shifting of funds decrease of R45.505 million was done due to lower actual expenditure incurred on audit fees, the anticipated move in GMT's operating site not occurring, fuel and maintenance were lower than expected. The average fuel price per litre decreased from the period when the budget was prepared and GMT is including more fuel efficient vehicles in its fleet. These vehicles have lower engine capacities with lower fuel consumed during the utilisation of the vehicles. These shifts are made to accounts where expenditure patterns track or may even exceed that anticipated actual spending.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2017

Explanation of variances between the Original and Final Budget (continued)

Depreciation

A shifting of funds decrease of R8.174 million between the Final Adjustments Budget and the Final Budget was done. Fewer vehicles have been allocated during the 2016/17 financial year as there was a delay in the procurement of vehicles due to the transversal procurement contract only being approved during July 2016. The depreciation expense commences from the allocation dates of vehicles, thus the number of vehicles allocated during the 2016/17 is lower than expected. This was done due to a lower volume of vehicles being classified as Property, Plant and Equipment, therefore the depreciable amount of the vehicles depreciating on GMT's Chart of Accounts was lower than anticipated during the budget preparation.

Amortisation

A shifting of funds decrease of R1.776 million between the Final Adjustments Budget and the Final Budget was done. Fewer modules within the FleetCare project were placed in the production environment than was expected during the budget preparation process. Therefore the depreciable amount of the intangible assets capitalised and amortising on GMT's Chart of Accounts was lower than anticipated during the budget preparation.

Accidents and Impairment losses

A shifting of funds increase of R1.285 million between the Final Adjustments Budget and the Final Budget was done. During the financial year approval was received to write off bad debts and provision was made for debt that were deemed to be uncollectable.

Grants and subsidies paid

A shifting of funds increase of R9.771 million between the Final Adjustments Budget and the Final Budget was done. Government Motor Transport alienated ten fire trucks to Local Government which will be re-allocated to local municipalities in the Western Cape.

Operating leases

A shifting of funds increase of R3.217 million between the Final Adjustments Budget and the Final Budget was done. The shift increase of R3.217 million was done to accommodate the annual increase on some of the operating lease units. The annual increase was higher than the Medium Term Expenditure Framework (MTEF) increase.

STATEMENT OF FINANCIAL POSITION

Non-current assets

Property, Plant and Equipment

A budget commitment increase of R23.735 million between the Original Budget and Final Adjustments Budget as well as a shifting of funds increase of R35.02 million between the Final Adjustments Budget to the Final Budget was done. The budget commitments of R23.735 million was for purchase orders raised during the 2015/16 financial year which were not yet invoiced by 31 March 2016. This was done due to planned vehicle purchases which were going to be purchased during the 2015/16 financial year but the actual expenditure was only incurred during 2016/17. The transversal vehicle procurement contract was only issued in July 2016 which resulted in vehicle purchase orders being issued later during the financial year than what was expected when the budget was prepared. Fewer vehicles were also purchased due to space and human resources constraints which hampered procurement and licensing of new vehicles. The shift increase of R35.02 million was done to accommodate the procurement of replacement vehicles as per the vehicle replacement cycle.

Intangible Assets

A budget commitments increase of R15.922 million between the Original and Final Adjustments Budget as well as a shifting of funds increase of R3.544 million from the Final Adjustments Budget and Final Budget was done. The budget commitments of R15.922 million was for purchase orders raised during the 2015/16 financial year which were not yet invoiced by 31 March 2016. The shifting of funds increase of R3.544 million was made to accommodate critical tactical interventions that had to be implemented to the FleetBase Improvement project. The additional work was required to meet the requirements of:

- Administrative Adjudication of Road Traffic Offences
- Protection of Personal Information Act
- Notifications engine
- Service Management Phase 2
- Management Information Phase 3
- Traffic violations

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2017

Explanations of Variances between the Final Budget and the Actual outcome (continued)

The reasons for variances greater than 10% between Final Budget and Actual outcome on the various items disclosed in the Statement of Financial Performance and Statement of Financial Position are explained below:

STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

Revenue from Exchange Transactions

Other income

The actual other income earned is R2.303 million under the Final Budget. 78 of the 772 vehicles disposed during 2016/17 attracted lower than expected auction prices and resulted in losses to GMT.

Interest earned

The actual interest earned is R20.083 million under the Final Budget. Refer to the explanation given under the variances between the Original and Final Budget.

Government Grants and Subsidies Received

The actual Government Grants and Subsidies Received is R19.325 million over the Final Budget. The budgeted revenue was calculated on previous year's actual revenue receipts and vehicle allocations. During 2016/17 a higher number of additional vehicles were allocated to the Western Cape Departments of Health, Cultural Affairs and Sport, Community Safety and Local Government. These allocations depends on the expansion of the client's footprint, its operations and fulfilling its mandate. The balances of Unspent Conditional Grants and Receipts on 31 March 2017 will be recognised as revenue when the vehicles are allocated to clients.

EXPENDITURE

Administrative expenses

The actual expenditure is R7.913 million under the Final Budget amount. Lower expenditure was incurred on advertisements for recruitment, costs related to office equipment, software license fees and travel expenditure. Lower advertisement fees and office related expenses were incurred as there were fewer staff employed at the entity as the new organisational structure was approved during August 2016. This resulted in fewer positions that were advertised during the financial year than what was initially expected. Less travelling was done by officials resulting in lower travel costs than initially anticipated.

Employee costs

The actual expenditure is R10.674 million under the Final Budget amount. The budget was calculated on the new organisational structure of GMT being implemented from the beginning of the financial year. However, the approval for the implementation of the new structure was only obtained during August 2016, thus the delay in the actual expenditure of employee costs being lower than the budgeted expenditure.

Depreciation

The actual expenditure is R3.909 million under the Final Budget amount. Fewer vehicles have been allocated during the 2016/17 financial year as there was a delay in the procurement of vehicles due to the transversal procurement contract only being approved during July 2016. The depreciation expense commences from the allocation dates of vehicles, thus the number of vehicles allocated during the 2016/17 is lower than expected. This was done due to a lower volume of vehicles being classified as Property, Plant and Equipment, therefor the depreciable amount of the vehicles depreciating on GMT's Chart of Accounts was lower than anticipated during the budget preparation.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2017

Explanations of Variances between the Final Budget and the Actual outcome (continued)

Amortisation

The actual expenditure is R5.676 million under the Final Budget amount. Fewer modules within the FleetCare project were placed in the production environment than was expected during the budget preparation process. Therefore the depreciable amount of the intangible assets capitalised and amortising on GMT's Chart of Accounts was lower than anticipated during the budget preparation.

Operating leases

The actual expenditure is R2.651 million under the Final Budget amount. The number of tracking unit contracts were fewer than expected and certain tracking contracts did not have price increases.

FINANCIAL POSITION

The Final Budget is the total of the expected revenue earned and expenditure incurred during the 2016/17 financial year. The actual balances on the Statement of Financial Position is the carrying value of the line item which has accrued since its recognition until 31 March 2017.

Current assets

Inventories

The variance of R62 000 over budget is due to the budget being prepared on the cash basis. The expense is budgeted under Administrative expenses.

Receivables from Exchange Transactions

The variance of R23.118 million over budget is due to the budget being prepared on the cash basis. The revenue is budgeted under Revenue and not under this line item.

Receivables from Non-exchange Transactions

The variance of R4.248 million over budget is due to the budget being prepared on the cash basis. The items included in this line item are for prepayments for expenditure which will be included in Administrative expenses as soon as the period vests to which it relates.

Cash and Cash Equivalents

The variance of R1.269 billion over budget is due to the budget being prepared on the cash basis. The net effect of this account is that of the operations reflected under revenue and expenditure and not under this line item.

Finance Lease Receivables

The variance of R145.380 million over budget is due to the budget being prepared on the cash basis. The revenue is budgeted under Revenue and not under this line item.

Non-current assets

Property, Plant and Equipment

The variance of R33.318 million under budget is due to the budget being prepared on the cash basis. The budgeted expenditure is the expenditure which is expected to be incurred during 2016/17 while the balance of R219.93 million is the carrying value of the line item which has accrued since its recognition until 31 March 2017.

Intangible Assets

The variance of R59.547 million over budget is due to the budget being prepared on the cash basis. The budgeted expenditure is the expenditure which is expected to be incurred during 2016/17 while the balance of R108.716 million is the carrying value of the line item which has accrued since its recognition until 31 March 2017.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2017

Explanations of Variances between the Final Budget and the Actual outcome (continued)

Heritage Assets

The variance of R140 000 over budget is due to the budget being prepared on the cash basis. No cash funds were incurred during 2016/17 which had an impact on the carrying value of the asset. The value of this item must be disclosed in terms of the accounting standard on Heritage assets, thus the carrying value of R140 000 is reflected on the Statement of Financial Position.

Finance Lease Receivables

The variance of R588.045 million over budget is due to the budget being prepared on the cash basis. The revenue is budgeted for under Revenue with a reallocation of the capital component of the daily tariffs which is included in revenue. The reallocation is made to Finance Lease Receivables.

Current liabilities

Payables from Exchange Transactions

The variance of R10.745 million over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted under the relevant expenditure items on the Statement of Financial Performance and not under this line item.

Payables from Non-exchange Transactions

The variance of R6.851 million over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted under the relevant expenditure items on the Statement of Financial Performance and not under this line item.

Unspent Conditional Grants and Receipts

The variance of R46.081 million over budget is due to the budget being prepared on the cash basis. The revenue is budgeted under the relevant income items on the Statement of Financial Performance and not under this line item.

Provisions

The variance of R834 000 over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted under the relevant expenditure items on the Statement of Financial Performance and not under this line item.

Non-current liabilities

Employee Benefit Liability

The variance of R805 000 over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted under the relevant expenditure items on the Statement of Financial Performance and not under this line item.

Provisions

The variance of R1.704 million over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted under the relevant expenditure items on the Statement of Financial Performance and not under this line item.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
1 EMPLOYEE BENEFIT LIABILITY		
Provision for Long Service Awards	<u>805</u>	<u>909</u>
 The movement in the Employee Benefit Liability is reconciled as follows:		
Balance at beginning of the year	909	888
Contributions to provision	59	145
	<u>968</u>	<u>1,033</u>
Transfer to current provisions	(162)	(124)
Balance at end of the year	<u>805</u>	<u>909</u>

Government Motor Transport operates an unfunded defined benefit plan for its employees. Under the plan, long service benefits are awarded to employees in the form of leave days or a fixed cash amount after 20, 30 or 40 years of continuous service. The provision is an estimate of the long service based on historical staff turnover. No other long service benefits are provided to employees.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out at 31 March 2017 by Mr C Weiss, a Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service and past service cost, were measured using the Projected Unit Credit Method.

As at the valuation date, the long service leave award liability of GMT was unfunded, i.e. no dedicated assets have been set aside to meet the liability. Therefore no assets were valued as part of the valuation.

On 31 March 2017, 109 (31 March 2016: 95) employees were eligible for long service awards.

The current service cost for the year ending 31 March 2017 is estimated to be R48,000, whereas the cost for the 2017/18 financial year is estimated to be R43,337 (31 March 2016: R45,000).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	8.37%	8.67%
CPI (Consumer Price Inflation)	5.37%	6.80%
Normal Salary Increase Rate	7.60%	7.80%
Net Effective Discount Rate	2.84%	0.81%
Expected Retirement Age - Females	60	65
Expected Retirement Age - Males	64	65

Mortality rates:

Pre-Retirement SA 85 - 90 mortality tables

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
EMPLOYEE BENEFIT LIABILITY (continued)		
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	1,033	941
Current service costs	48	45
Interest cost	92	71
Benefits paid	(118)	(35)
Actuarial losses / (gains)	(88)	11
Present Value of Fund Obligation at the end of the year	968	1,033

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	968	1,033
Fair value of plan assets	-	-
Total Benefit Liability	968	1,033

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	48	45
Interest cost	92	71
Actuarial losses / (gains)	(88)	11
Total Post-retirement Benefit included in Employee costs	52	127

The history of experienced adjustments is as follows:

	2016/17 R'000	2015/16 R'000	2014/15 R'000
Present Value of Defined Benefit Obligation	968	1,033	941
Fair Value of Plan Assets	-	-	-
Deficit	968	1,033	941

	2016/17 R'000	2015/16 R'000
The effect of a 1% p.a. change in the Normal Salary inflation assumption is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	125	150
Effect on the defined benefit obligation	986	1,100
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	111	130
Effect on the defined benefit obligation	891	971

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
2 PROVISIONS		
Capped leave pay:		
Opening balance	1,539	1,762
Increase in provisions during the year	165	41
Less: Current portion transferred to current liabilities	-	(263)
	1,704	1,539

The provision for capped leave pay represents GMT's obligation to pay as a result of employees services provided up to 1 July 2000. Unused leave entitlement that had accumulated at this date had been capped in terms of the instructions of the Provincial Bargaining Council's Resolution 7 of 2000. The provision is measured as the amount that is expected to be paid as a result of the leave days capped as at 1 July 2000, taking into account the undiscounted amount of current cost to employer per employee.

3 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors	10,455	8,424
Sundry creditors	290	972
	10,745	9,396

Sundry creditors are third party claims and refunds to clients which are payable.

GMT has financial risk policies in place to ensure that all creditors are paid within 30 days from receipt of an invoice or, in the case of civil claims, from the date of settlement or court judgment as determined by National Treasury Regulation 8.2.3 and section 38(1)(f) of the PFMA.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that GMT deals with. GMT has policies and procedures in place to ensure that all payables are paid within the credit timeframe.

GMT considers that the carrying amount of creditors approximates their fair value.

The fair value of creditors were determined after considering the standard terms and conditions of agreements entered into between the GMT and other parties.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
4 PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Staff leave accrued	1,146	932
Staff bonuses	794	756
Other creditors	4,910	2,806
	6,851	4,494

Staff Leave accrues to the employees of the entity on an annual basis, subject to certain conditions. The liability is an estimate of the amount due at the reporting date.

Staff bonuses are 13th cheques which accrues to the employees of the entity on an annual basis. The liability is an estimate of the amount due at the reporting date.

Other creditors include amounts refundable to departments and accruals for overtime payable to employees.

GMT did not default on any payment of its creditors. No payment terms have been re-negotiated by GMT.

The management of GMT is of the opinion that the carrying value of creditors approximate their fair values.

The fair value of creditors was determined after considering the standard terms and conditions of agreements entered into between GMT and other parties.

	2016/17 R'000	2015/16 R'000
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Grants from Provincial Departments	46,081	55,242
Department of Community Safety	500	2,089
Department of Cultural Affairs and Sport	378	1,580
Department of Health	4,076	32,938
Department of Local Government	-	10,000
Department of Transport and Public Works	8,480	8,480
Department of Education	32,647	155
Total Conditional Grants and Receipts	46,081	55,242

GMT complied with the conditions attached to all grants received to the extent of revenue recognised.

5.1 Grants from Provincial Departments:

5.1.1 Department of Community Safety

Balance at the beginning of the year	2,089	3,406
Current period receipts	500	2,143
Conditions met - transferred to revenue	(2,039)	(3,273)
Unspent grants refunded to departments	(50)	(187)
	500	2,089

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
Grants from Provincial Departments (continued):		
5.1.2 Department of Cultural Affairs and Sport		
Balance at the beginning of the year	1,580	1,047
Current period receipts	395	1,580
Conditions met - transferred to revenue	(1,399)	(960)
Unspent grants refunded to departments	(199)	(87)
	378	1,580
5.1.3 Department of Economic Development and Tourism		
Balance at the beginning of the year	-	945
Current period receipts	-	969
Conditions met - transferred to revenue	-	(1,819)
Unspent grants refunded to departments	-	(95)
	-	-
5.1.4 Department of Health		
Balance at the beginning of the year	32,938	39,887
Current period receipts	368	11,210
Conditions met - transferred to revenue	(27,400)	(14,548)
Unspent grants refunded to departments	(1,830)	(3,611)
	4,076	32,938
5.1.5 Department of the Premier		
Balance at the beginning of the year	-	-
Current period receipts	-	320
Conditions met - transferred to revenue	-	(314)
Unspent grants refunded to departments	-	(6)
	-	-
5.1.6 Department of Local Government		
Balance at the beginning of the year	10,000	665
Current period receipts	-	10,000
Conditions met - transferred to Revenue	(9,771)	(662)
Unspent grants refunded to departments	-	(3)
Transferred to payables	(229)	-
	-	10,000

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
Grants from Provincial Departments (continued):		
5.1.7 Department of Transport and Public Works		
Balance at the beginning of the year	8,480	300
Current period receipts	-	8,751
Conditions met - transferred to revenue	-	(271)
Other adjustments	-	(300)
	8,480	8,480
5.1.8 Department of Provincial Treasury		
Balance at the beginning of the year	-	-
Current period receipts	-	264
Conditions met - transferred to revenue	-	(264)
	-	-
5.1.9 Department of Education		
Balance at the beginning of the year	155	150
Current period receipts	32,667	155
Conditions met - transferred to revenue	(175)	(142)
Unspent grants refunded to departments	-	(8)
	32,647	155
5.2 Grants from National Departments:		
5.2.1 Department of Justice and Constitutional Development		
Balance at the beginning of the year	-	840
Current period receipts	-	1,511
Conditions met - transferred to revenue	-	(1,511)
Other adjustments	-	(840)
	-	-
6 PROVISIONS		
Personnel expense related commitments:		
Performance bonuses	438	606
Employee Benefit Liability	162	124
Capped leave	233	263
	834	993

Performance bonuses accrue to employees on an annual basis, subject to their performance during the financial year. The timing of the payment of performance bonuses are subject to the processes and approvals as required by the department, however the payment will occur within the next twelve months. The provision is an estimate of the amount due at the reporting date.

Employee Benefit Liabilities are paid only after the time period is reached as staff may still leave the service before they reach their 20/30/40 service dates. The timing of the outflow of these provisions is uncertain due to the nature of the specific provisions.

Capped leave are the amounts payable within one year from the reporting date due to employees leaving GMT's service.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

PROVISIONS (continued)

The movement on current provisions are reconciled as follows:

31 March 2017:	Performance bonuses R'000	Employee Benefit Liability R'000	Capped leave provision R'000	Total R'000
Balance at beginning of the year	606	124	263	993
Contributions/(reductions) to provision	213	(124)	(16)	73
Transfer from non-current	-	162	-	162
Expenditure incurred	(380)	-	(14)	(394)
Balance at end of the year	438	162	233	834

31 March 2016:	Performance bonuses R'000	Employee Benefit Liability R'000	Capped leave provision R'000	Total R'000
Balance at beginning of the year	504	53	-	557
Contributions/(reductions) to provision	512	(53)	-	459
Transfer from non-current	-	124	263	387
Expenditure incurred	(411)	-	-	(411)
Balance at end of the year	606	124	263	993

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

7 PROPERTY, PLANT AND EQUIPMENT

31 MARCH 2016

Reconciliation of Carrying Value

Description	Plant and Equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2015	3,024	237,261	240,285
Gross carrying amount	17,069	290,563	307,632
Accumulated depreciation	(14,041)	(52,728)	(66,769)
Accumulated impairment losses	(4)	(574)	(578)
Additions at cost	423	74,243	74,666
Take in assets	14	-	14
Depreciation	(1,493)	(14,191)	(15,684)
Impairment losses	-	(3,792)	(3,792)
Carrying value of disposals	-	(8,739)	(8,739)
Cost	-	(22,986)	(22,986)
Accumulated depreciation	-	13,673	13,673
Accumulated impairment	-	574	574
Vehicles moved from Departments to GMT	-	46,332	46,332
Cost	-	91,684	91,684
Accumulated depreciation	-	(45,352)	(45,352)
Vehicles moved from GMT to Departments	-	(95,705)	(95,705)
Cost	-	(98,214)	(98,214)
Accumulated depreciation	-	2,510	2,510
Net Carrying amount - 31 March 2016	1,967	235,409	237,377
Cost	17,507	335,289	352,796
Accumulated depreciation	(15,534)	(96,089)	(111,622)
Accumulated impairment losses	(4)	(3,792)	(3,796)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

7 PROPERTY, PLANT AND EQUIPMENT (continued)

31 MARCH 2017

Reconciliation of Carrying Value

Description	Plant and Equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2016	1,967	235,409	237,377
Gross carrying amount	17,507	335,289	352,796
Accumulated depreciation	(15,534)	(96,089)	(111,622)
Accumulated impairment losses	(4)	(3,792)	(3,796)
Additions at cost	101	106,981	107,082
Take in assets	22	315	337
Depreciation	(519)	(13,764)	(14,283)
Impairment losses	(2)	(1,418)	(1,420)
Carrying value of disposals	-	(47,277)	(47,277)
Cost	(5)	(103,903)	(103,908)
Accumulated depreciation	5	52,834	52,839
Accumulated impairment	-	3,792	3,792
Vehicles moved from Departments to GMT	-	9,792	9,792
Cost	-	23,385	23,385
Accumulated depreciation	-	(13,593)	(13,593)
Vehicles moved from GMT to Departments	-	(71,678)	(71,678)
Cost	-	(72,690)	(72,690)
Accumulated depreciation	-	1,012	1,012
Net Carrying amount - 31 March 2017	1,572	218,358	219,930
Cost	17,626	289,376	307,002
Accumulated depreciation	(16,048)	(69,600)	(85,648)
Accumulated impairment losses	(6)	(1,418)	(1,424)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
PROPERTY, PLANT AND EQUIPMENT (continued)		
No restrictions are applicable on the Property, Plant and Equipment and no assets have been pledged as security for liabilities. The commitments for the acquisition of Property, Plant and Equipment is disclosed under the note for commitments for expenditure.		
7.1.1 Audio Equipment		
Carrying amount at the beginning of the year	1	4
Cost	54	54
Accumulated depreciation	(53)	(50)
Depreciation	-	(3)
Carrying amount at the end of the year	1	1
Cost	54	54
Accumulated depreciation	(53)	(53)
7.1.2 Computer Equipment		
Carrying amount at the beginning of the year	1,359	2,234
Cost	6,106	5,811
Accumulated depreciation	(4,747)	(3,577)
Additions at cost	22	295
Depreciation	(353)	(1,170)
Carrying amount at the end of the year	1,028	1,359
Cost	6,128	6,106
Accumulated depreciation	(5,100)	(4,747)
7.1.3 Telephone		
Carrying amount at the beginning of the year	81	101
Cost	124	124
Accumulated depreciation	(43)	(23)
Additions at cost	14	-
Depreciation	(21)	(20)
Carrying amount at the end of the year	75	81
Cost	138	124
Accumulated depreciation	(64)	(43)
7.1.4 Workshop Equipment		
Carrying amount at the beginning of the year	115	146
Cost	211	210
Accumulated depreciation	(95)	(63)
Accumulated impairment losses	(1)	(1)
Additions at cost	-	2
Depreciation	(25)	(32)
Impairment losses	(2)	-
Carrying value of disposals:	-	-
Cost	(5)	-
Accumulated depreciation	5	-
Carrying amount at the end of the year	89	115
Cost	206	211
Accumulated depreciation	(114)	(95)
Accumulated impairment losses	(3)	(1)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.5 Office Furniture and Fittings		
Carrying amount at the beginning of the year	267	406
Cost	1,598	1,546
Accumulated depreciation	(1,330)	(1,139)
Accumulated impairment losses	(1)	(1)
Additions at cost	32	52
Depreciation	(81)	(191)
Carrying amount at the end of the year	218	267
Cost	1,630	1,598
Accumulated depreciation	(1,411)	(1,330)
Accumulated impairment losses	(1)	(1)
7.1.6 Office Equipment		
Carrying amount at the beginning of the year	92	49
Cost	197	132
Accumulated depreciation	(105)	(83)
Additions at cost	21	65
Take in assets	22	-
Depreciation	(23)	(22)
Carrying amount at the end of the year	112	92
Cost	240	197
Accumulated depreciation	(128)	(105)
7.1.7 Domestic Equipment		
Carrying amount at the beginning of the year	11	17
Cost	32	32
Accumulated depreciation	(21)	(15)
Additions at cost	9	-
Depreciation	(4)	(6)
Carrying amount at the end of the year	16	11
Cost	41	32
Accumulated depreciation	(25)	(21)
7.1.8 Domestic Furniture		
Carrying amount at the beginning of the year	5	8
Cost	14	14
Accumulated depreciation	(9)	(6)
Depreciation	(2)	(3)
Carrying amount at the end of the year	3	5
Cost	14	14
Accumulated depreciation	(11)	(9)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.9 Kitchen Appliances		
Carrying amount at the beginning of the year	16	12
Cost	40	30
Accumulated depreciation	(24)	(18)
Additions at cost	2	9
Depreciation	(4)	(6)
Carrying amount at the end of the year	14	16
Cost	42	40
Accumulated depreciation	(28)	(24)
7.1.10 Photographic Equipment		
Carrying amount at the beginning of the year	18	10
Cost	41	28
Accumulated depreciation	(21)	(17)
Accumulated impairment losses	(1)	(1)
Depreciation	(4)	(5)
Take in assets	-	14
Carrying amount at the end of the year	14	18
Cost	41	41
Accumulated depreciation	(26)	(21)
Accumulated impairment losses	(1)	(1)
7.1.11 Crockery		
Carrying amount at the beginning of the year	1	2
Cost	4	4
Accumulated depreciation	(3)	(2)
Depreciation	-	(1)
Carrying amount at the end of the year	1	1
Cost	4	4
Accumulated depreciation	(3)	(3)
7.1.12 Garden Equipment		
Carrying amount at the beginning of the year	1	1
Cost	1	1
Accumulated depreciation	-	-
Additions at cost	1	-
Depreciation	(1)	-
Carrying amount at the end of the year	1	1
Cost	2	1
Accumulated depreciation	(1)	-
7.1.13 Lease Tracking Units		
Carrying amount at the beginning of the year	-	34
Cost	9,083	9,083
Accumulated depreciation	(9,083)	(9,049)
Depreciation	-	(34)
Carrying amount at the end of the year	-	-
Cost	9,083	9,083
Accumulated depreciation	(9,083)	(9,083)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

PROPERTY, PLANT AND EQUIPMENT (continued)

7.2 Impairment of Property, Plant and Equipment

Impairment losses on Property, Plant and Equipment to the amount of R1.420 million (31 March 2016: R3.792 million) was recognised in operating surplus and are included in Impairment losses in the Statement of Financial Performance as indicated in note 24.

There were no reversals of impairment losses during the year under review.

Government Motor Transport assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exist, the entity estimates the recoverable amount of the individual asset.

The recoverable service amount of vehicles has been determined on the basis of their fair value less cost to sell. The fair value of vehicles was determined by reference to active market prices or reserve prices as determined by management for vehicles to be sold after the reporting period for which active market prices are not yet available.

	2016/17 R'000	2015/16 R'000
8 INTANGIBLE ASSETS		
Net Carrying value at beginning of the year	104,021	87,523
Cost	141,058	115,094
Cost - Software Applications	28,118	26,799
Cost - Software License Fees Capitalised	6,694	4,972
Cost - Internal Development	106,246	83,323
Accumulated Amortisation	(37,037)	(27,571)
Accumulated Amortisation - Software Applications	(5,402)	(3,582)
Accumulated Amortisation - Software License Fees	(740)	(279)
Accumulated Amortisation - Internal Development	(30,895)	(23,711)
Software License Fees - Capitalised during the year	1,773	1,722
Application modules acquired	-	1,319
Internal Development - Cost capitalised	18,368	22,922
Amortisation during the year	(15,447)	(9,467)
Software Applications	(2,134)	(1,820)
Software License Fees	(822)	(462)
Internal Development	(12,490)	(7,184)
Net Carrying value at end of the year	108,716	104,021
Cost	161,199	141,058
Cost - Software Applications	28,118	28,118
Cost - Software License Fees Capitalised	8,468	6,694
Cost - Internal Development	124,613	106,246
Accumulated Amortisation	(52,484)	(37,037)
Accumulated Amortisation - Software Applications	(7,536)	(5,402)
Accumulated Amortisation - Software License Fees	(1,563)	(740)
Accumulated Amortisation - Internal Development	(43,385)	(30,895)
<u>Breakdown between systems:</u>		
8.1 FleetMan System:		
Net Carrying amount at beginning of the year	16,566	18,581
Cost	39,088	36,162
Cost - Internal Development	39,088	36,162
Accumulated Amortisation	(22,522)	(17,581)
Accumulated Amortisation - Internal Development	(22,522)	(17,581)
Transfer from Oracle EBS	-	873
Internal Development - Cost capitalised	1,784	2,053
Amortisation during the year	(6,348)	(4,941)
Internal Development	(6,348)	(4,941)
Net Carrying amount at end of the year	12,001	16,566
Cost	40,871	39,088
Cost - Internal Development	40,871	39,088
Accumulated Amortisation	(28,870)	(22,522)
Accumulated Amortisation - Internal Development	(28,870)	(22,522)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
INTANGIBLE ASSETS (continued)		
8.2 <u>Oracle Financial System:</u>		
Net Carrying amount at beginning of the year	87,455	68,943
Cost	101,970	78,933
Cost - Software Applications	28,118	26,799
Cost - Software License Fees	6,694	4,972
Cost - Internal Development	67,158	47,162
Accumulated Amortisation	(14,515)	(9,990)
Accumulated Amortisation - Software Applications	(5,402)	(3,582)
Accumulated Amortisation - Software License Fees	(740)	(279)
Accumulated Amortisation - Internal Development	(8,373)	(6,130)
Transfer to FleetMan	-	(873)
Software License Fees - capitalised during the year	1,773	1,722
Application modules acquired	-	1,319
Internal Development	16,584	20,869
Amortisation during the year	(9,099)	(4,524)
Software Applications	(2,134)	(1,820)
Software License Fees	(822)	(462)
Internal Development	(6,142)	(2,243)
Net Carrying amount at end of the year	96,714	87,455
Cost	120,328	101,970
Cost - Software Applications	28,118	28,118
Cost - Software License Fees Capitalised	8,468	6,694
Cost - Internal Development	83,742	67,158
Accumulated Amortisation	(23,614)	(14,515)
Accumulated Amortisation - Software Applications	(7,536)	(5,402)
Accumulated Amortisation - Software License Fees	(1,563)	(740)
Accumulated Amortisation - Internal Development	(14,515)	(8,373)

Intangible assets comprise of computer software in the following categories:

- Fleetman is an internally developed Oracle based fleet management system. This system is used for the operational functionality of GMT's fleet; and
- Oracle E-Business Suite of modules are used for the financial management within GMT.

The amortisation expense has been included in the Statement of Financial Performance. Amortisation is charged on a straight-line basis over the intangible assets' useful lives. All intangible assets have finite useful lives. No fully amortised intangible assets exist and is still in use on the reporting date. Intangible assets have not been pledged as security for liabilities.

The currency exchange rate affects certain components of the costs which are capitalised as part of intangible assets.

The following restrictions apply to Intangible assets:

- GMT ERP is not transferable.

8.3 Impairment of Intangible Assets

No impairment losses have been recognised on GMT's intangible assets at the reporting date or for the comparative year.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9 HERITAGE ASSETS	2016/17 R'000	2015/16 R'000
Gross carrying amount	140	140
The movement in Heritage Assets is reconciled as follows:		
Gross carrying amount at the beginning of the year	140	140
Cost	146	146
Accumulated Impairment losses	(6)	(6)
Gross carrying amount at the end of the year	140	140
Cost	146	146
Accumulated Impairment losses	(6)	(6)

Heritage assets consist of an antique vehicle (GVY444G - 1942 Ford Ambulance) which is protected, cared for and preserved for the benefit of present and future generations.

No heritage assets have been pledged as security for any liabilities of GMT. There are no restrictions on title and the disposal of the heritage asset.

The fair value of the heritage asset is R180,000 at the reporting date.

There are no contractual commitments for the acquisition, maintenance and restoration of the heritage asset as at the reporting date.

No amounts are included in the Statement of Financial Performance at the reporting date for compensation received from third parties as none were impaired, lost or given up.

10 FINANCE LEASE RECEIVABLES	2016/17 R'000	2015/16 R'000
Finance Lease Receivables	733,424	751,849
Sub-total	733,424	751,849
Less: Current Portion transferred to Current Assets:	145,380	101,167
Finance Lease Receivables	145,380	101,167
Total Long-term portion of Finance Lease Receivables	588,045	650,682

The management of GMT is of the opinion that the carrying value of Finance Lease Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values.

10.1 Amounts receivable under Finance Leases

GMT as Lessor:

Finance leases relate to vehicles that are permanently allocated to certain user departments with remaining lease terms of between 1 and 13 years as at 31 March 2017 (31 March 2016: 1 and 14 years). GDC634G and GCC394G (both Toyota Hino trucks) have remaining lease terms of 10 and 13 years respectively as at 31 March 2017. If these vehicles are excluded, the remaining lease terms are between 1 and 9 years. The effective annual interest rate on new vehicles purchased and permanently allocated to clients during the year under review is between 9.08% and 35.36% (31 March 2016: 2.02 % and 72.86%).

Interest rates on Finance Lease Receivables are calculated once-off in accordance with the monthly cash flows over the period of the lease. The following factors affects the calculated effective annual interest rate over the lease period: (1) daily tariffs charged over the lease period, (2) the residual value/proceeds on disposal at the end of the lease period (3) lease period which coincide with the useful life of the vehicle. The three factors above are re-assessed on an annual basis which have an impact on the effective annual interest, in some cases resulting in high interest rates. To ensure fair presentation, only the interest rates on new vehicles purchased and permanently allocated to clients are therefore disclosed.

Ownership of the leased vehicles is not transferred to the clients at the conclusion of the lease agreements. GMT's rights under Finance Lease Receivables are secured by the lessors' title to the leased assets.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

FINANCE LEASE RECEIVABLES (continued)

The amounts receivable under Finance Leases are as follows:

	Minimum Lease Receivables		Present Value of Minimum Lease Receivables	
	2016/17 R'000	2015/16 R'000	2016/17 R'000	2015/16 R'000
Amounts receivable under finance leases:				
Within one year	334,296	308,588	145,380	101,167
In the second to fifth years, inclusive	854,835	1,044,871	571,429	629,462
Over five years	19,436	25,526	16,616	21,220
	<u>1,208,567</u>	<u>1,378,986</u>	<u>733,424</u>	<u>751,849</u>
Less: Unearned Future Finance Income	475,143	627,137	-	-
Present Value of Minimum Lease	<u>733,424</u>	<u>751,849</u>	<u>733,424</u>	<u>751,849</u>
Less: Amounts due for settlement within 12 months (Current portion)			145,380	101,167
Finance lease receivables due for settlement after 12 months (Non-current portion)			<u>588,045</u>	<u>650,682</u>
GMT has finance lease agreements for the following significant classes of assets:				
- Vehicles				
Unguaranteed residual values (R'000)			375,169	363,321
Included in these classes are the following significant leases:				
i) GCG574G				
- Instalments are payable monthly in arrears				
- Average effective interest rate			31.18%	31.34%
- Average monthly instalment (Rands only)			R 7,477	R 7,045
- Annual escalation			5.23%	5.27%
ii) GCD412G				
- Instalments are payable monthly in arrears				
- Average effective interest rate			31.59%	31.94%
- Average monthly instalment (Rands only)			R 4,733	R 4,548
- Annual escalation			5.23%	5.27%

11 INVENTORY

Consumables store	62	42
Total Inventory	<u>62</u>	<u>42</u>

Inventories are held for own use and measured at the lower of Cost and Net realisable value. No write downs of Inventory to Net Realisable Value were required.

The cost of inventories recognised as an expense for the year amounted to R289,149 (2015/16: R398,979).

No Inventories have been pledged as collateral for liabilities of the Entity.

12 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Accounts receivable	24,083	54,926
Less: Provision for impairment	(965)	-
Total receivables from Exchange Transactions	<u>23,118</u>	<u>54,926</u>

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
12.1 Ageing of Receivables from Exchange Transactions		
Current: 0 - 30 days	24,227	50,876
Gross Balances	24,230	50,876
Less: Provision for Impairment	(3)	-
More than 30 days and not more than 60 days	263	2,006
Gross Balances	264	2,006
Less: Provision for Impairment	(1)	-
More than 60 days and not more than 90 days	962	1,792
Gross Balances	963	1,792
Less: Provision for Impairment	(1)	-
More than 90 days	8,390	11,248
Gross Balances	9,349	11,248
Less: Provision for Impairment	(959)	-
Adjustment for daily tariffs included in the finance lease receivables	(10,723)	(10,996)
Net Balances	23,118	54,926

As at 31 March 2017 receivables of R9.614 million (31 March 2016: R15.046 million) were past due but not impaired. The age analysis of these receivables are as follows:

More than 30 days and not more than 60 days	263	2,006
Gross Balances	264	2,006
Less: Provision for Impairment	(1)	-
More than 60 days and not more than 90 days	962	1,792
Gross Balances	963	1,792
Less: Provision for Impairment	(1)	-
More than 90 days	8,390	11,248
Gross Balances	9,349	11,248
Less: Provision for Impairment	(959)	-
Net Balances	9,614	15,046

12.2 Summary of Receivables from Exchange Transactions by Customer Classification

	National and Provincial Government R'000	Other R'000
As at 31 March 2017:		
<u>Current:</u>		
0 - 30 days	13,500	7
<u>Past Due:</u>		
More than 30 days and not more than 60 days	264	-
More than 60 days and not more than 90 days	962	1
More than 90 days	8,766	582
Sub-total	23,493	590
Less: Provision for Impairment	(824)	(141)
Total Trade Receivables by Customer Classification	22,668	450
As at 31 March 2016:		
<u>Current:</u>		
0 - 30 days	39,865	15
<u>Past Due:</u>		
More than 30 days and not more than 60 days	2,057	(51)
More than 60 days and not more than 90 days	1,792	-
More than 90 days	10,499	749
Sub-total	54,212	714
Less: Provision for Impairment	-	-
Total Trade Receivables by Customer Classification	54,212	714

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
12.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	-	-
Provision impairment losses recognised	(965)	-
Balance at end of the year	(965)	-
<p>Provision for impairment of Receivables has been made for all consumer balances outstanding based on the collectability of the amounts outstanding. No further credit provision is required in excess of the Provision for Impairment.</p>		
12.4 Ageing of impaired Receivables from Exchange Transactions		
<u>Current:</u>		
0 - 30 days	3	-
<u>Past Due:</u>		
More than 30 days and not more than 60 days	1	-
More than 60 days and not more than 90 days	1	-
More than 90 days	959	-
Sub-total	-	-
Less: Provision for Impairment	(965)	-
Total	-	-
13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Software license fees	3,012	2,910
Sundry debtors	1,107	-
Employees with leave debits	84	39
Warranties	44	70
Total Receivables from Non-exchange Transactions	4,248	3,018

Software license fees are for payments for software application modules license fees which are paid for periods after the reporting date.

Warranties are prepayments for scanners which have been paid for periods after the reporting date.

Sundry debtors are in respect of debits outstanding at year-end on business transactions entered into by GMT.

None of the receivables have been pledged as security for the entity's financial liabilities.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
14 CASH AND CASH EQUIVALENTS		
Bank Accounts	473,509	445,706
Cash-on-hand	2	2
Current Investment Deposits	795,192	500,098
	1,268,702	945,806
<p>Cash and cash equivalents comprise cash and short-term, highly liquid investments that are held with a registered banking institution with maturities of three months or less and that are subject to insignificant interest rate risk. The carrying amount of these assets approximates their fair value.</p> <p>For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-hand and Cash in the bank.</p>		
14.1 Bank Accounts		
Nedfleet bank account		
<i>Nedbank Account</i>		
Cash book balance at the beginning of the year	9,166	3,076
Cash book balance at the end of the year	3,604	9,166
<i>Nedbank Account Number: 1452 049 831</i>		
Bank statement balance at the beginning of the year	9,166	3,076
Bank statement balance at the end of the year	3,604	9,166
Primary bank account		
<i>Nedbank Account</i>		
Cash book balance at the beginning of the year	436,539	736,796
Cash book balance at the end of the year	469,905	436,539
<i>Nedbank Account Number: 1452 056 226</i>		
Bank statement balance at the beginning of the year	435,692	736,801
Bank statement balance at the end of the year	470,285	435,692
14.2 Cash-on-hand		
Cash float	2	2
14.3 Current Investment Deposits		
Investments through Provincial Treasury	795,192	500,098
Total Cash and Cash Equivalents	1,268,702	945,806

GMT does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned on favourable balances.

The entity did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

As required in section 7(2) and 7(3) of the Public Finance Management Act, the National Treasury has approved the local banks where the bank accounts are held.

Investments are done in the Corporation of Public Deposits at the South African Reserve Bank through Provincial Treasury.

Nedbank Limited has a credit rating of BBB- through Standards and Poor's Ratings Services.

The management of the entity is of the opinion that the carrying value of Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the entity and financial institutions.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

		2016/17 R'000	2015/16 R'000
15	REVENUE		
	An analysis of the entity's revenue is as follows:		
	Rendering of services:		
	National Departments	34,383	48,536
	Provincial Departments	292,725	300,915
	Interest earned:		
	Finance Lease Receivables	217,079	221,586
		544,187	571,036
	An analysis of the entity's revenue as per:		
	Kilometre tariffs	299,160	294,390
	Daily tariffs	27,948	55,061
	Interest earned	217,079	221,586
		544,187	571,036
	The amounts disclosed above for revenue are in respect of services rendered, which are billed to the departments on a monthly basis according to approved tariffs, as well as interest earned on finance lease receivables.		
16	OTHER INCOME		
	Profit on sale of vehicles and PPE	9,730	1,843
	Reimbursive income	7,948	8,875
	Donations received	122	-
	Total Other Income	17,800	10,718
17	INTEREST EARNED		
	Bank accounts	30,051	45,352
	Investments	45,094	98
	Accounts Receivable	882	2,136
	Total Interest Earned	76,027	47,586
18	GOVERNMENT GRANTS AND SUBSIDIES RECEIVED		
	Conditional Grants		
	Grants from Provincial Departments	40,784	22,253
	Department of Community Safety	2,039	3,273
	Department of Cultural Affairs and Sport	1,399	960
	Department of Economic Development and Tourism	-	1,819
	Department of Health	27,400	14,548
	Department of the Premier	-	314
	Department of Local Government	9,771	662
	Department of Transport and Public Works	-	271
	Department of the Provincial Treasury	-	264
	Department of Education	175	142
	Grants from National Departments	-	1,511
	Department of Justice and Constitutional Development	-	1,511
	Government Grants and Subsidies from exchange transactions	40,784	23,764
	Government Grants and Subsidies from non-exchange transactions		
	Other grants and subsidies received	315	1,039
		41,099	24,803

Refer to note 5 for the reconciliation of the movements in Unspent Conditional Grants and Receipts. GMT complied with the conditions attached to all grants received to the extent of revenue recognised. Other grants and subsidies received comprise of take-in vehicles and extras fitted to vehicles by client departments.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

		2016/17 R'000	2015/16 R'000
19	ADMINISTRATIVE EXPENSES		
	Bank charges	5,623	6,053
	Fees for services:		
	- Housing and Hosting	5,900	5,934
	Legal fees	117	91
	License and software support fees	8,443	8,126
	Other administrative expenses	1,238	1,164
	Stationery and printing	667	901
	Training and staff development	167	749
	Travel and subsistence	152	75
	Total Administrative expenses	22,307	23,093
	The amounts disclosed above for Administrative expenses are in respect of costs incurred in the general management of GMT and not directly attributable to a specific service or class of expense.		
20	EMPLOYEE COSTS		
	Salaries		
	Basic salaries	22,359	21,667
	Performance awards	389	593
	Periodic payments	1,607	1,586
	Other non-pensionable allowances	2,804	2,545
	Overtime and long service awards	754	956
	Social contributions		
	Medical	2,009	2,032
	Official unions and associations	9	8
	Pension	2,631	2,584
	Injury on duty	5	29
	Defined Benefit Plan expense (see note 1):		
	Current service cost	48	45
	Interest cost	92	71
	Net Actuarial (gains) / losses recognised	(88)	11
	Total Employee costs	32,618	32,128

Employee costs are shown at cost to entity package, based upon salary, bonuses, allowances and employee benefit contributions by GMT for the period. Employee costs are charged to the Statement of Financial Performance in the period to which it relates.

GOVERNMENT MOTOR TRANSPORT
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

EMPLOYEE COSTS (continued)

The following executive members' remuneration is included in the above mentioned Employee costs.

	Salary	Performance Bonus	Medical Aid Contribution	Pension Contribution	Total
	R'000	R'000	R'000	R'000	R'000
Year ended 31 March 2016					
Director: Fleet Services	893	47	19	91	1,050
Deputy Director: Financial Accounting	636	30	-	64	731
Deputy Director: Management Support Services	534	29	26	60	649
Deputy Director: Fleet Operations	588	30	6	64	689
Deputy Director: Fleet Risk Management	544	28	-	59	630
TOTAL	3,195	164	51	339	3,749

	Salary	Performance Bonus	Medical Aid Contribution	Pension Contribution	Total
	R'000	R'000	R'000	R'000	R'000
Year ended 31 March 2017					
Director: Fleet Services	952	42	19	97	1,111
Deputy Director: Financial Accounting	690	33	-	70	794
Deputy Director: Management Support Services	594	19	26	67	706
Deputy Director: Fleet Operations	643	33	6	70	752
Deputy Director: Fleet Risk Management	590	19	-	64	674
TOTAL	3,470	146	51	369	4,036

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
21 OPERATING EXPENDITURE		
Consultant, contractors and special services	36,415	32,512
- Audit fees	3,023	2,576
- Computers and systems service providers	29,327	24,702
- Consultant fees - Contracted Accountants	2,600	2,892
- Consultant fees - Project Management	1,257	2,149
- Contractors' services - wash bay and removal services	207	194
Maintenance, repairs and running costs	211,149	202,141
- Machinery, equipment and vehicles	211,149	202,141
Loss on sale of PPE	1,700	184
Loss on Finance Lease Receivables	10,582	21,268
Tracking costs	34,784	34,604
Third party claims	1,845	1,314
Stores and consumables	145	416
Communication costs	653	661
Courier and delivery charges	8	15
Municipal services	49	54
	297,329	293,169
21.1 Expenditure incurred to repair and maintain Property, Plant and Equipment		
The following specific costs included in the amount of repairs and maintenance were incurred by Government Motor Transport during the year:		
Vehicles	70,620	61,876
- General maintenance and services	54,271	43,887
- Tyres and tubes	2,194	1,976
- Glass repairs	1,243	1,165
- Accident repairs	11,674	13,766
- Exhaust repairs	91	66
- Shocks	68	61
- Batteries	1,080	955
Plant and Equipment	37	5
- Computer equipment	-	2
- Office furniture and fittings	6	1
- Workshop equipment	5	-
- Office and domestic equipment	26	2
	70,657	61,881
22 DEPRECIATION		
Plant and Equipment	519	1,493
Vehicles	13,764	14,191
	14,283	15,684
23 AMORTISATION		
Intangible asset - FleetMan	6,348	4,941
Intangible asset - Oracle Financial System	9,099	4,525
	15,447	9,466
24 ACCIDENTS AND IMPAIRMENT LOSSES		
24.1 Impairment losses on fixed assets		
<i>Impairment losses recognised:</i>		
Property, Plant and Equipment	1,420	3,792
- Vehicles	1,418	3,792
- Plant and Equipment	2	-
24.2 Impairment losses on financial instruments		
<i>Impairment losses recognised:</i>		
Receivables from Exchange Transactions	1,201	-
- Bad debt written off	236	-
- Provision for bad debt	965	-
	2,621	3,792

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
25 GRANTS AND SUBSIDIES PAID		
Vehicles alienated	9,771	-
	9,771	-

Government Motor Transport alienated ten fire trucks to Local Government which will be re-allocated to local municipalities in the Western Cape.

26 RECONCILIATION OF CASH GENERATED FROM OPERATIONS

Profit for the year	266,714	261,482
Adjustment for:		
Depreciation - Property, Plant and Equipment	14,283	15,684
Amortisation - Intangible assets	15,447	9,466
Vehicles moved from GMT to Departments	71,678	95,705
Vehicles moved from Departments to GMT	(9,792)	(46,332)
Impairment losses	1,420	3,792
Loss on disposal of Property, Plant and Equipment	1,700	184
Profit on disposal of Property, Plant and Equipment	(9,730)	(1,843)
Increase in Provisions	414	680
Operating cash flows before working capital changes	352,134	338,818
Working capital changes	24,255	(4,821)
(Increase)/Decrease in Inventories	(20)	3
(Increase)/Decrease in Trade Receivables from Exchange Transactions	31,809	(17,049)
(Increase)/Decrease in Trade Receivables from Non-exchange Transactions	(1,230)	(230)
Increase/(Decrease) in Payables from Non-exchange Transactions	2,357	926
Increase/(Decrease) in Payables from Exchange Transactions	1,349	3,987
Increase/(Decrease) in Unspent Conditional Grants and Receipts	(9,498)	7,988
Cash payments made against Provisions	(512)	(446)
Cash generated from operations	376,389	333,998

27 CASH AND CASH EQUIVALENTS - STATEMENT OF CASH FLOWS

Cash and Cash Equivalents included in the Statement of Cash Flows, comprise the following Statement of Financial Position amounts:

Bank balances, Investments and Cash-on-hand	1,268,702	945,806
	1,268,702	945,806

28 TAXATION

No provision has been made for taxation, as GMT is exempt from income tax in terms of section 10(1) of the Income Tax Act, 1962 (Act No 58 of 1962).

29 CONTINGENT LIABILITIES

Claims are instituted against GMT by third parties who are party to a motor vehicle accident involving a government vehicle. An amount of R62,828 for the year (2015/16: R16,033) in respect of claims made against GMT as at 31 March 2017 and paid during the next year has been raised as a payable in the Statement of Financial Position. The estimated total amount of unpaid claims made against GMT as at 31 March 2017 amounts to R3,314,221. A contingent liability of R3,251,393 exists, but has not been raised in the financial statements as the existence of this obligation will only be confirmed by the occurrence or non-occurrence of uncertain future events.

	2016/17 R'000	2015/16 R'000
30 COMMITMENTS FOR EXPENDITURE		
30.1 Capital commitments		
Commitments for the acquisition of capital expenditure:		
Approved and contracted for:	230,227	53,613
Property, Plant and Equipment	202,408	37,691
Intangible Assets	27,819	15,922
Total capital commitments	230,227	53,613
This expenditure will be financed from:		
Own resources	230,227	53,613

30.2 Other commitments

Non-cancellable operating lease commitments are disclosed in note 32.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

31 EVENTS AFTER THE REPORTING DATE

Non-adjusting events

The following information is disclosed as non-adjusting events after the reporting date in the financial statements and represents preliminary claims from third parties against GMT as well as the estimated loss value with regard to government vehicles. The estimated loss value will only be confirmed after finalisation of these claims:

Third Party claims

Ten claims with a total estimated value of R142,098 was issued to GMT after 31 March 2017.

Damages/Losses - government vehicles

330 cases were registered after 31 March 2017 with a probable loss amount of R1,487,538.

Adjusting events

Two cases were settled in terms of an agreed payment after the reporting date but before the financial statements were issued and amounts to R62,828 (31 March 2016: R16,033).

32 OPERATING LEASE ARRANGEMENTS

GMT as Lessor:

Leasing arrangements:

The trading activities of GMT's focus is mainly on the provision of vehicles to national and provincial departments and institutions, used for transportation in order that each client may carry out its services efficiently and effectively. These rentals are classified as contingent rentals due to uncertain lease periods and fluctuating tariff increases. The operating lease payments are therefore not subject to straight-lining and it is impracticable to disclose the future minimum lease payments expected to be received for each of the following periods as required by GRAP 13:

- no later than one year;
- later than one year and not later than five years; and
- later than five years.

GMT as Lessee:

Leasing arrangements:

Operating leases relate to office equipment and vehicle tracking units with lease terms of between 3 to 5 years. GMT does not have an option to purchase the leased asset at the expiry of the lease period.

At the reporting date GMT had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2016/17 R'000	2015/16 R'000
Up to 1 year	11,585	16,149
2 to 5 years	667	9,392
More than 5 years	-	-

Total Operating Lease Arrangements	12,252	25,541
---	---------------	---------------

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	18,022	15,329
Contingent rentals	-	-

Total Operating Lease Expenses - as Lessee	18,022	15,329
---	---------------	---------------

In respect of non-cancellable Operating Leases the following liability has been recognised:

Operating lease liability as at reporting date:

Balance at beginning of the year	-	1
Operating expenses recorded	18,022	15,329
Operating lease payments effected	(18,022)	(15,330)

Total Operating Lease Liabilities	-	-
--	----------	----------

GMT has operating lease agreements for the following class of assets:

- Office Equipment
- Vehicle Tracking Units

GMT is restricted to the hiring of office equipment and labour saving devices by National Tender RT3-2012.

**GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

33 RELATED PARTY TRANSACTIONS

33.1 Western Cape Department of Transport and Public Works

Government Motor Transport operates as a Trading Entity under the administration of the Western Cape Department of Transport and Public Works.

33.1.1 The following related party transaction was not concluded at arm's length during the year under review:

GMT occupies four buildings that belong to the Department of Transport and Public Works. GMT has use of the properties at no consideration. The details of the properties are as follows:

Address details of the properties owned by the Department Transport and Public Works and occupied by GMT:

19 Hermes Street, Paarden Island, Cape Town
34 Roeland Street, Cape Town
49 Hope Street, Cape Town
3 Rusper Street, Maitland, Cape Town

The Western Cape Department of Transport and Public Works incurred costs of R13,337,498 during the year ended 31 March 2017 (31 March 2016: R4,368,363) to prepare the buildings situated at 3 Rusper Street, Maitland for use by Government Motor Transport.

The Western Cape Department of Transport and Public Works also provides parking space to GMT officials at an approved rate which is not market related.

The following related party transactions with the Department of Transport and Public Works were made on terms equivalent to those that prevail in arm's length transactions:

	2016/17 R'000	2015/16 R'000
Revenue		
Transport claims	52,715	50,257
Reimbursiv e income	10,635	6,978
Interest earned on Finance Lease Receiv ables	19,608	20,389
Interest earned on Accounts Receiv able	2	-
	82,958	77,624
Expenditure		
License fees	3,564	3,472
The amount of outstanding balances as at reporting date		
Finance Lease Receiv ables	71,668	77,989
Trade Receiv ables from Exchange Transactions	4,522	4,737
Receiv ables from Non-exchange Transactions	1,107	-
	77,297	82,726

33.2 Transactions with key management personnel

The members of key management personnel of the Government Motor Transport during the year were:

Johan Koegelenberg - Director: Fleet Services
Anthonie Janse van Rensburg - Deputy Director: Fleet Operations
Kathy Proctor Fourie - Deputy Director: Financial Accounting
Leslie Sampson - Deputy Director: Management Support Services
Clarence Hansby - Deputy Director: Fleet Risk Management

Key management personnel remuneration is disclosed in note 20 to the Annual Financial Statements.

Remuneration of family members of key management personnel employed at GMT:

Management	Family Member	Relationship	Remuneration R
Anthonie Janse van Rensburg - Deputy Director: Fleet Operations	Mr. H. Janse van Rensburg (Administration Clerk)	Brother	241,369
Kathy Proctor Fourie - Deputy Director: Financial Accounting	Mr. JC Fourie (Assistant Director: Fleet Planning and Acquisition)	Husband	410,909

**GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

RELATED PARTY TRANSACTIONS (continued)

33.3 Department of the Premier in the Western Cape

The Department of Transport and Public Works received corporate services from the Corporate Service Centre of the Department of the Premier in the Western Cape. A service level agreement was signed on 30 November 2010. The service agreement consists of the following services:

- a) Information and Communication Technology
- b) Organisation Development
- c) Provincial Training (transversal)
- d) Human Resource Management
- e) Enterprise Risk Management
- f) Internal Audit
- g) Forensic Investigations
- h) Legal Services
- i) Corporate Communication

33.4 Other Provincial Departments

Related party relationships exist between GMT and other Provincial Departments with regard to the management of their government motor vehicles. These relationships are based on arm's length transactions in terms of tariffs approved by the Provincial Treasury.

34 FINANCIAL INSTRUMENTS

34.1 Classification of financial instruments

Financial Assets:

In accordance with GRAP 104 the financial assets of the GMT are classified as follows:

<u>Financial Assets:</u>	<u>Classification</u>	2016/17 R'000	2015/16 R'000
Finance lease receivables (Non-current portion)	Financial Assets at Amortised Cost	588,045	650,682
Receivables from Exchange Transactions	Financial Assets at Amortised Cost	23,118	54,926
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost	4,248	3,018
Cash and Cash equivalents	Financial Assets at Amortised Cost	1,268,702	945,806
Finance lease receivables (Current portion)	Financial Assets at Amortised Cost	145,380	101,167
Total financial assets		2,029,493	1,755,599

Summary of financial assets:

Financial Assets at Amortised Cost:

Finance lease receivables (Non-current portion)	588,045	650,682
Finance lease receivables (Current portion)	145,380	101,167
Receivables from Exchange Transactions	23,118	54,926
Receivables from Non-exchange Transactions	4,248	3,018
Cash and Cash equivalents	1,268,702	945,806
	2,029,493	1,755,599
Total Financial Assets	2,029,493	1,755,599

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

FINANCIAL INSTRUMENTS (continued)

Financial Liabilities:

In accordance with GRAP 104 the Financial Liabilities of the entity are classified as follows (FLAC = Financial Liabilities at Amortised Cost):

Financial Liabilities	Classification	2016/17 R'000	2015/16 R'000
Payables from Exchange Transactions			
Trade creditors	FLAC	10,455	8,424
Sundry creditors	FLAC	290	972
Payables from Non-exchange Transactions			
Staff Leave Accrued	FLAC	1,146	932
Staff Bonuses	FLAC	794	756
Other Creditors	FLAC	4,910	2,806
Unspent Conditional Grants and Receipts	FLAC	46,081	55,242
Total financial liabilities		63,676	69,132

Summary of financial liabilities:

Financial Liabilities at Amortised Cost (FLAC):

Trade Creditors	10,455	8,424
Sundry Creditors	290	972
Staff Leave Accrued	1,146	932
Staff Bonuses	794	756
Other Creditors	4,910	2,806
Unspent Conditional Grants and Receipts	46,081	55,242
Total Financial Liabilities	63,676	69,132

34.2 Capital Risk Management

GMT manages its capital to ensure that the entity will be able to continue as a going concern while delivering sustainable services to its clients through the optimisation of the debt and equity balance.

Gearing ratio

The gearing ratio at year-end was as follows:

Debt	67,019	72,573
Equity	2,291,319	2,024,605
Debt to equity ratio	3%	4%

Debt is defined as current- and non-current liabilities.

Equity consists of reserves of GMT, disclosed as Net Assets in the Statement of Financial Position.

34.3 Financial Risk Management Objectives

GMT monitors and manages the financial risks relating to their operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by internal and external auditors on a continuous basis. The entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

34.4 Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenue and expenditure are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies to the financial statements.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

FINANCIAL INSTRUMENTS (continued)

34.5 Interest rate management

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate, in amount, as a result in market interest changes.

GMT limits its counterparty exposures from its investment operations by only dealing with Nedbank which has a BBB- through Standards and Poor's Ratings Services.

GMT is not exposed to interest rate risk on its consumer debtors as the rates applicable are fixed interest rates as determined by the Minister of Finance.

GMT limits its interest rate risk relating to finance lease receivables by ensuring that the costs (including extras) of the permanently allocated vehicles subject to finance lease is recovered through the daily tariffs and the residual values at the end of the useful lives.

34.6 Credit risk management

Credit risk refers to the risk that counterparties will default on contractual obligations resulting in financial loss to the entity. GMT does not have any significant credit risk exposure due to the fact that it only has government debtors and theoretically there should be no risk of non-recovery of these debtors.

Maximum credit risk exposure	2016/17 R'000	2015/16 R'000
Finance Lease Receivables (Non-current portion)	588,045	650,682
Cash and cash equivalents	1,268,702	945,806
Receivables from Exchange Transactions	23,118	54,926
Receivables from Non-exchange Transactions	4,248	3,018
Finance lease receivables (Current portion)	145,380	101,167
	2,029,493	1,755,599

The following is an analysis of the age of accounts receivable that are past due as at the reporting date but not impaired.

Financial assets past due	2016/17 R'000	2015/16 R'000
<i>Accounts Receivable:</i>		
More than 30 days and not more than 60 days	263	2,006
More than 60 days and not more than 90 days	962	1,792
More than 90 days and not more than 120 days	8,390	11,248
Total	9,614	15,046

34.7 Liquidity risk management

The entity manages liquidity risk through Provincial Treasury by reviewing its tariff structure on an annual basis.

The entity manages liquidity risk by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

The entity ensures that it has sufficient cash on demand or access to facilities to meet expected operational and capital expenses.

The following tables detail the entity's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both interest and principal cash flows.

	Within 1 year	Between 2 - 5 years	More than 5 years
2015/16:			
<i>Non-interest Bearing:</i>			
Payables from Non-exchange Transactions	4,494	-	-
<i>Variable Interest Rate Instruments:</i>			
Payables from Exchange Transactions	9,396	-	-
	13,890	-	-
2016/17:			
<i>Non-interest Bearing:</i>			
Payables from Non-exchange Transactions	6,851	-	-
<i>Variable Interest Rate Instruments:</i>			
Payables from Exchange Transactions	10,745	-	-
	17,594	-	-

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

FINANCIAL INSTRUMENTS (continued)

34.8 Fair value

The estimated net fair values of financial instruments have been determined as at the reporting date using available market information and appropriate valuation methodologies and are not necessarily indicative of the amounts that the institution could realise in the normal course of business.

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their fair values.

35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

35.1 Unauthorised Expenditure

To the best of management's knowledge no Unauthorised Expenditure was incurred during the year under review.

35.2 Fruitless and Wasteful Expenditure

To the best of management's knowledge no Fruitless and Wasteful Expenditure was incurred during the year under review.

35.3 Irregular Expenditure

To the best of management's knowledge no Irregular Expenditure was incurred during the year under review.

36 GOING CONCERN

Management considered the following matters relating to the going concern:

- (i) On 30 March 2016 the budget was tabled and accepted. This three-year Medium Term Revenue and Expenditure Framework is to support the ongoing delivery of services to clients.
- (ii) The entity's budget is subjected to an assessment process. The budget is cash backed.
- (iii) Strict daily cash management processes are embedded in the entity's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the budget. The cash management processes is complemented with monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions
- (iv) As the entity has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of services. Certain key financial ratios, such as liquidity and solvency are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the going concern basis.

37 CORRECTION OF ERRORS

37.1 Related party transactions with the Western Cape Department of Transport and Public Works (refer to note 33.1.1)
The following related party transaction was not concluded at arm's length during the year under review:

The total expenditure incurred by the Western Cape Department of Transport and Public Works to prepare the building situated at 3 Rusper Street, Maitland for use by Government Motor Transport for the year ended 31 March 2016 was restated during the current reporting period.

The Western Cape Department of Transport and Public Works incurred costs of R4,368,363 to prepare the building situated at 3 Rusper Street, Maitland for use by Government Motor Transport during the year ended 31 March 2016 and not R15,934,731 as previously reported.

R'000

37.2 Effect on profit for the year ended 31 March 2016

Profit for the year ended 31 March 2016 has been restated due to certain errors that were corrected during the current reporting period.

Total previously reported: 260,537

Adjustments against: -

37.3 Interest earned on investments (refer to note 17)

Interest earned on a bank account was restated due to the recognition of interest earned on investments during 2015/16.

Total as at 31 March 2016

Total previously reported: -

Adjusted for:

Component	Detail	
Interest earned: total for the year ended 31 March 2016	Interest earned for the one day of 31 March 2016 was recognised, consequently the Cash and Cash Equivalents and Interest Earned for the 2015/16 was restated during the currently reporting period.	98

Restated total for the year ended on 31 March 2016

98

**GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

CORRECTION OF ERROR (continued)

37.4 Interest earned on bank accounts (refer to note 17)

Interest earned on the main bank account was restated due to the cut-off requirements at the end of March each year.

Total as at 31 March 2016

Total previously reported: 44,505

Adjusted for:

Component	Detail	
Interest earned on the bank account: total for the year ended 31 March 2016	Interest earned on the main bank account was restated due to the cut-off requirements at the end of March each year. The Cash and Cash Equivalents and Interest Earned for the 2015/16 financial year was restated during the currently reporting period.	847

Restated total for the year ended on 31 March 2016 **45,352**

Adjustments to profit for the year ended 31 March 2016

Correction of errors as per 37.3 and 37.4 above 945

Restated profit for the year ended 31 March 2016 **261,482**

37.5 Cash and Cash Equivalents (refer to note 14)

Cash and Cash Equivalents as at 31 March 2016 has been restated during 2015/16 due to the recognition of interest earned on investments and to adjust the interest earned on the main account to account for cut-off dates prior and after the end of March.

Balance as at 31 March 2016

Balance previously reported: 944,860

Adjusted for:

Component	Detail	
Cash and Cash Equivalents: balance as at 31 March 2016	Interest earned for the one day of 31 March 2016 was recognised, consequently the Cash and Cash Equivalents and Interest Earned for the 2015/16 financial year was restated during the currently reporting period.	98
Cash and Cash Equivalents: balance as at 31 March 2016	Interest earned on the main bank account was restated due to the cut-off requirements at the end of March each year. The Cash and Cash Equivalents and Interest Earned for the 2015/16 financial year was restated during the currently reporting period.	847

Restated balance as at 31 March 2016 **945,805**

37.6 Related party transactions with the Western Cape Department of Transport and Public Works (refer to note 33.1.1)

The following related party transactions with the Department of Transport and Public Works were made on terms equivalent to those that prevail in arm's length transactions:

The total reimbursive income for 2015/16 which was disclosed as a related party transaction was restated during 2016/17 to account for the total of the reimbursements for tracking related expenditure.

Total as at 31 March 2016

Total previously reported: 3,880

Adjusted for:

Component	Detail	
Reimbursive income: total for the year ended 31 March 2016	The reimbursive income was restated to include all tracking related expenditure incurred during the 2015/16 financial year. The Reimbursive income for the 2015/16 financial year was restated during the currently	3,098

Restated total for the year ended on 31 March 2016 **6,978**

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

38 CHANGE IN ESTIMATES		2016/17 R'000
38.1 Reassessment of residual values and useful lives of vehicles		
Residual values and useful lives of vehicles are annually reassessed and the impact on the depreciation expense in the current year and future periods, on all vehicles purchased in prior years which were available for use as at 31 March 2016 and 31 March 2017, are as follows:		
<i>Depreciation expense:</i>		
Increase in the depreciation expense for the year ended 31 March 2017		799
Increase in the depreciation expense for future periods		201
		1,000
Residual values and useful lives of vehicles are annually reassessed and future lease instalments are annually increased according to tariff increases as recorded in the Medium Term Expenditure Framework (MTEF guidelines). The impact on interest earned on finance lease receivables and amounts receivable under finance leases in the current year and future periods, on vehicles purchased in prior years which were still permanently allocated to client departments as at 31 March 2017, is as follows:		
<i>Revenue</i>		
Decrease in interest earned on finance lease receivables within one year		(2,921)
Decrease in interest earned on finance lease receivables for future periods, after one year		(6,149)
		(9,070)
<i>Amounts receivable under finance leases</i>		
Decrease in the present value of finance lease receivables within one year		(4,883)
Increase in the present value of finance lease receivables for future periods, after one year		4,883
		-
38.2 Reassessment of useful lives of Plant and Equipment		
The useful lives of Plant and Equipment are annually reassessed and the impact on the depreciation expense in the current year and future periods is as follows:		
<i>Depreciation expense:</i>		
Decrease in the depreciation expense for the year ended 31 March 2017		(211)
Increase in the depreciation expense for future periods		211
		-

39 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

GMT makes provision for post-retirement benefits to eligible employees who belong to the Government Employees Pension Fund.

This fund does not fall under the ambit of the Pension Funds Act (1956) since it is governed by its own statute.

The Government Employee Pension Fund is a multi-employer plan and is subject to actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension fund due to the following reasons:

- (i) The assets of the fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for the fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that the fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of GMT with respect to the pension fund is to make the specified contributions. Where employees leave the fund prior to full vesting of the contributions, the contributions payable by GMT are reduced by the amount of forfeited contributions.

The Pension Fund has been valued by making use of the Discounted Cash Flow method of valuation.

The fund is subject to an actuarial valuation. The last statutory valuation was performed as at 31 March 2014 and revealed that the Fund was 100% funded. There were sufficient assets to cover the actuarial liabilities in full. The contribution rate paid by the members (7.5% of pensionable salary) and GMT (13%) is sufficient to fund the benefits accruing from the fund in the future.

The net assets available for benefits amounted to R1,425,719 million as at 31 March 2014 (31 March 2012: R1,038,946 million).

As reported by the Actuaries, in terms of the fund's own Funding Level Policy, the fund was considered to be financially sound as at 31 March 2014. The actuarial results of the March 2014 valuation show that the fund is 121,5% funded, i.e. there are sufficient assets to cover the actuarial liabilities in full.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

40 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE AND ADOPTED

The following GRAP standards have been issued but are not yet effective and have therefore not been early adopted by GMT:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 20 Related Party Disclosures (Revised)
- GRAP 32 Service Concession Arrangement Grantor
- GRAP 105 Transfers between entities under common control - issued November 2010
- GRAP 106 Transfers between entities not under common control - issued November 2010
- GRAP 107 Mergers - issued November 2010
- GRAP 108 Statutory Receivables
- IGRAP 17 Service Concession Arrangements where a grantor controls significant residual interest in an asset

All standards as listed above will only be effective when a date is announced by the Minister of Finance.

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

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Standard	Summary of standard	Annual periods beginning on or after
GRAP 18 - Segment Reporting	<p>Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management. Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.</p> <p>Requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to management of the entity. The precise impact of this on the financial statements of the entity is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting.</p>	Not yet determined
GRAP 20 – Related party disclosures	The effective date of the standard has not been determined yet. The standard of GRAP on related parties will replace the IPSAS 20 standard on related party disclosure currently used. No significant impact on the financial statements of the entity is expected.	Not yet determined
GRAP 32 – Service Concession Arrangement Grantor and IGRAP 17 Service Concession arrangements where a grantor controls a significant residual interest in an asset	These standards deal with contractual arrangements between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. It is unlikely that the entity will enter into any such arrangements in the near future.	Not yet determined

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE AND ADOPTED (continued)

GRAP 105 – Transfer of Function Between Entities Under common Control	This standard provides the accounting treatment for transfers of functions between entities under common control. However the impact on the entity’s financial statements is not expected to be significant due to the fact that the entity rarely enters into such transactions. The standard is only expected to have an impact on the entity in respect of any future transfers of functions.	Not yet determined
GRAP 106 – Transfer of Function Between Entities Not Under common Control	This standard deals with other transfers of functions (i.e. between entities not under common control) and requires the entity to measure transferred assets and liabilities at fair value. It is unlikely that the entity will enter into any such transactions in the near future.	Not yet determined
GRAP 107 – Mergers	This standard deals with requirements for accounting for a merger between two or more entities, and is unlikely to have an impact on the financial statements of the entity in the foreseeable future.	Not yet determined
GRAP 108 – Statutory Receivables	This standards deals with receivables that arise from legislation, supporting regulations or similar means and require settlement by another entity in cash or another financial asset. It is unlikely that this standard will be applicable to GMT because GMT’s receivables arise from contractual arrangements which are entered into voluntarily by client departments and are not entered into as a result of specific legislative requirements. Contractual receivables, to the extent that they otherwise meet the definition of a financial asset, are within the scope of the Standard of GRAP on Financial Instruments.	Not yet determined

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	2016/17 R'000	2015/16 R'000
41 RECONCILIATION BETWEEN BUDGET AND THE STATEMENT OF FINANCIAL PERFORMANCE		
Reconciliation between budget surplus with the surplus in the Statement of Financial Performance:		
Surplus per the Statement of Financial Performance	266,714	261,482
Over budgeted income and expenses		
Over budgeted depreciation for permanently allocated vehicles subject to finance leases	(3,909)	(101)
Over budgeted revenue from daily tariffs for permanently allocated vehicles subject to finance leases	8,824	121,113
Financing of capital budget	30,500	24,194
Over/under spending of approved budget:		
Revenue		
Over/(under) budgeted interest income from bank accounts and accounts receivable	20,083	(22,091)
Over budgeted on Government Grants and Subsidies received	(19,640)	(4,403)
Over budgeted Other income	2,303	2,938
Expenditure		
Over budgeted Administrative expenditure	(7,913)	(455)
Over budgeted Employee costs	(10,674)	(4,847)
Over budgeted Operating expenditure	(23,818)	(10,671)
Over budgeted Amortization	(5,676)	(1,115)
Over budgeted accident and impairment losses	(163)	(10)
Over budgeted Operating lease expenditure	(2,651)	(505)
Surplus per approved budget	253,980	365,529
Refer to the Statement of Comparison between Budget and Actual amounts for explanations of variances between budget and actual amounts.		

Accounting Policies

for the year ended 31 March 2017

1. Basis of preparation

The financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Public Finance Management Act 1 of 1999 as amended.

The following are the principle accounting policies of the entity which are, in all material respects, consistent with those applied in the previous year, except where otherwise indicated:

1.1 Changes in the accounting policy and comparability

Accounting policies have been consistently applied, except where otherwise indicated below:

For the period commencing 1 April 2013 GMT has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

GMT changes an accounting policy only in the following instances:

- (a) is required by a Standard of GRAP; or
- (b) results in the financial statements providing more relevant information about the effects of transactions, other events or conditions on the entity's Statement of Financial Position, financial performance, cash flow, changes in net assets, notes and accounting policies.

1.2 Critical judgements, estimations and assumptions

In the application of GMT's accounting policies, which are described below, management is required to make judgements, 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 reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

➤ **Useful lives and residual values of Property, Plant and Equipment (PPE)**

In assessing the remaining useful lives and residual values of PPE, management have made judgements based on historical evidence as well as the current condition of PPE under its control.

➤ **Impairment of Property, Plant and Equipment, Intangible assets, Heritage assets and Inventories**

Accounting policy 11.1 and 11.2 on PPE - Impairment of cash generating and non-cash generating assets, 9.2 on Intangible assets - Subsequent Measurement, Amortisation and Impairment and 13.2 on Inventory - Subsequent measurement and 10 on Heritage assets - Impairment of non-cash generating assets describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the entity. Significant estimates and judgements are made relating to PPE impairment testing, intangible assets impairment testing and write down of Inventories to the lowest of cost and net realisable values.

Accounting Policies

for the year ended 31 March 2017

➤ Impairment of financial assets

Accounting policy 14.6 on Impairment of Financial Assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the entity considered the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of GMT is satisfied that the impairment of financial assets recorded during the period is appropriate.

➤ Revenue recognition

Accounting policy 5.2 on Revenue from Exchange Transactions and 5.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the entity.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-exchange Transactions. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the entity is satisfied that recognition of the revenue in the current period is appropriate.

➤ Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting policy 14.2 on Financial Assets Classification and Financial Liabilities Classification describes the factors and criteria considered by the management of the entity in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments.

➤ Provisions and contingent liabilities Provisions for capped leave

GMT has an obligation to pay capped leave in terms of instructions of the Provincial Bargaining Council's Resolution 7 of 2000. Provision is made for this obligation based on the cost.

Contingent liabilities

Claims are instituted against GMT by third parties who are party to a motor vehicle accident involving a government vehicle. The existence of this obligation will only be acknowledged by the future payment of these claims.

➤ Budget information

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the budget vs. actual statement which is included in the financial statements.

➤ Defined benefit plan liabilities

As described in Accounting Policy 6.3, the entity obtains an actuarial valuation of its defined benefit plan liability. The defined benefit obligation of GMT which is identified as Long Service Allowances. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liability and the key assumptions made by the actuaries in estimating the liability are provided in note 1 to the Annual Financial Statements.

Accounting Policies

for the year ended 31 March 2017

2. Currency

These financial statements are presented in South African Rand, as that is the currency in which the entity's transactions are denominated.

3. Going concern

The Annual Financial Statements have been prepared on a going concern basis.

4. Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

5. Revenue recognition

5.1. General

Revenue is derived from a variety of sources which include daily and kilometre tariffs, interest earned on finance lease receivables, bank accounts and accounts receivable; grants received, profit on sale of vehicles and reimbursive income. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the entity's activities. Revenue is shown net of returns, rebates and discounts.

The entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to GMT and when specific criteria have been met for each of the entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the revenue have been resolved. The entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to GMT directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

5.2. Revenue from Exchange Transactions

5.2.1 Daily and kilometre tariffs

Revenue arising from the rendering of services, as well as related expenses is recognised according to the stage of completion of the transaction at the reporting date. Revenue from daily tariffs are calculated and charged against user departments over the estimated useful life cycle of vehicles to enable GMT to replace the vehicle at the end of its life cycle and to cover GMT overheads. Revenue is also charged against user departments for all kilometres covered in GMT vehicles according to a tariff per classification code of the vehicle to cover the maintenance and running costs of the fleet.

Accounting Policies

for the year ended 31 March 2017

5.2.2 Interest earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is recognised in the statement of financial performance:

- interest earned on finance lease receivables;
- interest earned on bank accounts; and
- interest earned on accounts receivable.

5.2.3 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

5.2.4 Government Grants and Receipts

Income received from conditional grants and funding is recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

5.3. Revenue from Non-exchange Transactions

An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

5.3.1 Government Grants and Receipts

Government grants and subsidies from non-exchange transactions comprise of vehicles donated to the entity and stolen vehicles recovered.

Income received from donations (take-in vehicles) is recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement.

6. Employee benefits

6.1 Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The entity treats its balance for leave pay as a payable.

Accounting Policies

for the year ended 31 March 2017

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at the end of the period. The entity recognises the expected cost of performance bonuses only when the entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

GMT offers post-employment benefits to its employees in the form of retirement benefits. These benefits represent pension payments.

6.2 Defined contribution plan

A defined contribution plan is a plan under which the entity pays fixed contributions into a separate fund. The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The entity's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions made on behalf of the employees to the fund are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The entity has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The entity contributes to a multi-employer pension fund on behalf of its employees. The fund has a defined benefit plan but is accounted for as a defined contribution plan due to insufficient information being available to apply the rules of the defined benefit plan. The assets generated by this plan consists of contributions made by both GMT and the employees and are generally held in a separate administered fund, namely the Government Employees' Pension Fund. This fund is administered on behalf of GMT by pension fund administrators and is governed by the Pensions Fund Act, 1956 as amended. The following rates of contribution are applied: employee contribution is 7.5 % of pensionable salary (basic salary plus annual bonus) as well as GMT contribute 13 % on the same basis.

The contributions to the above-mentioned fund obligation for the payment of the retirement benefit are charged against revenue in the period they become payable. This defined benefit fund is actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating entities and parties.

6.3 Long-service allowance

The entity has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the entity instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 20, 30 and 40 years of continued service. The entity's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

Accounting Policies

for the year ended 31 March 2017

7. Unauthorised, Irregular, Fruitless and Wasteful expenditure

7.1 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for. All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the period that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

7.2 Irregular expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA, or
- Any provincial legislation providing for procurement procedures in that provincial government.

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

Irregular expenditure is recorded in the notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine, in which case reasons therefore is provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

7.3 Fruitless and Wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the period that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

8. Property, Plant and Equipment

Property, Plant and Equipment (excluding motor vehicles and finance lease assets)

8.1 Initial recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used for more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at its historical cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost.

Accounting Policies

for the year ended 31 March 2017

Where an asset is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

8.2 Subsequent measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. The cost model is used for subsequent measurement.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

8.3 Depreciation

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

Plant and Equipment are originally measured at cost and are depreciated on a basis considered appropriate to reduce the carrying amount over the expected lifespan of the assets.

Estimated useful lives:

➤ Office and workshop equipment:	Straight-line (6 years)
➤ Office furniture and fittings:	Straight-line (6 years)
➤ Domestic equipment:	Straight-line (6 years)
➤ Photographic equipment:	Straight-line (6 years)
➤ Computer equipment:	Straight-line (3 years)
➤ Audio visual equipment:	Straight-line (6 years)
➤ Telephones:	Straight-line (3 years)
➤ Vehicle tracking units:	Straight-line (7 years)
➤ Crockery and Cutlery:	Straight-line (3 years)
➤ Domestic Furniture and Fittings:	Straight-line (6 years)
➤ Gardening Equipment:	Straight-line (5 years)
➤ Kitchen Appliances:	Straight-line (6 years)

Gains and losses on the disposal of plant and equipment are recognised in the Statement of Financial Performance once they accrue to the entity.

The estimated useful lives are reviewed monthly. The assets residual values, estimated useful lives and depreciation are adjusted prospectively if appropriate, at each reporting date.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Motor Vehicles

Motor Vehicles are tangible assets held by the entity for use in the supply of fleet management services, which are expected to be used for more than a one year. Motor vehicles are originally measured at cost and are depreciated on a basis considered appropriate to reduce the carrying amount over the useful life of the assets. Depreciation is calculated after taking residual values into account.

Accounting Policies

for the year ended 31 March 2017

The actual useful lives of motor vehicles are assessed monthly based on the condition of vehicles and the replacement policy of GMT.

The change in useful life will be accounted for as a change in accounting estimate, thus the depreciation for the current and future periods will be restated.

Estimated useful lives:

- Vehicles: Straight-line (4 - 15 years)

Gains and losses on the disposal of motor vehicles are recognised in the Statement of Financial Performance once they accrue to the entity.

Finance Lease Assets

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term.

8.4 Derecognition of Property, Plant and Equipment

The carrying amount of an item of Property, Plant and Equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or losses arising from Derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of Property, Plant and Equipment.

8.5 Impairment

The impairment of cash generating and non-cash-generating assets is dealt with in paragraphs 11.1 and 11.2.

9. Intangible Assets

9.1 Initial recognition

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Accounting Policies

for the year ended 31 March 2017

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

9.2 Subsequent Measurement, Amortisation and Impairment

Intangible assets are shown at cost less accumulated amortisation and impairment losses. Expenditure on the development of the FleetMan system and Oracle Financial system are capitalised by GMT and amortised using the straight-line basis over their useful lives. Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

FleetMan system:

Amortisation commenced from 1 April 2001 which is considered to be the date when the asset was available for use. Intangible assets are not revalued. The carrying amount of the FleetMan system is reviewed annually and adjusted for impairment, where it is considered necessary.

Oracle Financial system:

Amortisation commenced on the date when the asset was available for use which was considered to be 1 April 2011. Intangible assets are not revalued. The carrying amount of the Oracle Financial system will be reviewed annually and adjusted for impairment, where it is considered necessary.

In terms of GRAP 31, intangible assets are distinguished between internally generated intangible assets and other intangible assets. Amortisation is charged on a straight-line basis over the intangible assets' useful lives (when the intangible asset is available for use), which are estimated to be between 10 to 15 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Intangible assets are subject to an annual impairment test. The useful lives per category of intangible assets are detailed below:

Estimated useful lives:

- FleetMan: Straight-line (15 years)
- Oracle financial system: Straight-line (10 years)

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

Accounting Policies

for the year ended 31 March 2017

9.3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

10. Heritage assets

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

10.1 Initial recognition

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

10.2 Subsequent measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

10.3 Derecognition of heritage assets

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of heritage assets is included in the Statement of Financial Performance when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

11.1 Impairment of cash generating assets

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the individual asset.

Accounting Policies

for the year ended 31 March 2017

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

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

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

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

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

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

11.2 Impairment of non-cash generating assets

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

When the asset is disposed of, irrespective of manner thereof, the accumulated depreciation together with the accumulated impairment losses will be deducted from the cost price of the asset to obtain the net book value of the asset which will either generate a profit or loss on the disposal of the asset against any proceeds received, or will create a greater loss if there are costs attributable to the removal of the asset from GMT's premises.

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

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

Accounting Policies

for the year ended 31 March 2017

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for non-cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

12. Leasing

Classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity. The classification of a lease depends on the substance of the transaction rather than the form of the contract. The following are situations where the lease would normally be classified as a finance lease:

- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the leased assets are of a such a specialised nature that only the lessee can use them without major modifications;
- the leased assets cannot easily be replaced by another asset;
- if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee; and
- gains or losses from the fluctuation in the fair value of the residual value accrue to the lessee.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases.

12.1 GMT as Lessee:

Operating Leases

GMT recognises operating lease rentals as an expense in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental

Accounting Policies

for the year ended 31 March 2017

expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

12.2 GMT as Lessor

Finance leases

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of GMT's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on GMT's net investment outstanding in respect of the leases or instalment sale agreements.

Operating Leases

Operating lease rental income is recognised in the statement of Financial Performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as revenue and the contractual payments are recognised as an operating lease asset or liability.

Determining whether an arrangement contains a lease

At inception of an arrangement, the GMT determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to GMT the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, GMT separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If GMT concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using GMT's incremental borrowing rate.

13. Inventories

13.1 Initial recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

The historical cost of inventory includes:

- Purchasing costs (which include all costs directly attributable to the acquisition of the inventories);
- Other costs incurred in bringing inventories to their current location and condition; and
- From these costs, trade discounts and rebates are deducted if included.

13.2 Subsequent measurement

Consumable stores and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Accounting Policies

for the year ended 31 March 2017

14. Financial instruments

The entity has various types of financial instruments and these can be broadly categorised as financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The entity only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

14.1 Initial recognition

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument.

The entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

14.2 Classification

GMT has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

Financial Assets

In accordance with GRAP 104 the financial assets of the entity are classified into the following category allowed by this standard:

Financial asset at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Financial asset at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

A financial asset is any asset that is a cash or contractual right to receive cash. GMT has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Finance lease receivables;
- Trade receivables from Exchange Transactions;
- Trade receivables from Non-exchange Transactions;
- Cash and cash equivalents; and
- Current portion of Finance Lease Receivables.

Accounting Policies for the year ended 31 March 2017

In accordance with GRAP 104 the *Financial Assets* of GMT are classified as follows into the following category allowed by this standard:

Type of Financial Asset	Classification in terms of GRAP 104
Finance Lease Receivables	Financial Assets at Amortised Cost
Cash and cash equivalents	Financial Assets at Amortised Cost
Trade Receivables from exchange Transactions	Financial Assets at Amortised Cost
Trade Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Current portion of Finance Lease Receivables	Financial Assets at Amortised Cost

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held with banks. The entity categorises cash and cash equivalents as financial assets: Financial asset at amortised cost.

Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. GMT has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Payables from Exchange transactions; and
- Payables from Non-exchange transactions.

Type of Financial Liabilities	Classification in terms of GRAP 104
Payables from Exchange transactions	Financial Liability at Amortised Cost
Payables from Non-exchange transactions	Financial Liability at Amortised Cost
Unspent Conditional Grants and Receipts	Financial Liability at Amortised Cost

14.3 Recognition

Financial assets measured at amortised cost:

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes a party to the contractual provisions of the instrument.

Financial asset at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the effective Interest Method less any impairment, with interest recognised on an effective yield basis.

Trade Receivables from exchange Transactions, Trade Receivables from Non-exchange Transactions and Finance Lease Receivables that have fixed and determinable payments that are not quoted in an active market are classified as financial assets at amortised cost.

Accounting Policies for the year ended 31 March 2017

Financial liabilities measured at amortised cost:

Financial liabilities measured at amortised cost are initially measured at fair value, net of transaction costs. Payables from Exchange transactions and Payables from Non-exchange transactions are subsequently measured at amortised cost using the effective interest rate method.

14.4 Derecognition

Financial assets:

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when management approves the write-off of Financial Assets due to non-recoverability.

Financial liabilities:

Financial Liabilities are derecognised when, and only when, the entity's obligations are discharged, cancelled or they expire.

14.5 Measurement

When a financial asset or financial liability is recognised initially, it is measured at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Loans and receivables are subsequently measured at amortised cost. The subsequent measurement of cash and cash equivalents is at amortised cost.

14.6 Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets. If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Accounts receivable is stated at cost less a provision for bad debts. The provision is made in accordance with GRAP 104 whereby the recoverability of consumer debtors is assessed collectively after grouping the assets in financial assets with similar credit risks characteristics. Government accounts are not provided for as such accounts are regarded as payable.

15. Provisions

Provisions are recognised when the entity has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

16. Comparative information

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

16.1 Prior period comparatives

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

Accounting Policies

for the year ended 31 March 2017

16.2 Budget information

The budget figures have been included in the Statement of Comparison of Budget and Actual amounts. Explanatory comments are provided in the statement giving explanations for variances exceeding 5% between the adjusted budget and the actual amounts. Refer to the note on the reconciliation of budget and actual figures.

17. Contingent assets and contingent liabilities

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the Annual Financial Statements. A contingent liability is defined as a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

The Entity discloses for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and, where practicable:

- (a) an estimate of its financial effect;
- (b) an indication of the uncertainties relating to the amount or timing of any outflow; and
- (c) the possibility of any reimbursement.

18. Events after the reporting date

The Entity considers events that occur after the reporting date for inclusion in the financial statements. Events that occur between the reporting date and the date on which the financial statements were authorised for issue are considered for inclusion in the financial statements.

The entity considers two types of events that can occur after the reporting date, namely those that:

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

All adjusting events are taken into account in the financial statements as the necessary adjustments are made to the financial statements. Where non-adjusting events after the reporting date are of such importance that non-disclosure would affect the ability of the users of the financial statements to make proper evaluations and decisions, the entity discloses the following information for each significant category of non-adjusting event after the reporting date:

- (a) The nature of the event; and
- (b) An estimate of its financial effect or a statement that such an estimate cannot be made.

Accounting Policies

for the year ended 31 March 2017

19. Cash and cash equivalents

Cash and cash equivalents consist of cash in the bank and short-term deposits, and other short-term investments that are highly liquid and can readily be converted into cash.

For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise of cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

20. Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel are defined as the Director and all other managers reporting directly to the Director or as designated by the Director.

Government Motor Transport operates as a trading entity under the administration of the Western Cape Department of Transport and Public Works and is therefore also regarded as a related party.

21. Capital commitments

Capital commitments are not recognised in the Statement of Financial Position as a liability but are included in the disclosure notes.

Capital commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date;
- Items are classified as commitments where GMT commits itself to future transactions that will normally result in the outflow of resources; and
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

22. Changes in accounting policies, estimates and errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period specific effects or the cumulative effect of the change in policy. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to the note on the changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note of corrections of errors recorded during the period under review.

Government Motor Transport

Rm B7, Roeland Building, 34 Roeland Street, Cape Town, 8000

Tel: +27 21 467 4752

Fax: +27 86 615 4766

Email: Leslie.Sampson@westerncape.gov.za

www.westerncape.gov.za

Afrikaans and IsiXhosa versions of this publication are available on request.



**Western Cape
Government**

Transport and Public Works

PR150/2017
ISBN: 978-0-621-45469-7