



Western Cape
Government

Transport and Public Works



Annual Report 2017/2018
Government Motor Transport



Western Cape
Government

Transport and Public Works



Departmental achievements

Some notable
Department of Transport
and Public Works (DTPW)
achievements in 2017/18



Provincial roads

DTPW builds, repairs and maintains provincial roads to support social and economic development in the Western Cape.



In April 2017, a flash flood washed away a section of the Swartberg Pass between the entrance on the Prince Albert side and Tweede Water. Less than a year later, the road was repaired and is back in use. This road will have far-reaching economic benefits for this region, because it links the Great Karoo and the Klein Karoo.





Traffic law enforcement

DTPW takes continual action to reduce the death toll from fatal road crashes by enforcing traffic legislation, including roadblocks and random breath testing to combat driving under the influence.



In December 2017, the Western Cape launched South Africa's first Mobile Alcohol Evidentiary Unit, a repurposed emergency services vehicle that can test the blood alcohol levels of drivers on the spot. This makes it possible to arrest and charge drivers who are over the legal limit immediately.



Transport management



The George Integrated Public Transport Network (GIPTN) and its high-quality scheduled Go George bus service was the first such service outside a major South African city. Phase 1 of Go George began in December 2014 and three phases are currently in operation. Services are provided by George Link, a 100% black-owned private company comprising former licensed taxi operators from George.





Skills development

The DTPW Masakh'iSizwe Bursary Programme and its Professional Development Programme provide a tailored package of support to address the shortage of critical skills in the transport, engineering and built environment professions, and to enable newly qualified graduates to get the necessary practical experience to become registered professionals.



EPWP – professional development



Masakh'iSizwe ("let's build the nation") enables students from disadvantaged backgrounds to study towards a transport, engineering, or built environment qualification at a higher education institution in the Western Cape. A total of 41 bursaries were awarded to promising students during the 2018 calendar year.



In March this year, nine university of technology graduates in the construction and built environment disciplines joined the Department of Transport and Public Works Professional Development Programme (PDP). These graduates are all employed within the Provincial Public Works branch. In addition, eight civil engineering-related candidates were employed by DPTW Road Network Management.



Government Motor Transport (GMT)



Traffic officer training

Since 1989, Gene Louw Traffic College (GLTC) has offered high-quality road traffic law enforcement training for participants from all over South Africa.

The College offers initial traffic officer training, as well as training for examiners for driving licences, examiners of vehicles, and various short courses. In March 2017, GLTC introduced the first online e-Learning platform, as well as video conferencing technology to facilitate off-site participation in learning events.



GMT provides cost-effective fleet management services to provincial and national departments as well as other government entities within the Western Cape.



During the year, GMT continued to procure specialised vehicle conversions such as ambulances, rescue and forensic pathology services vehicles, mobile clinics, and traffic law enforcement vehicles from Western Cape-based suppliers to promote empowerment and economic growth.

Education infrastructure

DTPW is the implementing agent for Western Cape Education Department infrastructure.



The Western Cape Government (WCG) is committed to ensuring that all children with special needs and disabilities receive an education that allows them to achieve their full potential. Opened in January 2018, the new Cheré Botha LSEN (Learners with Special Educative Needs) School in Bellville caters for 165 learners with severe intellectual disability and 130 learners with autism spectrum disorder.



Health infrastructure

As the implementing agent for the provincial Department of Health, DTPW builds and maintains hospitals and clinics.



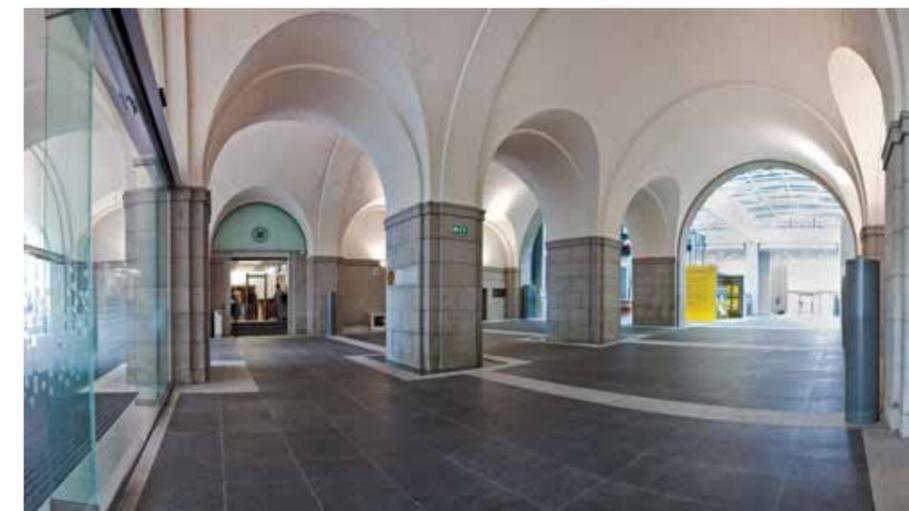
Property management



The new Hillside Clinic in Beaufort West contains the most “green” features of any primary healthcare facility in the Western Cape. Rammed earth walls and underground rock stores reduce the need for air conditioning by mitigating temperature extremes (high temperatures during the day, and cold temperatures at night). The design also features optimised natural daylight, energy-efficient light fittings, solar water heating, and a borehole for irrigating the water-wise garden.

The purpose of DTPW Provincial Public Works is to provide balanced provincial government building infrastructure that promotes integration, accessibility, sustainability, equity, environmental sensitivity, economic growth, and social empowerment.

In 2017/18, the 6th annual Property Efficiency Report (PER) reported an increase in workspace efficiency of 7,6 per cent in the previous year, as well as decreases in energy consumption of 6 per cent and reduced water consumption in the amount of 20 per cent across a range of 35 selected office buildings in the DTPW portfolio.



An aerial photograph of a cityscape. In the foreground, a large array of blue solar photovoltaic panels is installed on a white, corrugated metal roof. In the middle ground, a multi-story building is under construction, with a yellow tower crane standing next to it. The background shows a dense urban area with various buildings and a prominent mountain peak under a blue sky with scattered white clouds.

General infrastructure

Among other things, DTPW is responsible for maintaining WCG buildings, improving their efficiency, and providing office accommodation for provincial government purposes.

In order to reduce expenditure on energy and to make the provincial government less dependent on grid electricity, a total of 800 solar photovoltaic (PV) panels have been installed at WCG buildings: 345 at Vangate Shared Services Centre in Athlone, 240 at the Library Building in Alfred Street; 164 at 9 Dorp Street; and 51 at 27 Wale Street.

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PART A

General Information

TRAFFIC
CAPE

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 client institutions
Business address	34 Roeland Street Cape Town 8001
Postal address	Private Bag X9014 Cape Town 8000
Telephone number	0800 092 468
Fax number	021 467 4777
Email address	gmt.bureau@westerncape.gov.za
Web address	www.westerncape.gov.za/dept/tpw
Bankers	Nedbank
Bank address	Fifth Floor, Nedbank Clock Tower Campus Clock Tower Precinct Cape Town 8001
Auditors	Auditor-General of South Africa
Auditors' address	Auditor-General of South Africa PO Box 446 Pretoria 0001
Accounting Officer	JT Gooch
Company Secretary	Riaan Wiggill CA (SA), ACMA, CGMA
Telephone Number	021 467 4716

2 Acronyms

AARTO	Administrative Adjudication of Road Traffic Offences Act, 1998
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
ANPR	Automatic Number Plate Recognition system
AO	Accounting Officer
APP	Annual Performance Plan
BAS	Basic Accounting System
BBBEE	Broad-based black economic empowerment
BMI	Body Mass Index
CBD	Central business district
CCC	GMT Client Care Centre
CCGMT	Coordinating Committee for GMTs
CGRO	Corporate Governance Review and Outlook
CIDB	Construction Industry Development Board
CIPC	Companies and Intellectual Property Commission
CSC	Corporate Services Centre
CSD	Central Supplier Database (National Treasury)
D:ERM	Directorate Enterprise Risk Management (DotP)
DCGIP	Department Corporate Governance Improvement Plan
DotP	Department of the Premier
DPME	Department of Planning Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DSG	Departmental Strategic Goal
DTI	Department of Trade and Industry
DTPW	Department of Transport and Public Works
E-Fuel	Electronic Fuel Purchasing System
EHW	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
FleetMan	Fleet Management ERP System
FleetCare	FleetMan fleet repairs and maintenance module
GAP	Gap Analysis Project
GMT	Government Motor Transport
GPSSBC	General Public Service Sector Bargaining Council
GRAP	General Recognised Accounting Practice
HCT	HIV and AIDS counselling and testing
ICAS	Independent Counselling and Advisory Services
IT	Information technology

IYM	In-year monitoring
KPA	Key performance area
LOGIS	Logistical Information System
LRA	Labour Relations Act, 1995
MEC	Member of the (Provincial) Executive Council
MPAT	Management Performance Assessment Tool
NT	National Treasury
PAA	Public Audit Act of South Africa, 2004
PAC	Public Accounts Committee
PAY	Premier's Advancement of Youth internship programme
PERMIS	Performance Management Information System
PERSAL	Personnel and Salary Administration System
PFMA	Public Finance Management Act, 1999
PFS	Provincial Forensic Services
PILIR	Policy on Incapacity Leave and Ill-Health Retirement
PSCBC	Public Service Coordinating Bargaining Council
PSG	Provincial Strategic Goal
PSR	Public Service Regulations
PSRMF	Public Sector Risk Management Framework (National Treasury))
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
SMS	Senior Management Service
SNPs	Special needs passenger
SOP	Standard Operating Procedure
STI	Sexually transmitted infection
TB	Tuberculosis
UNAIDS	United Nations Programme on HIV and AIDS
WCBD	Western Cape Bid Document
WCG	Western Cape Government
WCSD	Western Cape Supplier Database

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 2017 to 31 March 2018 for Government Motor Transport (GMT), Western Cape. The purpose of this report is to provide a summary of achievements by GMT over the past financial year as well as the risks and challenges faced.

GMT is a trading entity within the administration of the Department of Transport and Public Works, with its core mandate being to deliver effective fleet management services to its provincial and national government clients. GMT strives to execute its mandate in a way that supports the core values of the Western Cape Government.

During 2017/18, GMT achieved an “unqualified with no findings” audit outcome for the sixth consecutive year. This positive audit outcome confirms the effective functioning of internal control processes in the preparation of financial statements which were free from material misstatements. It also confirms that the performance information measured against the predetermined objectives is reliable and that the trading entity complies with the relevant governance prescripts.

GMT was a finalist for the National Transport Awards as Best Performing Institution in Transport for 2017.

The trading entity purchased a total of 771 new vehicles during 2017/18 (2016/17: 303 vehicles). During the year under review, GMT focused on acquiring a greater number of fuel efficient vehicles with smaller engine capacities to contribute towards reducing the province’s carbon footprint. In addition, GMT reduced its fleet slightly from 5 348 vehicles on 31 March 2017 to 5 333 on 31 March 2018.

GMT initiated a project to render fleet management services in an innovative way by incorporating in-vehicle technology to improve the safety and effective deployment of provincial traffic officers. The introduction of this technology allows for the dissemination of information from data systems to hand-held devices to facilitate effective provincial traffic law enforcement by, among other things, alerting officials further along the route about offences associated with a particular number plate.

Fleet Risk Management reported a reduction in the number of traffic violations processed; from 7 035 in 2016/17 to 5 694 during the year under review. This reduction can in part be ascribed to GMT’s streamlining of processes to identify drivers for the redirecting of traffic fines. In support of this, driver tags were issued to GMT staff as the first phase of rolling out driver tags to all drivers of GG vehicles, starting with Provincial Traffic Management in 2018/19. This process is intended to automate the process of linking the driver with the vehicle trip details and consequently also to any fines issued against the vehicle registration when the driver was in control of the vehicle.

During the review of the GMT organisational structure, the division Statutory Reporting and Stakeholder Relations was established. The client liaison team within this division trained

213 transport officers in operational and system matters during 2017/18 as part of service delivery engagements with clients. GMT expanded its capacity in George as part of its drive to improve service delivery in the Eden and Central Karoo Districts. The entity has plans to establish a regional pool in George to improve access to a fit for purpose vehicle fleet and to support clients in utilising vehicles more efficiently.

GMT, as a fleet management entity which has a national footprint, is vulnerable to prevailing economic conditions. These include high fuel costs which are affected by factors such as oil prices, levies, margins, transport and delivery costs, as well as fluctuations in the exchange rate, all of which are influenced by local and international events. Fuel is one of GMT's main cost drivers and amounted to R144,3 million during 2017/18. This represents 24% of GMT's operating expenditure for the year and is likely to increase as adverse economic conditions affect fuel prices. The need for cost-cutting across client institutions requires of GMT to ensure the effective and efficient use of vehicles in the fleet and the prevention of the sub-optimal use or abuse of vehicles in the fleet.

GMT also adjusted its operations to respond to adverse environmental conditions such as the current widespread drought in many parts of Western Cape. These included discontinuing washing of vehicles with potable water, exploring waterless car wash products, and replacing building water outlets with pushbutton taps.

I wish to thank the management and staff of GMT for their continued efforts and for their dedication to continue their excellent service delivery in a challenging environment.



DAC Grant MPL

Provincial Minister of Transport and Public Works

Date: 31 August 2018

4 Report of the Accounting Officer

4.1 Overview of operations of the trading entity

GMT continued to update and streamline its workflows and operating procedures to improve service delivery to all stakeholders, taking into account newly created posts in its approved establishment.

In anticipation of the move of the Directorate: Fleet Services to new premises in Maitland, the recruitment process to fill vacant posts created as a result of the GMT organisational redesign is gaining momentum. The speed at which vacancies could be filled was constrained by the lack of available office space at GMT's current premises at Roeland Street and Hope Street in central Cape Town.

An internal newsletter is periodically published that gives the management of GMT the opportunity to keep staff informed of developments at GMT as well as plans for the foreseeable future.

In support of the City of Cape Town's water restrictions, GMT introduced a number of initiatives to save and recycle water. These initiatives included the discontinuation of washing vehicles with potable water, the replacement of ordinary taps with pushbutton taps, and the removal of taps in the wash bay areas. The wash-bay facility continued cleaning vehicle interiors.

During the year under review, GMT initiated a project with Transport and Public Works involving in-vehicle technology to improve the safety and effective deployment of traffic officers using government-owned vehicles. The project entails the fitment of Automatic Number Plate Recognition system (ANPR) cameras in traffic patrol vehicles to scan passing vehicles' number plates and query said numbers on the Electronic National Traffic Information System (eNaTIS). Alerts about vehicles which may be linked to an infringement is then communicated to hand-held devices in Provincial Traffic Services vehicles so that traffic officers can stop drivers further along the route for further investigation. The first phase of fitting traffic services vehicles with this new technology was successfully launched over the March 2018 Easter weekend. The project will continue during the 2018/19 financial year to stream vehicle camera footage to regional traffic control centres where further management of this information can take place. Through the vehicle tracking system, the control centres can also perform real-time monitoring and management of the vehicles in their areas including patrolling of routes, coordinating the dispatching of vehicles to incidents, and roadblocks. Traffic control centre management and staff received the necessary training and will continue to receive support on a 24/7 basis from the vehicle tracking service provider call centre that was established during the 2016/17 financial year and further developed during the year under review.

GMT completed the testing of driver tags during the 2016/17 financial year. During the year under review, driver tags were issued to GMT staff and systems were further tested and refined. It is envisaged that the driver tags will be issued to client institutions in a phased approach, starting with Provincial Traffic Services officers in the first quarter of the 2018/19 financial year. Driver tags identify the driver when starting the vehicle and link

the vehicle trip details that are recorded on the vehicle tracking system with the driver's name. With the drivers identified, contact details such as cellular numbers will be known and can be used as an alternative method of communication to render roadside assistance, as well as to deliver client service messaging to drivers in real time.

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 client institutions in the Western Cape with a fleet of 459 vehicles.

The enhancement of the fleet repairs and maintenance module of the GMT FleetMan ERP (enterprise resource planning) system known as FleetCare continued during the 2017/18 financial year. This module enables GMT and client institutions to monitor and track vehicles as they are booked in for repairs and maintenance. The new functionality includes the ability to capture service requests in FleetCare and the automatic initiation of a workflow that allows GMT to track progress with repairs or maintenance outsourced to external service providers through an electronic interface with the provider's own systems. This fully integrated software solution provides easy access to management information and is expected to improve vehicle downtime management and enhance service delivery for GMT and its clients.

Fleet Risk Management reported a reduction in the number of traffic violations processed, from 7 035 in 2016/17 to 5 694 during the year under review. This reduction can in a large part be ascribed to improved systems, with tools provided to clients via the Client Module of FleetMan, which allow clients to track fines as well as access information about individual drivers through driver profiles. These system and process improvements, coupled with training offered to clients by GMT's client liaison officers and client institutions' implementation of standardised disciplinary processes for repeat offenders are seen as the primary contributing factors to this reduction in violations.

During the year under review, the Division: Statutory Reporting and Stakeholder Relations was established in terms of the new GMT organogram. This unit's mandate includes developing processes and procedures to improve service delivery to both internal and external stakeholders.

The client liaison team is actively engaging stakeholders through initiatives that include hosting training sessions for transport officers on leading business practices in fleet management, GMT processes and procedures, as well as electronic information systems. Bi-monthly client forums are held to keep clients abreast of developments in the fleet industry and regulatory changes, as well as to identify areas where service delivery could be improved. Circulars are also regularly published to keep stakeholders informed of new developments in the GMT environment. An annual client satisfaction survey is conducted, which GMT management considers during its planning for service delivery improvements.

GMT continues to support the Expanded Public Works Programme (EPWP) initiative. During the year under review, three EPWP participants were contracted by GMT. They were responsible for administrative as well as non-administrative duties such as cleaning of vehicle interiors.

The health and safety of staff and visitors are important to GMT management. Safety representatives held regular meetings and training sessions. The safety team arranged planned and unplanned safety drills. In this regard, Parliament's contingency planning officer commended GMT for the efficient and professional manner in which it executed its evacuation drill in preparation for the President's 2018 State of the Nation Address.

4.2 Overview of the financial results

Statement of financial performance

Revenue

Revenue increased by 5,7% to R720,7 million during the year under review, compared to R681,7 million during 2016/17. The increase is attributed to increases in interest earned on investments, revenue earned from daily and kilometre charges as well as interest earned on finance lease receivables.

Interest earned on investments increased by 29% to R58,2 million (2016/17: R45,1 million). The increase is due to a higher balance of cash invested through a financial institution during 2017/18 which yielded higher interest returns.

Revenue earned from daily and kilometre charges increased by 2,9% to R336,5 million (2016/17: R327,1 million). The increase of 2,9% is lower than the tariff increase for 2017/18 as the fleet travelled 173 501 kilometres less than 2016/17, which resulted in lower kilometre tariffs.

Interest earned on finance lease receivables increased by 13,4% to R246,2 million (2016/17: R217,1 million). This is due to the increase in the capital payable by client institutions to GMT during 2017/18 in comparison to 2016/17.

Expenditure

Total expenditure increased by 44,6% to R600 million (2016/17: R414,9 million). This is mainly due to the transfer of surplus cash funds (R150 million) to the asset finance reserve and the alienation of assets to clients which are included in grants and subsidies paid.

Amortisation increased by 7,1% to R16,5 million (2016/17: R15,4 million). 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 of some modules commenced during 2017/18, resulting in an increase in the amortisation expense compared to 2016/17.

Grants and subsidies paid increased to R180,9 million (2016/17: R9,8 million) mainly due to the transfer of surplus cash funds to the asset finance reserve and the alienation of assets to clients.

Operating leases increased by 21,7% to R21,9 million (2016/17: R18 million). The number of tracking units which are classified as operating leases increased from 2016/17 to 2017/18 which resulted in the increase in this expenditure.

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 carrying value of non-current assets increased by 2,8% to R942,2 million (2016/17: R916,8 million). The decrease of R28,6 million in property, plant and equipment is due to the high numbers of vehicles allocated to clients, alienations and disposals compared to the value of the vehicles purchased during 2017/18. A total of 167 vehicles classified as property, plant and equipment were disposed, 46 were alienated, and 281 were allocated to clients, compared to 225 purchased during 2017/18.

The carrying value of the current assets increased by 9,4% to R1,578 billion (2016/17: R1,442 billion). This increase is mostly due to increases in the carrying values of the current portion of finance lease receivables and cash funds. The increase of 18,2% to R171,7 million (2016/17: R145,3 million) in the current portion of the finance lease receivables is due to the vehicles having higher payable amounts owing to GMT on 31 March 2018 than that of the comparative year.

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

The receivables from exchange transactions increased to R53,3 million on 31 March 2018 (31 March 2017: R23,1 million).

The accumulated surplus increased from R2,291 billion on 31 March 2017 to R2,412 billion on 31 March 2018.

Cash flow statement

The cash generated from operating activities decreased to R273,5 million (2016/17: R386,2 million). This is mainly due to the transfer of surplus cash funds to the asset finance reserve.

The net cash outflow from investing activities increased to R197,7 million (2016/17: R63,3 million). The majority of this movement is due an increase in the balance of finance lease receivables.

The net effect of the cash generated from operating and investing activities resulted in an increase of R75,8 million.

4.3 Receipts

GMT's main source of income is derived from charging 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 on auction, and claims instituted against private parties involving losses to the state (mainly accident damage to government vehicles).

The results of the collections for 2017/18 and the comparative previous year are depicted in **Table 4.3.1**.

Table 4.3.1: Revenue collected

Category of revenue	2017/18			2016/17		
	Estimate R'000	Actual amount R'000	(Over)/ Under R'000	Estimate R'000	Actual amount R'000	(Over)/ Under R'000
Daily-, kilometre tariffs and interest earned on finance lease receivables	593 490	582 704	10 786	553 010	544 187	8 823
Other income	12 604	11 683	921	20 103	17 800	2 303
Government grants and other subsidies received (funding received from clients for additional vehicles)	22 216	36 558	(14 342)	21 459	41 098	(19 639)
Services in-kind	-	2 751	(2 751)	-	2 548	(2 548)
Interest earned – accounts receivables, and cash and cash equivalents	53 769	87 009	(33 240)	96 110	76 027	20 083
Total	682 080	720 706	(38 626)	690 682	681 660	9 022

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 2017/18 is shown in **Table 4.3.2**.

Table 4.3.2: Claims and accounts receivable comparison

Type	2011/12 R'000	2012/13 R'000	2013/14 R'000	2014/15 R'000	2015/16 R'000	2016/17 R'000	2017/18 R'000
Daily-, kilometre tariffs and interest earned on finance lease receivables	437 559	460 354	531 081	545 497	571 036	544 187	582 704
Accumulative debt at year-end	64 659	71 031	65 620	53 858	65 922	33 841	64 192
% debt at year-end to daily, kilometre tariffs and interest earned on finance lease receivables	15	15	12	10	12	6	11

Table 4.3.3 reflects the outstanding debt per client.

Table 4.3.3: Outstanding debt per client as at the end of March 2018

Client	Outstanding balance	Outstanding balance
	2018 R'000	2017 R'000
Western Cape Education Department	-	324
Cape Nature	2 413	1 995
Department of Transport and Public Works	5 650	4 522
Western Cape Provincial Parliament	147	114
Department of Health (Western Cape)	31 363	3 107
Department of Cultural Affairs and Sport	1 636	-
Department of Human Settlements	433	629
Provincial Treasury	-	38
Department of Social Development	3 845	3 601
Department of Environmental Affairs and Development Planning	716	651
Department of the Premier	917	804
Department of Agriculture	2 226	2 161
Department of Local Government	79	9
Department of Economic Development and Tourism	560	9
Western Cape Liquor Authority	167	94
Western Cape Gambling Board	6	-
Department of Community Safety	199	855
Stellenbosch Municipality	175	61
Department of Justice and Constitutional Development	8 553	13 646
National Prosecuting Authority	195	192
Department of Government Communication and Information System	-	7
Public Service Commission	19	16
Marine Living Resource Fund	249	510
Department of Agriculture, Forestry and Fisheries	710	-
Department of Home Affairs	31	107
Department of Labour	14	108
Department of Rural Development and Land Reform	401	344
Department of Environmental Affairs	53	-
Department of Cooperative Governance and Traditional Affairs	28	22
National Parliament	130	129
Department of International Relations and Cooperation	176	168
South African National Defence Force	82	92
National Telecommunication and Postal Services	6	32
Office of the Chief Justice	2 244	-
Grand Total	63 423	34 347

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 the 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 2017/18 on 3 March 2017.

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**.

Table 4.4.1: Expenditure versus budget

2017/18			2016/17		
Final Budget	Actual expenditure	Variance	Final budget	Actual expenditure	Variance
R'000	R'000	R'000	R'000	R'000	R'000
624 117	599 993	24 124	467 203	414 945	52 258

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	25 096	23 755	1 341	Under spend on costs associated with the filling of positions on the organisational structure (refer to employee cost below).
Employee costs	45 559	35 188	10 371	Under spend due to certain vacancies not filled as expected during the preparation of the budget estimates.

Expenditure	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Reasons for variance
Operating expenditure	312 963	306 513	6 451	Under spend due to reduced maintenance expenditure incurred on vehicles due to the modernisation of the fleet. Cost savings were also achieved on certain categories of consultant fees.
Depreciation	15 544	14 296	1 248	Under spend due to the depreciable amount of the property, plant and equipment which was lower than expected during the preparation of the budget estimates.
Amortisation	18 016	16 467	1 549	Under spend due to the depreciable amount of intangibles assets which was lower than expected during the preparation of the budget estimates.
Accidents and impairment losses	1 947	1 001	945	Under spend due to the quantum of the carrying value of the vehicles which exceeded the reserve prices on 31 March 2018 was lower than expected during the preparation of the budget estimates.
Grants and subsidies paid	180 900	180 900	-	-
Operating leases	24 092	21 874	2 218	Under spend as some operating lease schedules did not have annual increases as expected during the budget estimates.
Total	624 117	599 993	24 124	

4.5 Virements/ roll overs

Virements

No virements were effected in 2017/18.

Roll overs

No rollovers were requested from 2016/17 to 2017/18.

4.6 Unauthorised, irregular, fruitless and wasteful expenditure

According to management's best knowledge no unauthorised, irregular, fruitless or wasteful expenditure was incurred during the year under review.

4.7 Future plans of the trading entity

The entity will continue to deliver vehicle fleet services to its client base and will also start to focus more on the rental market for government clients. Further enhancements in electronic systems and associated business processes will continue to drive the business forward. GMT plans to expand its repair and maintenance coordination "drop-and-go" service when it relocates to Maitland.

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 2018/19 financial year.

4.10 New or proposed activities

The entity made good progress with the FleetCare project during the 2017/18 financial year to co-source part of the repair and maintenance management function currently being performed by a service provider. It plans to commence with the pilot implementation of FleetCare during 2018/19 with a view to evaluating and deciding on the scale and timeframes for further implementation.

4.11 Supply Chain Management

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

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

No gifts and donations were received during the 2017/18 financial year.

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 (Act 1 of 1999 – PFMA) or Treasury Regulations, or any 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

Six cases were settled in terms of an agreed payment after the reporting date but before the financial statements were issued and amounts to R170 330 (31 March 2017: two cases with a total value of R62 828).

Non-adjusting events

Seventeen claims with a total estimated value of R582 432 were issued to GMT after 31 March 2018 (31 March 2017: 10 cases with a total estimated value of R142 098).

A total of 383 cases were registered after 31 March 2018 with a probable loss amount of R2 063 905 (31 March 2017: 330 cases with a probable loss amount of R1 487 538).

A contract for tracking and related services was extended on 30 April 2018. The extension period is six months from 1 May 2018 to 31 October 2018. The estimated expenditure which will be incurred during the extension period is R24 321 402.

4.15 Acknowledgements

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 (GRAP) 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 out on pages 109 to 173 are hereby approved.



ACCOUNTING OFFICER

DATE: 31/8/2018

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 Practice 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 2018.

Yours faithfully



J Gooch
ACCOUNTING OFFICER

DATE: 31/8/2018

6 Strategic overview

6.1 Introduction

GMT 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 Department of Transport and Public Works (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's vision is:

"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 in **Table 6.4**.

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>

Value	Behavioural statement
	<p>We foster an environment where innovative ideas are encouraged and 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)</p> <p>Promotes road traffic quality by providing for a scheme to discourage road traffic contraventions; facilitates the adjudication of road traffic infringements; supports the prosecution of offenders in terms of national and provincial laws relating to road traffic; implements a points demerit system; provides for the establishment of an agency to administer the scheme; provides for the establishment of a board to represent the agency; and provides for related matters.</p>
	<p>Advertising Along Roads and Ribbon Development Act, 1940 (Act 21 of 1940)</p> <p>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)</p> <p>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 • liaison with other government departments.

Function	Legislation
	<p>National Road Traffic Act, 1996 (Act 93 of 1996) DTPW, with the MEC (Member of the [Provincial] Executive Council) 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. The Act 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. 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>
<p>Public Works and Property Management</p>	<p>Government Immovable Asset Management Act, 2007 (Act 19 of 2007) Promotes government's service delivery objectives through the sound management of immovable assets they use or control. The Act 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 (where required by the Act) 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 Western Cape Government (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 Construction Industry Development Board, 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) 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 Act 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>

Function	Legislation
	<p>Criminal Procedure Act, 1977 (Act 51 of 1977) Makes provision for procedures and related matters in criminal proceedings.</p>
	<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 these administrations 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 through giving effect to the purpose of the Act which includes: providing a framework within which employees and their trade unions, employers and employers' organisations can collectively bargain to determine wages, terms and conditions of employment and other matters of mutual interest; effectively resolve labour disputes; and provide for employee participation in decision-making in the workplace.</p>
	<p>Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) Provides 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; empowers the poor and ensures 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>

Function	Legislation
	<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. Also 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 who undertakes it, complies with this legislation and that the structures remain compliant throughout their life cycle.</p>
	<p>Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) 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) 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) 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. The Act 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 for employment and human resource practices, i.e. conditions</p>

Function	Legislation
	of employment, terms of office, discipline, retirement, discharge of members of the public service, and related matters.
	<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 information and communication technologies in the public administration; and provides for the Minister to set minimum norms and standards for public administration.</p>
	<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 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.

Function	Policies
	<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>
	<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 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 guides 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 National Department of Transport, 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.

Function	Policies
Public Works and Property Management	Western Cape Provincial Acquisition Policy Guides custodians, among others, in the acquisition of immovable assets; promotes and specifies uniform criteria and processes.
	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.
	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.
	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.
Expanded Public Works Programme	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 low-skilled beneficiaries in the formal employment market. The programme targets opportunities in the infrastructure, environment, culture, and social and non-state sectors.
	Guidelines on the Implementation of the National Youth Service Provides that implementation of youth programmes is the responsibility of all institutions of government. The responsibility for planning, coordinating, and initiating effective and innovative strategies for youth development therefore resides equally with the National Youth Commission and individual government departments in the national and provincial spheres.
Transversal	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.
	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.
	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.
	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.
	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

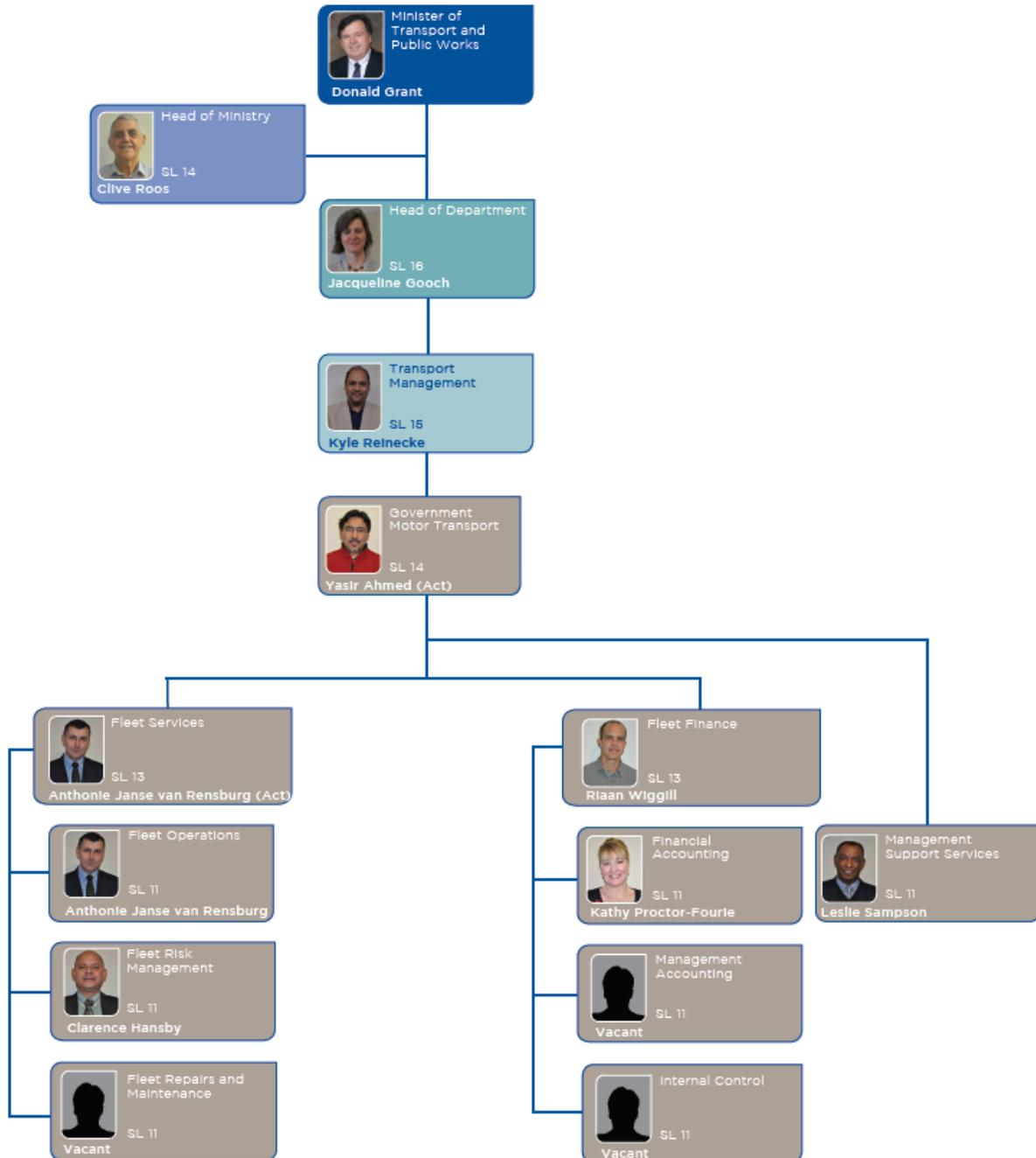
Function	Policies
	agents; and manages the implementation of the provincial strategic plan transversally throughout the WCG. The Executive Project Dashboard is the information management tool for the system.
	<p>White Paper on Human Resource Management, 1997</p> <p>Focuses on the essential role of developing 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 (CCGMT) 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 2018

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.





PART B

Performance Information

Part B: Performance information

1 Auditor-General's report: Predetermined objectives

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide reasonable assurance 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 103 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. During the year under review GMT acquired 771 new vehicles and disposed of 738 vehicles via online auctioning.

In planning its replacement programme for vehicles, GMT had to be cognisant of available floor space to accommodate new vehicles as they were delivered and prepared for delivery to client institutions.

The total expenditure on repairs and maintenance for vehicles amounted to R69 million. The fleet travelled a total of 104 874 174 kilometres during the year (based on the actual kilometres billed at the end of each month), which is 173 501 kilometres less than the previous year.

Fuel expenditure, which represents the largest portion of the operational costs of the fleet, increased from R140,3 million in 2016/17 to R144,3 million during 2017/18. To ensure that a firm hand is maintained on fuel management, GMT maintained the 5 185 e-Fuel units (electronic fuelling devices) in the fleet.

During the year under review, GMT continued with training programmes for transport officers. A total of 149 officials were trained in fleet operations at 11 training sessions, and 64 officials were trained in the FleetMan Client Module system at six training sessions. Bi-monthly client forums were held to keep clients abreast of developments in the fleet industry and regulatory changes, as well as to receive feedback from clients.

With 899 532 financial transactions having to be processed during the year under review, GMT utilised electronic systems such as GoFin to support its operations and enable efficient service delivery to stakeholders. The performance of GMT's systems and service providers are critical to the business of the trading entity and are continuously monitored, assessed

and managed to ensure minimal disruption to GMT's operations and its ongoing value proposition to its clients.

The automated redirection of traffic fines via the Client Module in GMT's FleetMan system enabled clients to electronically capture the details of the responsible drivers. These system enhancements paid off as GMT was able to capture and process all 5 694 traffic fines issued by various traffic authorities for violations committed by drivers of GMT vehicles. This number represents a decrease of 1 341 cases from the 7 035 fines processed during the previous financial year.

This positive trend can in part be ascribed to improved systems and processes and standardised disciplinary actions taken by client institutions against repeat offenders. It is expected that the situation will be further influenced by the implementation of the Administrative Adjudication of Road Traffic Offences Act (AARTO) in the near future.

The number of incidents reported to GMT of alleged misuse of government vehicles increased marginally, with only 174 incidents recorded in the year under review, representing an increase of only 13 incidents on the 161 incidents recorded during the 2016/17 financial year.

The number of accidents and losses cases processed by GMT increased from 2 787 during 2016/17 to 2 847 during 2017/18, while the number of 3rd party claims processed decreased slightly from 93 during 2016/17 to 79 during 2017/18.

2.2 Service Delivery Improvement Plan

GMT developed a Service Delivery Improvement Plan (SDIP) for the Medium Term Expenditure Framework period 2016/17 – 2018/19, which is informed by its Strategic Plan and aligned to its Annual Performance Plan 2016/17. The SDIP aims to address four service improvement areas: fleet repairs and maintenance, vehicle utilisation, vehicle inspections and drop-and-go service. Table 2.2.1 summarises GMT's achievements towards desired standards of service.

Service for Government Motor Transport (GMT): Provision of Fleet Management Services

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

Provision of a Government Motor Transport Service

Service	Beneficiaries	Base year: 2015/16	Standard of service as at end 2016/17	Desired standard of service: 2017/18	Actual achievement: 2017/18
<p>Fleet Repairs and Maintenance:</p> <p><u>Service standard:</u></p> <ul style="list-style-type: none"> • Pilot and roll out of the GMT vehicle repair and maintenance solution annually as part of the GMT ERP Fleet Management system (FleetCare). 	<p>Fleet repairs and Maintenance:</p> <ul style="list-style-type: none"> • Provincial departments; • National departments; • Other provincial governments; and • Public entities. 	<p>Fleet repairs and Maintenance:</p> <ul style="list-style-type: none"> • Services are currently provided by an external service provider. 	<p>Fleet repairs and Maintenance:</p> <ul style="list-style-type: none"> • Services are still provided by an external service provider, with substantial progress in line with project plan: <ul style="list-style-type: none"> ➢ Staff establishment was approved in August 2016. Recruitment process started, new Client Care Centre staff appointed. Phase 1: Go-Live rescheduled for October 2017. • Phase 2 is dependent on completion of Phase 1; and • The transition arrangement is further dependent on 	<p>Fleet repairs and Maintenance:</p> <ul style="list-style-type: none"> • Conclude co-sourcing arrangement with Nedfleet by 31 March 2018. 	<p>Fleet repairs and Maintenance:</p> <ul style="list-style-type: none"> • Phase 1: Live; • FleetCare phase 2: was extended to 1 April 2019 due to a critical path dependency on GMT relocating to Maitland; • The following was implemented for the co-sourcing solution between Nedfleet and GMT FleetCare: <ul style="list-style-type: none"> ➢ GMT Client Care Centre (CCC) started registering cases on Enterprise Business Suite as from 1 October 2017. ➢ GMT appointed an Assistant Director for

Service	Beneficiaries	Base year: 2015/16	Standard of service as at end 2016/17	Desired standard of service: 2017/18	Actual achievement: 2017/18
			completion of Phase 1 and 2.		the CCC, who is responsible for leading the CCC as from 1 August 2017.
Vehicle utilisation: <u>Service Standard:</u> <ul style="list-style-type: none"> 1 000 km per month per vehicle must be travelled annually for a vehicle to be considered efficiently utilised. 	Vehicle utilisation: <ul style="list-style-type: none"> Provincial departments; National departments; Other provincial governments; and Public entities. 	Vehicle utilisation: <ul style="list-style-type: none"> 61% of total vehicle fleet is utilised efficiently. 	Vehicle utilisation: <ul style="list-style-type: none"> 74,6% of the total vehicle fleet is utilised. 	Vehicle utilisation: <ul style="list-style-type: none"> 3% increase in utilisation efficiency by 2018. 	Vehicle utilisation: <ul style="list-style-type: none"> 72% of vehicles have been utilised effectively.
Vehicle inspection: <u>Service Standard:</u> <ul style="list-style-type: none"> 70% of vehicles inspected annually. 	Vehicle inspection: <ul style="list-style-type: none"> Provincial departments; National departments; Other provincial governments; and Public entities. 	Vehicle inspection: <ul style="list-style-type: none"> 70% of vehicles are inspected annually. 	Vehicle inspection: <p>12% increase of vehicles inspected by 31 March 2017 (6 925 inspections).</p>	Vehicle inspection: <ul style="list-style-type: none"> 4% increase of vehicles inspected by 31 March 2018. 	Vehicle inspection: <ul style="list-style-type: none"> 6 698 vehicles were inspected, that equates to an 11, 6% increase from the baseline.
Drop-and-Go-service: <u>Service Standard:</u> Fragmented services across different buildings in the Cape Town Central Business	Drop-and-Go-service: <ul style="list-style-type: none"> Provincial departments; National departments; 	Drop-and-Go-service: <ul style="list-style-type: none"> Currently GMT is spread across four buildings in the CBD. Only 1 technical assistant is placed at 	Drop-and-Go-service: <ul style="list-style-type: none"> Phase 1: project for first office block and two wash bays time frames adjusted due to contractor delays, the expected 	Drop-and-Go-service: <ul style="list-style-type: none"> Phase 2: Commence construction of a three-storey office building by 31 March 2018. 	Drop-and-Go-service: <ul style="list-style-type: none"> Phase 1: completed office block and wash bays. Relocation process rescheduled.

Service	Beneficiaries	Base year: 2015/16	Standard of service as at end 2016/17	Desired standard of service: 2017/18	Actual achievement: 2017/18
District (CBD). No regional offices in place.	<ul style="list-style-type: none"> Other provincial governments; and Public entities. 	George to cover the Southern Cape Region up to Beaufort West in the Central Karoo.	completion is during September 2017. Upon completion, relocation for fleet operations, fleet repairs and maintenance and fleet risk management will commence.		<ul style="list-style-type: none"> The following aspects were prioritised to maintain and improve service delivery, with substantial progress. <ul style="list-style-type: none"> ➤ GMT appointed an Assistant Director to lead the Repairs and Maintenance Coordination unit as from 1 September 2017. ➤ Two (2) technical assistants were appointed as part of the quality assurance team, (George: 1 September 2017, Cape Metro region: 1 October 2017). ➤ Phase 2: construction of a three-storey office and multi-level parking garage was rescheduled for 2018/19.

Batho Pele arrangements with beneficiaries

Current arrangements: 2016/17	Desired arrangement 2017/18	Actual achievement 2017/18
Provision of a Government Motor Transport Service		
<p>Consultation:</p> <p>Clients are consulted through:</p> <ul style="list-style-type: none"> • The desired standard has been achieved. <p>In addition:</p> <ul style="list-style-type: none"> • New contact point: Client Care Centre (CCC) 0800 092 468/ WCGMT; • Email: gmt.ccc@westerncape.gov.za; • Operating hours (Mon - Fri): 07:00 – 16:00; and • After hours: Remote assistance. 	<p>Consultation:</p> <p>Clients are consulted through:</p> <ul style="list-style-type: none"> • Bi-monthly Transport Client Forum meetings being held with clients to resolve transport-related issues; • Bi-monthly Fleet Finance Client Forum meetings being held to resolve financial issues; and • Annually (in November) the clients evaluate GMT services. Shortcomings are identified and resolved. 	<p>Consultation:</p> <p>Clients are consulted through:</p> <ul style="list-style-type: none"> • The desired standard has been achieved. <p>In addition:</p> <ul style="list-style-type: none"> • An additional client liaison officer was appointed as from 1 June 2017.
<p>Access:</p> <p>The service is accessible:</p> <ul style="list-style-type: none"> • At GMT Client Care Centre toll free number 0800 092 468/ WCGMT; • 34 Roeland Street, Cape Town; • 49 Hope Street, Cape Town; and • 3 Rusper Street, Maitland. <p>Additional achievements:</p> <ul style="list-style-type: none"> • Operating hours (Mon - Fri): 07:00 – 16:00; • After hours: Remote assistance; and • The desired standard exceeded. 	<p>Access:</p> <p>The service is accessible:</p> <ul style="list-style-type: none"> • At GMT Client Care Centre toll free number 0800 924 68/WCGMT; • 34 Roeland Street, Cape Town; • 49 Hope Street, Cape Town; and • 3 Rusper Street, Maitland. 	<p>Access:</p> <p>The service is accessible:</p> <ul style="list-style-type: none"> • The desired standard has been achieved; and • The 24/7 GMT Client Care Centre is managed via the toll free number 0800 092 468 / WCGMT.

Current arrangements: 2016/17	Desired arrangement 2017/18	Actual achievement 2017/18
<p>Courtesy:</p> <p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> • A 24/7 Call-in centre being operational to process reports on unacceptable driver behaviour and/ or misuse of government vehicles. 	<p>Courtesy:</p> <p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> • A 24/7 Call-in centre being operational to process reports on unacceptable driver behaviour and/or misuse of government vehicles. 	<p>Courtesy:</p> <p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> • The desired standard having been achieved. • A 24/7 Call-in centre being operational to process reports on unacceptable driver behaviour and/or misuse of government vehicles on: 0800 092 468/WCGMT.
<p>Openness and transparency:</p> <p>Openness and transparency is achieved through:</p> <ul style="list-style-type: none"> • Service level agreements having been entered into with clients; and • A custom designed Client Module within the Fleet Management system being available to clients to assist with the execution of duties. 	<p>Openness and transparency:</p> <p>Openness and transparency is achieved through:</p> <ul style="list-style-type: none"> • Service level agreements having been entered into with clients; and • A custom designed Client Module within the Fleet Management system being available to clients to assist with the execution of duties. 	<p>Openness and transparency:</p> <p>Openness and transparency is achieved through:</p> <ul style="list-style-type: none"> • Service level agreements having been entered into with clients; and • The desired standard been achieved and continuing to grow as new transport officers register for access to the FleetMan Client module once they have completed the GMT training.
<p>Value for money:</p> <p>The costs of GMT services are kept minimal:</p> <ul style="list-style-type: none"> • The GMT fleet is within its economic life cycle; and • The annual increase in the GMT daily and kilometre tariffs is approved by the Provincial Treasury. 	<p>Value for money:</p> <p>The costs of GMT services are kept minimal:</p> <ul style="list-style-type: none"> • The GMT fleet is within its economic life cycle; and • The annual increase in the GMT daily and kilometre tariffs is approved by the Provincial Treasury. 	<p>Value for money:</p> <p>The costs for GMT services are kept minimal:</p> <ul style="list-style-type: none"> • The desired standard has been achieved; and • The annual increase in the GMT daily and kilometre tariffs of 4,2% was approved by Provincial Treasury.

Service information tool

Current/actual information tools	Desired information tools	Actual achievements
Provision of a Government Motor Transport Service		
Information is communicated through: <ul style="list-style-type: none"> The desired standard having been achieved. In addition: <ul style="list-style-type: none"> GMT website being utilised: portal.gmtwc.gov.za 	Information is communicated through: <ul style="list-style-type: none"> GMT circulars being published on the GMT website (portal) and the Intranet; and GMT delivering a training service to the Transport Officers of clients. 	Information is communicated through: <ul style="list-style-type: none"> The desired standard having been achieved. In addition: <ul style="list-style-type: none"> An additional client liaison officer was appointed as from 1 June 2017.

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Provision of a Government Motor Transport Service		
Complaints/ suggestions/ compliments/ queries are registered and monitored through: <ul style="list-style-type: none"> GMT 24/7 Client Care Centre toll free number: 0800 092 468/ WCGMT (i.e. to report possible vehicle misuse cases); Transport officers/ client departments being able to raise problem areas/ complaints or offer compliments at the Bi-monthly GMT Transport Client Forum meetings; The GMT training team presenting transport officer and FleetMan Client Module training and Financial officials/ client departments being able to raise problem areas/ complaints or offer compliments at the Bi-monthly GMT Finance Client Forum meetings. 	Complaints/ suggestions/ compliments/ queries are registered and monitored through: <ul style="list-style-type: none"> GMT 24/7 Client Care Centre toll free number: 0800 092 468/ WCGMT (i.e. to report possible vehicle misuse cases); Transport officers/ client departments being able to raise problem areas/ complaints or offer compliments at the Bi-monthly GMT Transport Client Forum meetings; GMT training team presenting transport officer and FleetMan Client Module training; and Financial officials/ client departments being able to raise problem areas/ complaints or offer compliments at the Bi-monthly GMT Finance Client Forum meetings. 	Complaints/ suggestions/ compliments/ queries are registered and monitored through: <ul style="list-style-type: none"> The desired standard having been achieved.

2.3 Organisational environment

The recruitment process to fill vacancies on the approved GMT establishment commenced through a phased process as from January 2017. During the year under review recruitment advertisements were placed and 20 posts were successfully filled.

The implementation of the new organisational structure required workflows to be reviewed and updated. The training needs of current as well as new staff members were assessed to ensure that delivery standards were maintained or improved.

GMT continued its support of the EPWP and the Premier's Advancement of Youth (PAY) internship programme.

Vehicle repairs, maintenance and conversion of vehicles are outsourced. GMT embarked on a process to integrate its ERP systems with those of the external service providers in order to improve monitoring and reporting to client institutions.

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. During the year under review, GMT appointed a Chartered Accountant (South Africa) to the position of Director: Fleet Finance, which enabled some, but not all, of the services to be managed in-house.

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 2017/18 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 2017/18 financial year, linked to each strategic goal of GMT and to those of the Provincial Strategic Goals (PSGs) of the Western Cape Government, and the Departmental Strategic Goals (DSGs) of the Department of Transport and Public Works, are outlined in **Table 3.1**.

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	<p>PSG 5: Enable good governance and integrated service delivery through partnerships and spatial alignment.</p> <p>DSG 1: Promote good governance and an effective and efficient department.</p>

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 requirements of Treasury Regulations. To conduct the business of the GMT trading entity in a viable financial and operational manner.
Link to PSGs and DSGs	<p>PSG 5: Enable good governance and integrated service delivery through partnerships and spatial alignment.</p> <p>DSG 1: Promote good governance and an effective and efficient department.</p>

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	To maintain the competitive edge. To sustain value adding services in the interest of the client. To render a cost-effective service. To provide reliable client and management information. To be in a position to effectively respond to client's expectations in a continuously changing business environment.
Link to PSGs and DSGs	<p>PSG 5: Enable good governance and integrated service delivery through partnerships and spatial alignment.</p> <p>DSG 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
		2016/17	2017/18	2017/18	2017/18	
1	Improve efficiency of the government vehicle fleet through efficient utilisation, effective fleet management and provision of quality services.					
1.1	Number of vehicles in the fleet	5 348	5 463	5 333	(130) (2.4%)	GMT continues its strategy to keep the fleet within its economic life cycle by replacing vehicles as and when required.
1.2	Number of vehicles travelling more than 1 000 kilometres per month	3 615	2 620	3 994	1 374 52%	Client institutions are more focused on vehicle utilisation and minimal additional vehicles were procured by GMT on client institutions' request. More client institutions are starting to hire vehicles from the GMT "pool" as and when required.
1.3	Number of system enhancements made to the fleet management system	10	10	10	-	-
2	Strengthen inter-departmental working relationships through the implementation of targeted communication and policy initiatives.					
2.1	Number 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	Number of business processes revisited	36	25	26	1 4%	Current GMT business processes are being revisited and aligned with the new GMT organisational structure. GMT will continue to update any existing business processes identified during the implementation of the new organisational structure.

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 **Table 4.1**.

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

No	Performance Indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	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	56%	97%	94%	47%	(47%)	Delays in the issuing of National Transversal Contract RT57 and delivery of vehicles ordered during 2016/17 meant that orders for replacement vehicles for 2017/18 had to be delayed.
1.1.2	Number of vehicle inspections carried out.	6 378	6 278	6 925	6 200	6 698	498 8%	No remedial steps required. Repair and maintenance inspections were done as per normal, but fewer asset inspections were performed to place more operational focus on preparation for the February 2018 e-auction to sell 204 withdrawn vehicles.

No	Performance Indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
1.1.3	Number of registered client FleetMan users.	581	632	582	660	624	(36) (5%)	This indicator is demand-driven.
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.	21	26	26	25	23	(2) (8%)	This indicator is demand-driven. Fewer circulars were issued than anticipated for the financial year.
3.1	Improve quality of financial standing through good governance.							
3.1.1	Debt outstanding for current financial year.	R48 million	R48,6 million	R16,3 million	R20 million	R58,8 million	(R38,8 million) (66%)	The timing difference of invoices and statements issued to clients at the end of March 2018 and the payment of the accounts by clients resulted in debt outstanding for the current financial year being higher than expected. In addition, client activity resulted in debt increasing above the expected activity during the target-setting stage.
3.1.2	Debt outstanding for all previous financial years.	R7 million	R6,7 million	R6,9 million	R7,2 million	R5,4 million	R1,8 million 33%	Better than anticipated collection of debt outstanding for all previous financial years.

No	Performance Indicator	Actual achievement 2014/15	Actual achievement 2015/16	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on deviations
4.1	Improved operational capability through the streamlining of business processes and comprehensive incident management.							
4.1.1	Number of business processes documented.	34	13	12	25	10	(15) (60%)	Current GMT business processes are being revisited and aligned with the revised GMT organisational structure as new posts are filled.
4.1.2	Number of documented business processes reviewed.	6	28	36	25	26	1 4%	Current GMT business processes are being revisited and aligned to governance requirements and as posts are filled on the revised GMT organisational structure.
4.1.3	Number of transport officers trained (operational).	189	142	133	130	149	19 15%	The operational training target was met. This indicator is demand-driven.
4.1.4	Number of transport officers trained (FleetMan).	69	67	57	60	64	4 7%	The FleetMan Client Module training target was met. This indicator is demand-driven.
4.1.5	Number of misuse complaints processed.	310	190	161	280	174	(106) (38%)	Fewer cases reflect improved driver behaviour and the beneficial impact of misuse management systems and processes implemented by GMT with client institutions.

No	Performance Indicator	Actual achievement	Actual achievement	Actual achievement	Planned target	Actual achievement	Deviation from planned target to actual achievement for	Comment on deviations
		2014/15	2015/16	2016/17	2017/18	2017/18	2017/18	
4.1.6	Number of traffic violations processed.	5 763	5 244	7 035	6 250	5 694	(556) (9%)	Fewer cases reflect improved driver behaviour and the beneficial impact of misuse management systems and processes implemented by GMT with client institutions.
4.1.7	Number of 3 rd party claims processed.	88	75	93	90	79	(11) (12%)	Fewer cases reflect improved driver behaviour and the beneficial impact of misuse management systems and processes implemented by GMT with client institutions.
4.1.8	Number of accident and losses (incidents processed).	2 747	2 859	2 787	3000	2 847	(153) (5%)	Fewer cases reflect improved driver behaviour and the beneficial impact of misuse management systems and processes implemented by GMT with client institutions.

Strategies to overcome areas of under performance

Control measures and strategies were put in place to ensure that the set service delivery standards could be met. Measures include escalating concerns with regards to delays in the issuing of National Transversal contracts to the CCGMT and National Treasury.

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

2017/18			2016/17		
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
624 117	599 993	24 124	467 203	414 945	52 258

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

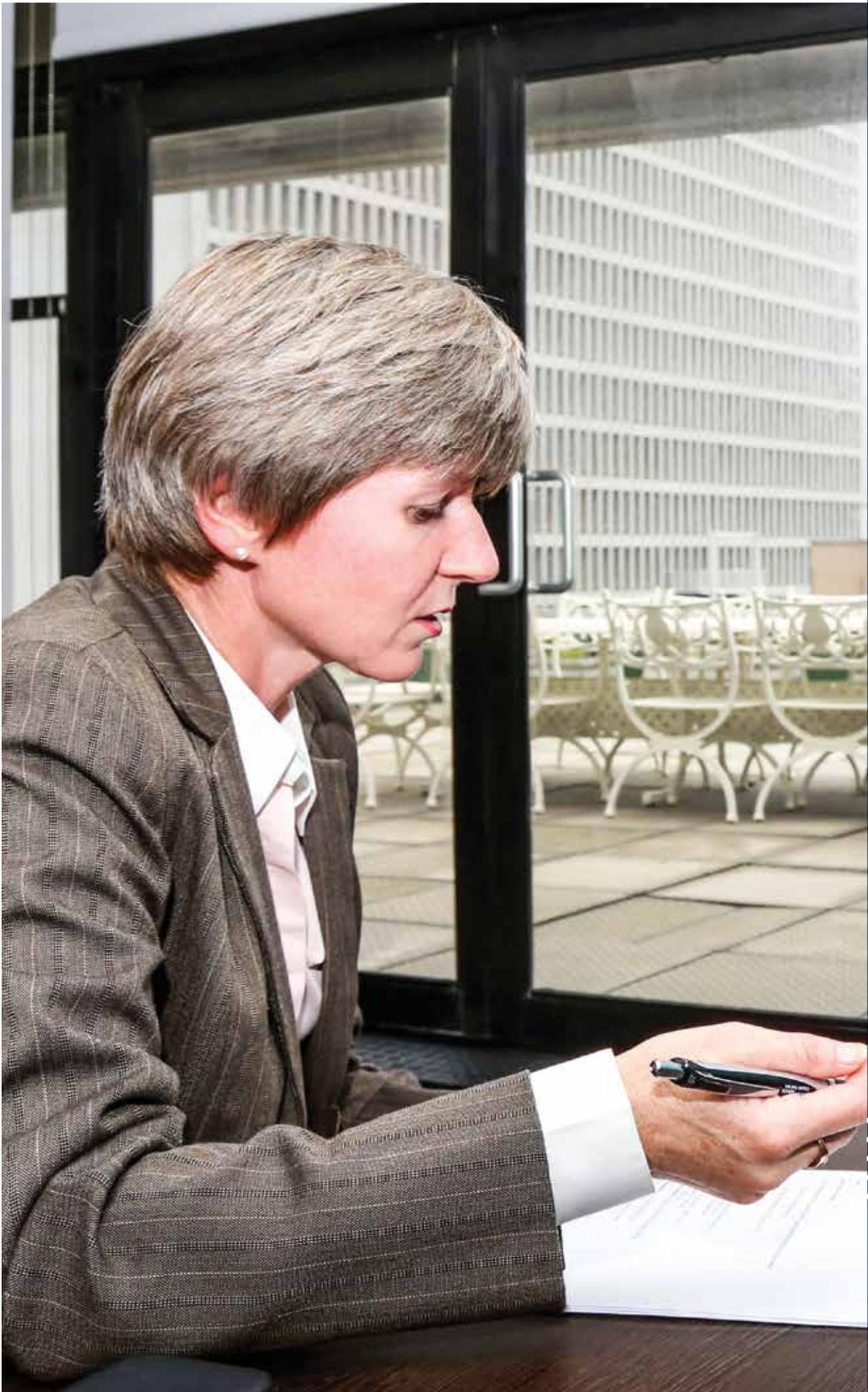
The entity did not receive any donor assistance.

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 that is damaged or not operational so that the required impairment tests and procedures can be performed. Redundant vehicles are sold at public auctions after which FleetMan ERP and eNATIS are updated. GMT does not manage any infrastructure.

NOTES:





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; something which is fundamental to the management of public finances and resources. Readers of the Annual Report are assured that the DTPW has sound governance structures in place to effectively, efficiently and economically utilise the state resource at its disposal which is funded by the taxpayer. 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 (AO) 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 (PSRMF) and the Directorate Enterprise Risk Management (D:ERM) in the Department of the Premier (DotP) provides a centralised strategic support service to the Department.

In compliance with the National Treasury Public Sector Risk Management Framework (PSRMF) and to further embed risk management within the Department, the Western Cape Government (WCG) has adopted an ERM Policy Statement which sets out the WCG's overall intention with regard to ERM. The Department adopted an ERM Policy for the period 2016/17 – 2017/18, approved by the Accounting Officer on 18 April 2016, and an ERM Strategy and Implementation Plan for 2017/18, approved by the Accounting Officer on 11 May 2017. 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.

The Department established an Enterprise Risk Management Committee (ERMCO) to assist the Accounting Officer in executing her responsibilities relating to risk management. The Committee operated under a Terms of Reference approved by the Accounting Officer on 17 May 2017. ERMCO in the main evaluated the effectiveness of the mitigating strategies implemented to address the risks of the department and recommended further action where relevant.

The Department of Transport and Public Works Audit Committee furthermore monitors the risk management process independently as part of its quarterly review of the Department.

Impact on institutional performance

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

ENTERPRISE RISK MANAGEMENT COMMITTEE REPORT

The Department of Transport and Public Works is proud to present its Annual Enterprise Risk Management Committee Report for the financial year ended 31 March 2018.

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 17 May 2017) 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 Department'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 information on ERMCO members.

Member	Position	Scheduled meetings	Attended	Date Appointed
Ms J Gooch	Accounting Officer (Risk Champion and ERMCO Chairperson)	4	4	n/a
Mr C Ismay	Deputy Director-General: Finance – (Chief Financial Officer) – Retired on 31/05/2017	4	1	23/03/2017
Adv. C Smith	Chief Director: Supply Chain Management	4	1	23/03/2017
	Appointed as Deputy Director-General: Finance – (Chief Financial Officer) from 01/06/2017		3	
Mr F Hanekom	Deputy Director-General: Strategy, Planning and Co-ordination	4	2	23/03/2017
Mr G van Schalkwyk	Chief Director: Policy and Strategy Integration	4	3	23/03/2017
Mr R Maharaj	Chief Director: Strategic Management and Operational Support	4	3	23/03/2017

Member	Position	Scheduled meetings	Attended	Date Appointed
Mr G Kode	Deputy Director-General: Provincial Public Works	4	2	23/03/2017
Mr L Fourie	Chief Director: Road Network Management	4	4	23/03/2017
Adv. K Reinecke	Deputy Director-General: Transport Management	4	4	23/03/2017
Ms H Robson	Deputy Director-General: Corporate Assurance (DotP)	4	3	23/03/2017
Mr R Jansen van Rensburg	Chief Director: Provincial Forensic Services (DotP)	4	4	23/03/2017
Ms E de Bruyn	Director: Centre of e-Innovation (DotP)	4	4	23/03/2017
Ms A Haq	Director: Enterprise Risk Management (DotP)	4	2	23/03/2017
Ms P van der Merwe	Director: Governance and Demand – Supply Chain Management (Ethics Officer)	4	2	02/08/2017
Mr Y Ahmed	Chief Director: Transport Regulations	4	4	28/03/2017

Other participants	Position	Scheduled meetings	Attended
Mr B Rahim	Director: Financial Governance (Fraud Champion)	4	4
Ms G Solomons	Chief Risk Advisor: Enterprise Risk Management (DotP)	4	4
Ms Wendy Hansby	Director: Provincial Forensic Services (DotP)	4	3

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 (MPAT) in relation to risk management issues;
- Considered any Corporate Governance Review and Outlook (CGRO) questionnaires in relation to risk management matters;
- Reviewed the Department'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 these for approval by the Accounting Officer;
- Reviewed the Department's risk identification and assessment methodology;
- Reported to the Accounting Officer any material changes to the risk profile of the Department;

- Reviewed the Fraud Prevention Plan (Strategy, Policy and Implementation Plan) and recommended this 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 ensured that remedial actions (if appropriate), were instituted to address any identified 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 Department;
- Assessed the implementation of the departmental Risk Management Policy, Strategy and Implementation Plan;
- Assessed the implementation of the departmental Ethics Management Implementation Plan;
- Evaluated the effectiveness and mitigating strategies to address the material, ethics and corruption risks; and
- Provided oversight on ethics management in the Department.

Enterprise Risk Management Committee resolutions

ERMCO resolutions for the year under review are as follows:

Resolutions for the 2017/18 year	Total
No. of resolutions taken	2
No. of resolutions implemented	2
No. of resolutions in process of being implemented	0

Key strategic risks considered and addressed during the year

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

- The ability to attract, recruit and retain suitable specialised skills;
- Gaps in policies, processes and procedures;
- The way the competitive tendering process in respect of Construction Industry Development Board (CIDB) Grade 9 contractors totally depletes the pool of potential contractors;
- The continued ability to access information technology (IT) systems and related information in the event of a significant disruption or disaster;
- Inadequate information security measures that limit the Department's ability to protect IT systems and departmental information;
- Business continuity – particularly concerning the lack of water in the current drought and the risk of energy supply disruptions on the Department;

- Insufficient electricity supply; and
- Further public transport violence and criminal acts.

Each programme's risks are deliberated/ debated at quarterly ERMCO meetings. Programme managers are required to provide reports on progress with implementation of action plans to reduce the likelihood of risks materialising and/ or to mitigate their impact if they should materialise. ERMCO also refers risks back to programme managers that should be analysed more deeply and recommends additional mitigations or actions to manage risks.

Key emerging risks for the following financial year

No key emerging risks were identified for the forthcoming financial year.

Conclusion

During the period under review, the ERMCO focused on a number of critical risks that influence or could potentially influence the operations of the Department. While significant challenges remain in the public transport space, (especially in relation to the challenges experienced by the thousands of commuters who are reliant on public transport every day), the maintenance backlog in respect of provincial building and roads assets, as well as in some of the operational mechanisms through which the Department delivers its services, the deliberations at ERMCO, the mitigation measures put in place and the tracking of implementation of these measures allowed the Department to minimise risk and leverage its contribution to the overall objectives of the National Development Plan, the Provincial Strategic Goals, and its own goals and objectives.



J. T. GOOCH

ACCOUNTING OFFICER

DATE: 2018-08-31

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 Department's reputation.

The Western Cape Government (WCG) adopted an Anti-Fraud and Corruption Strategy which confirms the Province's zero-tolerance stance towards fraud, theft and corruption. In line with this strategy the Department is committed to zero-tolerance with regard to corrupt, fraudulent or any other criminal activities, whether internal or external, and vigorously pursues and prosecutes by all legal means available, any parties who engage in such practices or attempt to do so.

The Department has an approved Fraud and Corruption Prevention Plan and a Fraud Prevention Implementation Plan which gives effect to the Prevention Plan.

Various channels for reporting allegations of fraud, theft and corruption exist and these are described in detail in the Provincial Anti-Fraud and Corruption Strategy and the Departmental Fraud and Corruption Prevention Plan. Each allegation received by the Provincial Forensic Services (PFS) Unit is recorded in a Case Management System which is used as a management tool to report on progress made with cases relating to the Department and to generate statistics for the Province and Department.

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 e.g. was made in good faith). In this regard the transversal Whistle-blowing Policy provides 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 within 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, theft 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 Services.

For the year under review, PFS issued a Case Movement Certificate for the Department noting the following in **Table 3.1**.

Table 3.1: PFS Case Movement Certificates issued

Cases	Number of cases
Open cases as at 1 April 2017	5
New cases (2017/18)	6

Cases	Number of cases
Closed cases (2017/18)	(1)
Referred cases (2017/18)	(1)
Open cases as at 31 March 2018	9

Table 3.2 further analyses the closed cases indicated above.

Table 3.2: Outcome of PFS cases closed

Outcome of cases closed	
Outcome	Number
Allegations substantiated	-
Only preliminary investigation with no adverse findings	-
Only preliminary investigation with no findings but with recommendations	1
Total	1

4 Minimising conflicts of interest

The Department managed the following processes to minimise the risk of conflicts of interest in the supply chain domain:

- Requiring the annual disclosure of financial interest of all employees in the Department's supply chain accompanied by an annual application for Remuneration for Work outside the Public Service (RWOPS), taking into account the new Public Service Regulations (PSR) brought into effect by the Minister for Public Service and Administration on 1 August 2016;
- Communicating the content of PSR 2016 to officials where possible non-compliance was identified;
- Institutionalising the transitional arrangements described in Annexure 1(2) of the PSR;
- Implementing e-disclosure for the Department's supply chain as prescribed by Department of Public Service Administration (DPSA) platform;
- Requiring declarations of interest from everyone involved in the consideration, recommendation and adjudication of bids;
- Requiring all prospective bidders to submit Western Cape Bid Document 4 (WCBD 4) (disclosure of interest/ suppliers performance/ declaration of employees and independent bid determination);
- Requiring all the Department's staff to comply with ethical standards;
- Enforcing provisions on bid confidentiality;
- Enforcing the National Treasury's Code of Conduct for Supply Chain Management Practitioners;
- Enforcing the National Treasury's Code of Conduct for Bid Adjudication Committees;
- Putting a process in place to manage the risk of conflicts of interest through officials accepting gratifications, hospitality and gifts;
- Managing the risk that officials will try to do business with government by instituting bidder/ employee profile verification processes that entail a monthly comparison of employee information on the Personnel and Salary Administration System (PERSAL)

with supplier information on the Western Cape Supplier Database (WCSD) as well as the National Treasury's Central Supplier Database (CSD). This serves as both a preventative and detective control;

- Implementing Provincial Treasury Instructions which require all suppliers intending to do business with the Western Cape Government to register on the Western Cape Supplier Database by all suppliers intending to do business with the Western Cape Government, which includes:
 - Suppliers having to provide company registration and ownership information which is then verified against Companies and Intellectual Property Commission (CIPC) records;
 - Prospective bidders having to make a sworn declaration on the WCBD 4 form; and
 - Suppliers having to submit a BBBEE profile which is verified against Department of Trade and Industry (DTI) database records.
- Implementing National Treasury Instruction 4A of 2016, which requires all suppliers intending to do business with government to register on the Central Supplier Database. National Treasury granted Provincial Treasury permission to run the Western Cape Supplier Database concurrently with the Central Supplier Database. The following key information about 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;
 - BBBEE status level; and
 - Tender defaulting and restriction status.
- Identifying and verifying potential employee conflicts of interest through the Provincial Treasury's Compliance Report; and
- Annual training and formal workshops on ethics provided by the Department's Supply Chain Management (SCM) component.

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 when 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 supervisors. 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.

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. To this end, the minimum requirements relating to how this risk should be managed on infrastructure sites has been standardised and built into the Construction Tender Document suites required by the CIDB. In so far as it pertains to transport infrastructure, environmental impact assessments must be conducted.

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

Two emergency evacuation plans were reviewed in the 2017/18 financial year and two unplanned evacuation exercises took place.

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 20 October 2017. 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 9 November 2017, following its meeting held on 20 October 2017, and the GMT's response is described in **Table 7.1.1**.

Table 7.1.1: Matters raised by the Committee

Matters raised by the Committee	GMT's response
1. The Committee resolved to request the Department to brief it on its Strategic Talent Plan and Employment Equity Plan with specific reference to measures undertaken to address the disparity in employment equity targets specifically in terms of race, gender and persons with disabilities, in order to ensure representation within the Department and GMT.	The DTPW notes the request for a briefing as outlined in the committee's letter (referenced 11/4/1/1/2/7 dated 9 November 2017). The department awaits the Committee's invitation in this regard.

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
<p>1. The Standing Committee's resolutions in its letters referenced 11/4/1/1/2/7 and dated 9 November 2017 (following a meeting held on 20 October 2017 and the DTPW's response are outlined below.</p> <p>The Committee requested that the DTPW provide it with the following information:</p> <p>1.1 The names of the contractors who were awarded tenders during the various phases of the construction of the new GMT premises in Maitland, the contract values attached to each tender as well as the plans for the current sites in Paarden Island and Roeland Street, as well as assurance that public funds were not lost in the process.</p> <p>1.2 A clear plan, budget and timeframe for the implementation of the second and third phases of Rusper Street, Maitland as well as the project completion date.</p> <p>1.3 The duration of the contract valued at R30 million that was awarded to Third Quarter Consulting CC.</p>	<p>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 22 January 2018.</p>

8 Public Accounts Committee resolutions

8.1 Response to the report of the Public Accounts Committee (PAC) on the 2016/17 Annual Report dated 14 December 2017

“The Committee noted the audit opinion of the AGSA regarding the annual financial statements of the Entity for the 2016/17 financial year, having obtained a clean audit. The audit opinion remains unchanged from the 2015/16 financial year.

Audit Opinion

The AGSA raised no findings with the Entity on compliance with laws and regulations, nor predetermined objectives.

Financial management

GMT spent R412,398 million of a budget of R467,203 million, which resulted an overall under-expenditure of R58,805 million (11,7%), as reflected on page 15 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.*

In addition, the total revenue budget of the GMT of R690,682 million was under-collected R11,570 million, which resulted in a departmental receipt of R679,112 million, as reflected on page 13 of the Annual Report.

The under-expenditure occurred due to the following factors:

- *Daily kilometre tariffs and interest earned on finance lease receivables;*
- *Other income; and*
- *Interest earned on accounts receivables, cash and cash equivalents.”*

The views and resolutions of the Committee, the response, and the current status are presented in **Table 8.1**.

Table 8.1: Views and resolutions of the Committee

Background/ concerns	Recommendation/ resolutions	Responsible official	Response	Resolved (Yes/ No)
<p>Page: 455 of the Annual Report</p> <p>Paragraph 6 – Transversal departmental resolution</p> <p>Description: The Committee has been advised by AGSA that the National Treasury is currently drafting an Accounting Manual to distinguish between “Goods and services” and “Transfer payments”. This distinction can potentially have a negative future audit opinion outcome for departments and entities, if not adhered to.</p>	<p>The PAC, however, encourages the departments and entities of the WCG to consult with the Department of Economic Development and Tourism, which has successfully implemented a mechanism to address this potential audit outcome risk.</p>	<p>Leadership of the Department and Government Motor Transport</p>	<p>Noted</p> <p>Furthermore, National Treasury has issued a draft Circular for comments on 28 February 2018, to address the classification of Transfer and Subsidies vs Goods and services or Capital Assets.</p>	<p>Yes</p>
<p>Page: 457 of the Annual Report</p> <p>Paragraph 8 – Transversal resolution to an entity</p> <p>Description: Although the Committee resolved on this matter in the two last meetings of 2017 Annual Report period, it resolved that all departments and entities should be included in the resolutions.</p> <p>Special reference to this matter are contained in the resolutions of the Department of Cultural Affairs and Sport (DCAS) and the entity, WCLA.</p>	<p>GMT, including all departments and entities, briefs the Public Accounts Committee on the lease arrangement, as determined by the National Accountant General, as well as the lease payments to GMT within 1 year, between 2 to 5 years and more than 5 years.</p>	<p>Leadership of the Department and Government Motor Transport</p>	<p>To be scheduled by the Public Accounts Committee.</p> <p>The Acting Head of Government Motor Transport was informed of the anticipated briefing session under reference 4/6/4/1 dated 27 February 2018. A copy was attached as Annexure F.</p> <p>Briefing session is scheduled for 19 September 2018.</p>	<p>No</p>
<p>DCAS description (page 485 of the AR):</p> <p>The Committee notes that, as determined by the National</p>	<p>DCAS resolution:</p> <p>That the Department briefs the Committee on the mechanism,</p>	<p>Leadership of the Department and Government Motor Transport</p>	<p>Noted</p>	<p>Yes</p>

Background/ concerns	Recommendation/ resolutions	Responsible official	Response	Resolved (Yes/ No)
Accountant General, the Department entered into an agreement with GMT through finance leases. Through these leases, the Department leased 131 vehicles from GMT as at 31 March 2017. The Committee further notes that daily tariffs are payable on a monthly basis, which covers the operational costs, capital costs of the replacement of the vehicles, as well as all implicit costs which relates to maintain the lease arrangement.	through its internal audit processes, that is in place to mitigate a future occurrence of such a loss of minor capital assets by the Department in future financial years.			

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.

10 Financial Governance Directorate

The purpose of the Directorate: Financial Governance 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: <ul style="list-style-type: none"> • (Amendment 1 of 2017) issued on 3 July 2017; • (Amendment 2 of 2017) issued on 17 August 2017; and • (Amendment 3 of 2017) issued on 8 September 2017. PFMA Accounting Officers Delegations – full set currently under review.
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 2017) issued on 11 December 2017; • Regularity Audit: Audit Engagement letters and AGSA Directive - Finance Instruction 2 of 2007: (Supplementary 1 of 2018) issued on 10 January 2018; • ERMCO Terms of Reference 2017-18 - Finance Instruction 5 of 2012: (Supplementary 1 of 2017) issued on 25 May 2017; • Catering Expenditure: Finance Instruction 4 of 2014 (Amendment 1 of 2017) issued on 15 September 2017; • Annual revision of subsistence and camping allowances: Finance Instruction 1 of 2017 issued on 18 April 2017; • Management and treatment of Irregular, Fruitless and Wasteful and Unauthorised expenditure: Finance Instruction 2 of 2010 (Supplementary 1 of 2017) issued on 17 August 2017; • Acquisition of Enterprise Resource Planning systems: Finance Instruction 2 of 2017 issued on 25 May 2017; • Entertainment expenditure: Finance Instruction 3 of 2014; <ul style="list-style-type: none"> ○ (Amendment 1 of 2017) issued on 15 September 2017; and ○ (Amendment 2 of 2017) issued on 22 November 2017. • Attendance of external conferences, events or study tours: Finance Instruction 3 of 2017 issued on 1 August 2017; • Appointment of AGSA key audit team members: Finance Instruction 8 of 2017 issued on 16 October 2017;

Issues	Work performed	
	<ul style="list-style-type: none"> • Fraud Awareness Training 2017-18: Finance Instruction 15 of 2013: <ul style="list-style-type: none"> ○ (Supplementary 1 of 2017) issued on 1 August 2017; and ○ (Supplementary 2 of 2017) issued on 13 September 2017. • Bank tender services – Acceptance of gifts, donations and sponsorships: Finance Instruction 23 of 2016 (Supplementary 1 of 2017) issued on 31 March 2017; • Cost Containment measures: Finance Instruction 31 of 2016 (Supplementary 1 of 2017) issued on 30 November 2017; and • Fraud and Corruption Implementation Plan 2017-18 to 2018-19: Finance Instruction 32 of 2016 (Supplementary 1 of 2017) issued on 20 June 2017. 	
Provincial Forensic Services reports.	Attended to the recommendations of the 1 report 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 2017.	
Internal audit process.	As at 31 March 2018, 6 reports were received and the implementations of the recommendations are managed through the Department Corporate Governance Improvement Plan (DCGIP).	
Retention of financial information.	During 2017-2018 financial year, 37 109 Basic Accounting System (BAS) vouchers were verified against the monthly document control reports to ensure completeness and safeguarding of financial information.	
Reporting.	<u>Reporting done under the administration of DTPW</u> <ul style="list-style-type: none"> • Public Accounts Committee (Resolutions); • Public Service Commission (Financial Misconduct); • Department of Public Service and Administration (Corruption and Fraud); • Top Management (Departmental Corporate Governance Improvement Plan); • Audit Committee (Departmental Corporate Governance Improvement Plan); • Top Management (Irregular, Fruitless and Wasteful Expenditure); • ERMCO (Fraud Prevention Strategy Implementation Plan and Fraud Risk Registers); and • IYM (in-year monitoring) (Irregular, Fruitless and Wasteful Expenditure). 	Annually Quarterly Quarterly Monthly Quarterly Monthly Quarterly Monthly
	<u>Reporting done by GMT</u> <ul style="list-style-type: none"> • In-Year Monitoring (IYM) (Top Management); 	Monthly

Issues	Work performed	
	<ul style="list-style-type: none"> • IYM (Audit Committee); • Interim Financial Statements (Top Management and Audit Committee); and • Annual Financial Statements (Top Management, Audit Committee, Auditors and Provincial Treasury). 	Quarterly Bi-annually Annually
Departmental Corporate Governance Improvement Plan.	The DCGIP was updated with findings from the AGSA Management report, Internal Audit reports, Provincial Treasury GAP (Gap Analysis Project) analysis, Provincial Forensic Services reports and PAC resolutions. At year-end, 15 projects were being monitored.	
Financial Manual on the Electronic Content Management system.	Maintenance of the system and ongoing uploading of governance documents.	
Financial Inspections.	<ul style="list-style-type: none"> • 32 compliance inspections and ad-hoc inspections were conducted. • 4 895 BAS and Logical Information System (LOGIS) payment vouchers were post-audited. • As part of the Inspectorate's Operational Plan, the accruals for the financial year are verified for correctness prior to submission into the Annual Financial Statements (AFS). All Logical Information System (LOGIS) and BAS Payments were verified. 	
Loss control case files: Cases relate to claims against the state, damages to government motor vehicles and loss off moveable assets.	79 Claims against the state received. 2 847 Accidents and losses cases processed.	
Irregular, fruitless and wasteful case files.	<ul style="list-style-type: none"> • Opening balance 1 April 2017 (0) • New cases registered (3) • Total cases investigated (3) • Cases closed (3) • Balance as at 31 March 2018 (0) 	

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

The Directorate: Governance and Demand Management's mandate is to render a service with regards to planning, compliance, performance management, capacity building and demand management. During the financial year under review, the Directorate was involved in the implementation and application of the Accounting Officer's Supply Chain Management System as well as enhancing its processes through the development, review and amendment of procedures to address internal control deficiencies. The Directorate was also responsible for the management of training programmes.

Table 11.1: SCM work performed

Issues	Work performed
Supply Chain Management commentary.	<ul style="list-style-type: none"> • SCM Business Mapping Session with the Office of the Chief Procurement Officer: National Treasury; • Revised Bidder's Declaration of Interest Bid document (SBD 4 as issued by National Treasury); • Comments on the Strategic Procurement Framework, Strategic Sourcing Process and Good Practice Guides; and • The Preferential Procurement Regulations, 2017.
Standing Committee.	<ul style="list-style-type: none"> • The Supply Chain Management Unit managed and performed preparation work, assistance and presentations for Standing Committee, as well as accompanied the members on several site visits during the year.
The issuance, development, review, and amendment of standard operating procedures and policies to enhance supply chain management.	<ul style="list-style-type: none"> • SCM Instruction 1 of 2018: GMT: Subsidised motor transport: New subsidised motor transport handbook; • SCM Instruction 2 of 2018: Misuse of Government vehicles: procedures to ensure consistency with their application of discipline (misuse of GG vehicles); • SCM Instruction 4 of 2017/18: Implementation of the amended requirements for disclosure of financial interest by employees employed in the supply chain management and finance units; • SCM Instruction 5 of 2017/18: Financial year 2017/18 asset count and verification program/schedule; • SCM Instruction 7 of 2017/18: 2017 Year end advertising dates; • SCM Instruction 8 of 2017/18: renewal of software licenses; • SCM Instruction 7 of 2017/18: Application of Value Added Tax (VAT); • SCM Instruction 10 of 2017/18: issuance of the revised transaction checklists for purchases between R2 001 and R500 000; and • SCM Instruction 15 off 2017/18: Revised tariffs in respect of the non-refundable payments of bid documents.

Issues	Work performed
Supply Chain Management Compliance Assessments.	<p>Compliance inspections with the aim of improving compliance and assisting with the implementation of the Supply Chain Management Accounting Officer's System and its accompanying delegations: (3 Compliance Assessments were performed for the year under review):</p> <ul style="list-style-type: none"> • Formal assessment with defined methodology; • Plan; • Engage; • Prepare; • Assess; • Report; • Monitoring and evaluation; • Identify weakness; • Mutual agreement to address weaknesses; • Continuous one-on-one guidance; and • Asset verification.
Supply Chain Management Complaints Mechanism.	Investigate complaints and report all instances where the possibility of fraud, corruption, bid-rigging is evident (26 incidents investigated).
Bidder and Staff Verification.	<ul style="list-style-type: none"> • Obtaining a Monthly Compliance Report from Provincial Treasury to identify and verify potential employee conflicts of interest; • Enforcing SCM Instruction 5 of 2013/14 – the bidder and staff verification standard operating procedure for profiling potential and current service providers as well as SCM practitioners to mitigate the risk of potential for conflicts of interest (conflicts between the private interests of employees and their obligations as public servants); • Enforcing WCBD4 requirements which combine the content of SBD forms 4, 8 and 9 and covers declarations of interest, bidders' past SCM practices, and independent bid adjudication; • Enforcing SCM Declaration of Interest requirements and adherence to the SCM Code of Conduct; and • Requiring declarations of interests among bid committee members.
Compulsory registration on the Western Cape Supplier Database for all current and potential Western Cape Government suppliers, as well as registration on the National Treasury Central Supplier Database.	<ul style="list-style-type: none"> • Ongoing encouragement of potential suppliers to register on the WCSD through invitations to EPWP Contractor Development Programme participants, construction information session participants, and participants in the supplier development sessions run in collaboration with the Department of Economic Development and Tourism and various municipalities; • Ongoing facilitation of registration of potential suppliers on the WCSD through mini workshops with suppliers, scrutinising registration documents for completeness, and following up on the status of submitted registration documents;

Issues	Work performed
	<ul style="list-style-type: none"> • Ongoing participation in the CSD Roadshow in collaboration with the Provincial Treasury to register suppliers on the CSD; • Monitoring the WCSD and CSD to determine whether suppliers are still active; and • Applying checklists to encourage compulsory registration.
Departmental Corporate Governance Improvement Plan.	<ul style="list-style-type: none"> • Address any findings emanating from the AGSA Management Report, Internal Audit reports, Provincial Treasury GAP analysis and Public Accounts Committee resolutions in respect of SCM to close control gaps, review inefficiencies in the process, do skills transfers where necessary, and apply any consequence management where necessary.

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 2017/18 Internal Audit Plan for the Department of Transport and Public Works:

- DPSA (Department of Public Service and Administration) Delegation;
- Government Motor Transport – Fleet Services; and
- Transfer Payments – Dial-A-Ride.

The following consulting engagements were approved and completed in the 2017/18 Internal Audit Plan for the Department of Transport and Public Works:

- Finance Payments – Standard Operating Procedure;
- Traffic Law Enforcement; and
- Expanded Public Works Programme (EPWP).

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 (Auditor-General of South Africa);
- 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;
- Ethics; and
- Forensic Investigations.

Table 12 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	8
Mr Johannes Kleyn	Finance and Business Systems, Risk Management and Compliance	External	N/A	1 January 2015 (1 st term)	N/A	8
Ms Judy Gunther	B.Compt; CRMA; CIA; AGA; Masters in Cost Accounting	External	N/A	1 January 2016 (1 st term)	N/A	8
Mr Mervyn Burton	B.Compt; B.Compt (Honours); CA (SA)	External	N/A	1 January 2018 (1 st term)	N/A	2

13 Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2018.

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 the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved 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 engagement was approved by the Audit Committee and completed by Internal Audit during the year under review:

Assurance engagements

- Government Motor Transport – Fleet Services

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:

- on a quarterly basis, reviewed the Department's implementation plan for audit issues raised in the prior year.
- reviewed the AGSA's Management Report and Management's responses thereto; 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: 7 August 2018

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 as a result of the persistent, and often selfless, efforts of the people within Government Motor Transport, under the auspices of the Department of Transport and Public Works.

To consistently deliver improved services to the people of the Western Cape 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 interdependent and interrelated, they are also governed by stringent rules and regulations, which prove difficult when exploring staff retention and attraction initiatives.

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, the Department is required to function within an austere environment, which demands that managers consider the impact of "doing more with less".

Despite the changing patterns and increased demands impacting on the current workplace, the consistent hard work of our people has resulted in remarkable achievements and service delivery improvement during the year under review.

2 Status of people management at the Department

2.1 Departmental workforce planning

Workforce planning is important to ensure that the Department and GMT has the required number of people with the necessary skills, knowledge and attitudes to perform the work. Through this process the GMT trading entity annually assesses its workforce profile against current and future organisational needs.

The aim of this assessment is to identify to what extent the current workforce profile addresses the key people management outcomes that would guarantee service continuity and value.

The Workforce Plan 2015 – 2020, is therefore aligned to the vision and mission of the Department's Strategic Plan, as well as the People Management Strategy.

The assumptions on which this Workforce Plan was developed are still valid and the Action Plan was reviewed to ensure that strategies (as per the listed priorities) would achieve its outcomes:

- An equitable workforce;
- Competent people in the right numbers at the right place at the right time with the right attitude;
- A performance conducive workplace;
- Leaders that are exemplars of the behaviours associated with the organisation's values;
- Motivated employees who are in tune with the culture of the organisation;
- Improved ethical conduct and reduction of acts of corruption; and
- Highly engaged people.

The Workforce Plan was reviewed to ensure that the Workforce Strategies and key activities remained valid and appropriate for the 2018/19 financial year. The current Workforce Plan expires on 31 March 2020.

2.2 Employee performance management

The purpose of performance management is to increase performance by encouraging individual commitment, accountability and motivation.

All employees are required to complete a performance agreement before 31 May each year. The agreement is in essence a contract between the employer and the employee containing the projects, programmes, activities, expectations and standards for the required delivery. In order to facilitate a standardised administration process, the Western Cape Government has devised an electronic system, namely the Performance Management Information System (PERMIS) that allows for the entire performance management process to be captured, monitored and managed.

The performance management process requires a mid-year review and an annual assessment to be conducted, and that there is ongoing monitoring and communication about operational targets and achievements linked to the performance agreement. In instances where targets or performance expectations are not met, identified gaps are addressed through poor performance management. In this context, a performance consulting unit has been established in the Corporate Services Centre (CSC) Chief Directorate: People Management Practices to assist line managers (people managers) to deal with poor performance. The process is a developmental one. In instances where individuals have been identified as poor performers in terms of the legislative framework, they are required to subject themselves to a developmental plan, or to disciplinary action, where appropriate.

2.3 Employee wellness

The WCG's transversal Employee Health and Wellness (EHW) Programme follows a holistic approach to employee well-being 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 in the CSC 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 is a requirement, focusing on four areas: HIV/AIDS, Health and Productivity, Wellness Management, and SHEQ (Safety Health Environment and Quality).

2.4 People management monitoring

In collaboration with the CSC, the Department monitors the implementation of a range of people management compliance indicators. The monthly Barometer Fact File that is developed by the CSC Chief Directorate: People Management Practices provides the Department with regular updates on the workforce profile and other relevant people management data to enable good decision-making. The indicators include, inter alia, staff establishment information, headcount, people expenditure projections, sick leave patterns, the monetary value of annual leave credits, discipline cases, vacancy rates, staff movement, and employment equity etcetera.

During the year under review, the Department participated in the implementation of the annual Management Performance Assessment Tool (MPAT 1.7) coordinated by the Department of Planning Monitoring and Evaluation (DPME). An average score of 3.6 out of a possible maximum of 4 was achieved for the people management key performance area (KPA3). This is amongst the highest scores achieved in South Africa for this KPA in 2017/18.

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 Basic Accounting System 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.

The key in the table below is a description of the programmes in the Department. This report only covers GMT (Programme 7).

Programme	Programme designation
Programme 7	Government Motor Transport (GMT)

Table 3.1.1: Personnel expenditure by entity, 2017/18

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	599 993	35 188	215	564 590	5.8%	272 775	129

Note: The number of employees refers to all individuals remunerated during the reporting period, including interns, but excluding the Minister. The number is accumulative and not a snapshot as at a specific date.

Table 3.1.2: Personnel expenditure by salary band, 2017/18

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)	758	2.2	76	10
Skilled (Levels 3-5)	14 668	41.7	216	68
Highly skilled production (Levels 6-8)	14 211	40.4	347	41
Highly skilled supervision (Levels 9-12)	4 923	14.0	615	8
Senior management (Levels 13-16)	656	1.9	328	2
Total	35 215	100.0	273	129

Note: The number of employees refers to all individuals remunerated during the reporting period, including interns, but excluding the Minister. The number is accumulative and not a snapshot as at a specific date.

The following tables provide a summary per programme (**Table 3.1.3**) and salary bands (**Table 3.1.4**), of expenditure incurred as a result of salaries, overtime, housing allowance and medical assistance. These tables do not make provision for other expenditure such as pensions, performance bonus and other allowances, which make up the total personnel expenditure. In each case, the table provides an indication of the percentage of the personnel expenditure that was used for these items.

Table 3.1.3: Salaries, overtime, housing allowance and medical assistance by Entity, 2017/18

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	24 511	69.6	392	1.1	1 232	3.5	2 278	6.5

Table 3.1.4: Salaries, overtime, housing allowance and medical assistance by salary band, 2017/18

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)	527	1.5	25	0.1	45	0.1	73	0.2
Skilled (Levels 3-5)	9 925	28.2	244	0.7	694	2.0	1 308	3.7
Highly skilled production (Levels 6-8)	10 260	29.1	120	0.3	440	1.2	835	2.4
Highly skilled supervision (Levels 9-12)	3 522	10.0	3	0.0	53	0.2	62	0.2
Senior management (Levels 13-16)	277	0.8	0	0.0	0	0.0	0	0.0
Total	24 511	69.6	392	1.1	1 232	3.5	2 278	6.5

3.2 Employment and vacancies

The following tables summarise the number of active posts on the establishment, the number of employees (excluding interns and the Minister), 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**). All information in this section is provided as a snapshot as at the end of the financial year under review.

Table 3.2.1: Employment and vacancies by entity, as at 31 March 2018

Entity	Number of active posts	Number of posts filled	Vacancy rate %
GMT	123	115	6.5%

Table 3.2.2: Employment and vacancies by salary band, as at 31 March 2018

Salary Band	Number of funded posts	Number of posts filled	Vacancy rate %
Lower skilled (Levels 1-2)	14	14	0.0%
Skilled (Levels 3-5)	65	65	0.0%
Highly skilled production (Levels 6-8)	33	27	18.2%
Highly skilled supervision (Levels 9-12)	9	8	11.1%
Senior management (Levels 13-16)	2	1	50.0%
Total	123	115	6.5%

Table 3.2.3: Employment and vacancies by critical occupation, as at 31 March 2018

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

Note: Critical occupations refer to occupations that are critical for service delivery. If these occupations are not present in the Department, the function/ services will collapse.

3.3 Job evaluation

Job evaluation was introduced as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executive authorities are required to evaluate each new post in their organisations 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. It should be understood that job evaluation and staff performance management differ in the sense that job evaluation refers to the value/weighting of the activities that are associated with the post and staff performance management refers to the review of an individual's performance.

Table 3.3.1: Job evaluation, 1 April 2017 to 31 March 2018

Salary Band	Total number of active posts as at 31 March 2018	Number of posts evaluated	% of posts evaluated	Posts upgraded		Posts downgraded	
				Number	Posts upgraded as a % of total posts	Number	Posts downgraded as a % of total posts
Lower skilled (Levels 1-2)	14	0	0.0	0	0.0	0	0.0
Skilled (Levels 3-5)	65	0	0.0	0	0.0	0	0.0
Highly skilled production (Levels 6-8)	33	0	0.0	0	0.0	0	0.0

Salary Band	Total number of active posts as at 31 March 2018	Number of posts evaluated	% of posts evaluated	Posts upgraded		Posts downgraded	
				Number	Posts upgraded as a % of total posts	Number	Posts downgraded as a % of total posts
Highly skilled supervision (Levels 9-12)	9	0	0.0	0	0.0	0	0.0
Senior Management Service Band A (Level 13)	2	0	0.0	0	0.0	0	0.0
Total	123	0	0.0	0	0.0	0	0.0

Note: The "number of posts evaluated" per Salary Band reflects the final approved post level after job evaluation.

Table 3.3.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2017 to 31 March 2018

Beneficiaries	African	Coloured	Indian	White	Total
None					

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

Table 3.3.3: Employees who have been granted higher salaries than those determined by job evaluation per major occupation, 1 April 2017 to 31 March 2018

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 2017 to 31 March 2018

Beneficiaries	African	Coloured	Indian	White	Total
None					

Note: Table 3.3.4 is a breakdown of **Table 3.3.3** by race and gender, where applicable.

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**). This section does not include intern information.

Table 3.4.1: Annual turnover rates by salary band, 1 April 2017 to 31 March 2018

Salary Band	Number of employees as at 31 March 2017	Turnover rate % 2016/17	Appointments into the entity	Transfers into the entity	Terminations out of the entity	Transfers out of the entity	Turnover rate % 2017/18
Lower skilled (Levels 1-2)	15	13.3%	0	0	0	0	0.0
Skilled (Levels 3-5)	67	18.6%	10	0	9	1	14.9
Highly skilled production (Levels 6-8)	22	16.7%	2	1	0	0	0.0
Highly skilled supervision (Levels 9-12)	6	0.0%	1	0	0	0	0.0
Senior Management Service Band A (Level 13)	1	0.0%	1	0	1	0	100.0
Total	111	16.5%	14	1	10	1	9.9
			15		11		

Note: "Transfers" refer to the lateral movement of employees from one public service entity to another (both provincially and nationally). The turnover rate is determined by calculating the total exits as a percentage of the baseline (number of employees as at 31 March 2017).

Table 3.4.2: Annual turnover rates by critical occupation, 1 April 2017 to 31 March 2018

Critical Occupation	Number of employees as at 31 March 2017	Turnover rate 2016/17	Appointments into the entity	Transfers into the entity	Terminations out of the entity	Transfers out of the entity	Turnover rate % 2017/18
None							

Table 3.4.3: Staff leaving the employ of the Entity, 1 April 2017 to 31 March 2018

Exit Category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2017
Death	0	0.0	0.0
Resignation*	6	54.5	5.4
Expiry of contract	3	27.3	2.7
Dismissal – operational changes	0	0.0	0.0
Dismissal – misconduct	0	0.0	0.0
Dismissal – inefficiency	0	0.0	0.0
Discharged due to ill-health	0	0.0	0.0
Retirement	1	9.1	0.9

Exit Category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2017
Employee initiated severance package	0	0.0	0.0
Transfers to statutory bodies	0	0.0	0.0
Transfers to other public service departments	1	9.1	0.9
Total	11	100.0	9.9

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

* Resignations are discussed further in **Table 3.4.4** and **Table 3.4.5**.

Table 3.4.4: Reasons why staff resigned, 1 April 2017 to 31 March 2018

Resignation Reasons	Number	% of total resignations
Health problems	4	66.7
Insufficient progression possibilities	1	16.7
Other occupation	1	16.7
Total	6	100.0

Table 3.4.5: Different age groups of staff who resigned, 1 April 2017 to 31 March 2018

Age group	Number	% of total resignations
Ages <19	0	0.0
Ages 20 to 24	0	0.0
Ages 25 to 29	1	16.7
Ages 30 to 34	0	0.0
Ages 35 to 39	0	0.0
Ages 40 to 44	0	0.0
Ages 45 to 49	3	50.0
Ages 50 to 54	2	33.3
Ages 55 to 59	0	0.0
Ages 60 to 64	0	0.0
Ages 65 >	0	0.0
Total	6	100.0

Table 3.4.6: Employee initiated severance packages

Total number of employee initiated severance packages offered in 2017/ 2018	None
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Table 3.4.7: Promotions by salary band, 1 April 2017 to 31 March 2018

Salary Band	Number of employees as at 31 March 2017	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
Lower skilled (Levels 1-2)	15	0	0.0	2	13.3
Skilled (Levels 3-5)	67	0	0.0	48	71.6
Highly skilled production (Levels 6-8)	22	4	18.2	13	59.1
Highly skilled supervision (Levels 9-12)	6	1	16.7	4	66.7
Senior management (Levels 13-16)	1	0	0.0	0	0.0
Total	111	5	4.5	67	60.4

Note: Promotions reflect the salary level of an employee after he/she was promoted.

Table 3.4.8: Promotions by critical occupation, 1 April 2017 to 31 March 2018

Critical Occupation	Number of employees as at 31 March 2017	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: Promotions reflect the salary level of an employee after he/she was promoted.

3.5 Employment equity

Table 3.5.1: Total number of employees (including employees with disabilities) in each occupational level, as at 31 March 2018

Occupational Level	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Unskilled and defined decision making (Levels 1-2)	1	1	0	1	1	0	0	0	0	0	4
Semi-skilled and discretionary decision making (Levels 3-5)	4	26	0	1	10	20	0	0	0	0	61

Occupational Level	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	11	0	17	0	8	0	4	0	0	41
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	4	0	2	0	0	0	2	0	0	8
Senior management (Levels 13-14)	0	0	0	1	0	0	0	0	0	0	1
Total	6	42	0	22	11	28	0	6	0	0	115
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	6	42	0	22	11	28	0	6	0	0	115

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

Note: The figures reflected per occupational levels include all permanent, part-time and contract employees, but exclude interns. 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 in each occupational level, as at 31 March 2018

Occupational Levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making (Levels 3-5)	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
Professionally qualified and experienced specialists and mid-management	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	
(Levels 9-12)											
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	2	0	0	0	0	0	0	2
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	0	0	2	0	0	0	0	0	0	2

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

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

Table 3.5.3: Recruitment, 1 April 2017 to 31 March 2018

Occupational Levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making (Levels 3-5)	0	2	0	0	5	3	0	0	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	3	0	0	0	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	1	0	0	0	0	0	0	0	0	1
Senior management (Levels 13-14)	0	0	0	1	0	0	0	0	0	0	1
Total	0	6	0	1	5	3	0	0	0	0	15
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	6	0	1	5	3	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, but exclude interns. The totals include transfers from other government departments and/or institutions, as per **Table 3.4.1**.

Table 3.5.4: Promotions, 1 April 2017 to 31 March 2018

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making (Levels 3-5)	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	1	0	1	0	2	0	0	0	0	4
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	1	0	0	0	0	0	0	0	0	1
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0	0	0
Total	0	2	0	1	0	2	0	0	0	0	5
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	2	0	1	0	2	0	0	0	0	5

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 2017 to 31 March 2018

Occupational Levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making (Levels 3-5)	0	4	0	1	1	4	0	0	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	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	
(Levels 6-8)											
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	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
Total	0	4	0	2	1	4	0	0	0	0	11
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	4	0	2	1	4	0	0	0	0	11

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

Note: Terminations refer to those employees (excluding interns) 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 2017 to 31 March 2018

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 **Table 3.12.2** and **Table 3.12.3**.

Table 3.5.7: Skills development, 1 April 2017 to 31 March 2018

Occupational Level	Male				Female				Total
	A	C	I	W	A	C	I	W	
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making (Levels 3-5)	1	9	0	0	4	15	0	1	30

Occupational Level	Male				Female				Total
	A	C	I	W	A	C	I	W	
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	1	1	0	0	0	3	0	1	6
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	2	0	0	0	0	0	1	3
Senior management (Levels 13-14)	0	0	0	1	0	0	0	0	1
Total	2	12	0	1	4	18	0	3	40
Temporary employees	0	0	0	0	0	0	0	0	0
Grand total	2	12	0	1	4	18	0	3	40

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

Note: The above table refers to the total number of employees 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 2017

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 13-14	1	0	0	0.0

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 in **Table 3.8.5**.

Table 3.6.2: Reasons for not having concluded performance agreements with all SMS members on 31 May 2017

Reasons for not concluding performance agreements with all SMS
N/A

Table 3.6.3: Disciplinary steps taken against SMS Members for not having concluded performance agreements on 31 May 2017

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

3.7 Filling of SMS posts

The tables in this section provide information on employment and vacancies as it relates to members of the SMS by salary level. It also provides information of advertising and the filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken in cases of non-compliance.

Table 3.7.1: SMS posts information, as at 30 September 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 13-14	1	0	0.0%	1	100.0%

Note: This table refers to employees who are appointed as SMS members only. Employees who are remunerated higher than a SL12, but who are not SMS members have been excluded.

Table 3.7.2: SMS posts information, as at 31 March 2018

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 13-14	2	1	50.0%	1	50.0%

Note: This table refers to employees who are appointed as SMS members only. Employees who are remunerated higher than a SL12, but who are not SMS members have been excluded.

Table 3.7.3: Advertising and filling of SMS posts, as at 31 March 2018

SMS Level	Advertising	Filling of posts	
	Number of vacancies per level advertised within 6 months of becoming vacant	Number of vacancies per level filled within 6 months after becoming vacant	Number of vacancies per level not filled within 6 months but filled within 12 months
Salary level 13	0	0	1

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
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

3.8 Employee performance

The following tables note the number of staff by salary band (**Table 3.8.1**) and staff within critical occupations (**Table 3.8.2**) who received a notch progression as a result of performance management (i.e. qualifying employees who scored between 3 – 5 in their performance ratings).

Table 3.8.1: Notch progressions by salary band, 1 April 2017 to 31 March 2018

Salary Band	Employees as at 31 March 2017	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	2	13.3
Skilled (Levels 3-5)	67	48	71.6
Highly skilled production (Levels 6-8)	22	13	59.1
Highly skilled supervision (Levels 9-12)	6	4	66.7
Senior management (Levels 13-16)	1	0	0.0
Total	111	67	60.4

Table 3.8.2: Notch progressions by critical occupation, 1 April 2017 to 31 March 2018

Critical occupations	Employees as at 31 March 2017	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 performance employees.

To encourage good performance, the entity has granted the following performance rewards to employees for the performance period 2016/17, but paid in the financial year 2017/18. 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 2017 to 31 March 2018

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2017	% of total within group	Cost (R'000)	Average cost per beneficiary (R)
African	6	13	46.2	31	5 142
Male	5	6	83.3	26	5 236
Female	1	7	14.3	5	4 673
Coloured	26	69	37.7	194	7 458
Male	9	40	22.5	90	9 968
Female	17	29	58.6	104	6 129
Indian	0	0	0.0	0	0
Male	0	0	0.0	0	0
Female	0	0	0.0	0	0
White	10	26	38.5	121	12 075
Male	6	20	30.0	73	12 224
Female	4	6	66.7	47	11 850
Employees with a disability	1	3	33.3	5	5 209
Total	43	111	38.7	351	8 156

Table 3.8.4: Performance rewards (cash bonus), by salary bands for personnel below Senior Management Service level, 1 April 2017 to 31 March 2018

Salary Band	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2017	% 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	4 268	0.0
Skilled (Levels 3-5)	18	67	26.9	92	5 138	0.3
Highly skilled production (Levels 6-8)	17	22	77.3	141	8 311	0.4
Highly skilled supervision (Levels 9-12)	7	6	116.7	113	16 097	0.3
Total	43	110	39.1	350	8 156	1.0

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

One employee was promoted to SL 9 resulting in more beneficiaries than employees at the end of the previous period.

Table 3.8.5: Performance rewards (cash bonus), by salary band, for Senior Management Service level, 1 April 2017 to 31 March 2018

Salary Band	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2017	% 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)	0	1	0.0	0	0	0.0

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

Table 3.8.6: Performance rewards (cash bonus) by critical occupation, 1 April 2017 to 31 March 2018

Critical occupation	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2017	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of total personnel expenditure
None						

3.9 Foreign workers

The tables below summarise the employment of foreign nationals in the entity in terms of salary bands (**Table 3.9.1**) and major occupation (**Table 3.9.2**). 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 2017 to 31 March 2018

Salary Band	1 April 2017		31 March 2018		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 2017 to 31 March 2018

Major occupation	1 April 2017		31 March 2018		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 2017 to 31 December 2017

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.

Table 3.10.1: Sick leave, 1 January 2017 to 31 December 2017

Salary Band	Total days	% days with medical certification	Number of employees using sick leave	Total number of employees	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1-2)	54	87.0	10	10	100.0	5	14
Skilled (Levels 3-5)	669	83.0	62	68	91.2	11	403
Highly skilled production (Levels 6-8)	268	72.8	33	41	80.5	8	266
Highly skilled supervision (Levels 9-12)	26	84.6	5	8	62.5	5	49
Senior management (Levels 13-16)	13	100.0	1	2	50.0	13	37
Total	1030	80.8	111	129	86.0	9	769

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. 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 2017 to 31 December 2017

Salary Band	Total days	% days with medical certification	Number of employees using incapacity leave	Total number of employees	% of total employees using incapacity leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1-2)	0	0.0	0	10	0.0	0	0
Skilled (Levels 3-5)	280	100.0	7	68	10.3	40	170
Highly skilled production (Levels 6-8)	142	100.0	3	41	7.3	47	117

Salary Band	Total days	% days with medical certification	Number of employees using incapacity leave	Total number of employees	% of total employees using incapacity leave	Average days per employee	Estimated cost (R'000)
Highly skilled supervision (Levels 9-12)	0	0.0	0	8	0.0	0	0
Senior management (Levels 13-16)	0	0.0	0	2	0.0	0	0
Total	422	100.0	10	129	7.8	42	287

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: Annual leave, 1 January 2017 to 31 December 2017

Salary Band	Total days taken	Total number employees using annual leave	Average number of days taken per employee
Lower skilled (Levels 1-2)	182	12	15
Skilled (Levels 3-5)	1 635	69	24
Highly skilled production (Levels 6-8)	1 012	38	27
Highly skilled supervision (Levels 9-12)	158	7	23
Senior management (Levels 13-16)	9	1	9
Total	2 996	127	24

Table 3.10.4: Capped leave, 1 January 2017 to 31 December 2017

Salary Band	Total capped leave available as at 31 Dec 2016	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 2017	Total capped leave available as at 31 Dec 2017
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	800	27	3	9	13	436

Salary Band	Total capped leave available as at 31 Dec 2016	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 2017	Total capped leave available as at 31 Dec 2017
Highly skilled production (Levels 6-8)	892	1	1	1	29	1 071
Highly skilled supervision (Levels 9-12)	169	0	0	0	6	264
Senior management (Levels 13-16)	82	0	0	0	0	0
Total	1 943	28	4	7	48	1 772

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 entity's total.

Table 3.10.5: Leave pay-outs, 1 April 2017 to 31 March 2018

Reason	Total amount (R'000)	Number of employees	Average payment per employee
Leave pay-outs during 2017/18 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service	229	1	228 823
Current leave pay-outs on termination of service	13	2	6 548
Total	242	3	80 639

3.11 Health promotion programmes, including HIV and AIDS

Table 3.11.1: Steps taken to reduce the risk of occupational exposure, 1 April 2017 to 31 March 2018

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
<p>The nature of the trading entity'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.</p>	<p>General HIV and AIDS counselling and testing (HCT) and wellness screenings sessions were conducted in the year under review. The outsourced health and wellness contract for the 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; and • Advocacy on HIV and AIDS awareness, including online E-Care services.

Table 3.11.2: Details of health promotion including HIV and AIDS Programmes, 1 April 2017 to 31 March 2018

Question	Yes	No	Details, if yes
<p>1. Has the trading entity designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2006? If so, provide her/his name and position.</p>	√		<p>Ms Reygana Shade, Director: Organisational Behaviour, Department of the Premier.</p>
<p>2. Does the trading entity 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>	√		<p>The Corporate Services Centre in the Department of the Premier provides a transversal service to 11 departments and one entity, namely Government Motor Transport.</p> <p>A designated Employee Health and Wellness unit in the Directorate Organisational Behaviour and the Chief Directorate Organisation Development serves to promote the health and wellbeing of employees in the 11 client institutions.</p> <p>The unit consists of a Deputy Director (vacant from February 2018), three Assistant Directors, and three EHW Practitioners.</p> <p>Budget R2,65 m.</p>

Question	Yes	No	Details, if yes
<p>3. Has the trading entity introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/services of this Programme.</p>	√		<p>The Department of the Premier has entered into a service level agreement with Independent Counselling and Advisory Services (ICAS) (an external service provider) to render an employee health and wellness service to the 11 departments served by the Corporate Services Centre, including GMT.</p> <p>The following interventions were conducted: disability and mental health, diversity management, substance abuse, effective communication, stress and work-life balance, financial management, team cohesion GRIT (guts, resilience, influence and tenacity), employee information Sessions and Information Desks, HCT, and wellness screening.</p> <p>These interventions were planned based on the trends reported quarterly through the Employee Health and Wellness Programme (EHWP) reports provided by ICAS for the period 2017/18. The reports were based on the utilisation of the EHW services and management information in order to target appropriate interventions to address these trends.</p> <p>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 proactive approach to limit the impact of these problems in the workplace. The abovementioned interventions were conducted for managers and supervisors, and executive coaching was provided to SMS members.</p> <p>Information sessions informed employees of the EHW service and how to access the EHWP. Promotional material such as pamphlets, posters and brochures were distributed.</p>
<p>4. Has the trading entity established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2016? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.</p>	√		<p>The Provincial Employee Health and Wellness Steering Committee has been established with members nominated by each department.</p> <p>The Department of Transport and Public Works and GMT is represented by Mr C Marx.</p>
<p>5. Has the trading entity 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 policies/ practices so reviewed.</p>	√		<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 Public Service Coordinating Bargaining Council (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
			<p>Whilst the four Provincial Employee Health and Wellness Policies were ratified and approved during the previous financial year, the workplace practices are constantly monitored to ensure policy compliance and fairness.</p> <p>One of the policies, HIV & AIDS and TB [Tuberculosis] Management, responds to the need to prevent discrimination against employees affected and infected these diseases 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 (sexually transmitted infection) Workplace Policy and Programme that is applicable to all departments of the Western Cape Government. The document is in line with the four pillars of the EHW Strategic Framework 2008.</p>
<p>6. Has the trading entity 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 Provincial Strategic Plan on HIV & AIDS, STIs and TB 2017 – 2022 has been implemented 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 to reduce the number of new HIV infections and the number of TB cases. Through expanded treatment and care services, the province aims to meet the 90-90-90 targets for both HIV and TB, as well as to achieve a 75% treatment success rate for drug-resistant TB.</p> <p>The HIV 90-90-90 target, as recommended by UNAIDS (the Joint United Nations Programme on HIV and AIDS), provides that by 2020:</p> <ul style="list-style-type: none"> • 90% of all people living with HIV will know their HIV status; • 90% of all people with an HIV diagnosis receive sustained antiretroviral therapy; and • 90% of all people receiving antiretroviral therapy achieve viral suppression. <p>TB 90-90-90 target also provides in this timeframe that:</p> <ul style="list-style-type: none"> • 90% of vulnerable groups should have been screened for TB; • 90% of people with TB should be diagnosed and started on treatment, and • 90% of those treated for TB should be cured. <p>The entity participated in HCT and wellness screenings to ensure that every employee is 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

Question	Yes	No	Details, if yes
			<ul style="list-style-type: none"> • 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.
<p>7. Does the trading entity encourage its employees to undergo HIV counselling and testing? If so, list the results that you have achieved.</p>	√		<p>HCT SESSIONS</p> <p>Screening sessions were conducted to measure blood pressure, blood glucose, cholesterol, TB, BMI (body mass index) and were supplemented by spot talks.</p> <p>The Department of Transport and Public Works and GMT participated in 7 HCT and wellness screening sessions.</p> <p>652 employees were tested and counselled for HIV, tuberculosis and STIs.</p> <p>There were 5 clinical referrals for TB, 2 for STIs, and 0 HIV or any other similar condition.</p>
<p>8. Has the trading entity developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.</p>	√		<p>The impact of health promotion programmes is indicated through information provided through the employee health and wellness contract with ICAS.</p> <p>The EHWP is monitored through quarterly and annual reporting. This reporting is provided by ICAS. The most recent annual health review period was 1 April 2017 – 31 March 2018.</p> <p>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.</p> <p>The review further provides amongst others, details pertaining to service utilisation, problem profiling and trends, assessment of employee and organisational risk, and the impact of these on individual employee functioning in the workplace.</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 2017 to 31 March 2018

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

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

Table 3.12.2: Misconduct and disciplinary hearings finalised, 1 April 2017 to 31 March 2018

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 2017 to 31 March 2018

Type of misconduct	Number	% of total
None		

Table 3.12.4: Grievances lodged, 1 April 2017 to 31 March 2018

Grievances lodged	Number	% of total
Number of grievances resolved	0	0.0
Number of grievances not resolved	3	100.0
Total number of grievances lodged	3	100.0

Note: Grievances lodged refer to cases that were finalised within the reporting period. Grievances not resolved refers 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 2017 to 31 March 2018

Disputes lodged with councils	Number	% of total
Number of disputes upheld	0	0.0
Number of disputes dismissed	0	0.0
Total number of disputes lodged	0	0.0

Note: Councils refer to the Public Service Coordinating Bargaining Council 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 2017 to 31 March 2018

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 2017 to 31 March 2018

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

This section highlights the efforts of the entity with regards to skills development. **Table 3.13.1** reflect the training needs as at the beginning of the period under review, and **Table 3.13.2** the actual training provided.

Table 3.13.1: Training needs identified, 1 April 2017 to 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	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	0	0	0	0	0
Professionals	Female	2	0	0	0	0
	Male	4	0	5	0	5
Technicians and associate professionals	Female	4	0	3	0	3
	Male	18	0	3	0	3
Clerks	Female	34	0	46	0	46
	Male	30	0	18	0	18
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	0	0	0	0	0

Occupational category	Gender	Number of employees as at 1 April 2017	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	0	0	0	0	0
Elementary occupations	Female	4	0	0	0	0
	Male	14	0	0	0	0
Sub Total	Female	44	0	49	0	49
	Male	66	0	26	0	26
Total		110	0	75	0	75
Employees with disabilities	Female	0	0	0	0	0
	Male	2	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 2017 to 31 March 2018

Occupational category	Gender	Number of employees as at 31 March 2018	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	4	0	4
Professionals	Female	2	0	2	0	2
	Male	6	0	2	0	2
Technicians and associate professionals	Female	12	0	6	0	6
	Male	29	0	2	0	2
Clerks	Female	30	0	33	0	33
	Male	31	0	19	0	19
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	0	0	0	0	0

Occupational category	Gender	Number of employees as at 31 March 2018	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	0	0	0	0	0
Elementary occupations	Female	1	0	0	0	0
	Male	3	0	0	0	0
Sub Total	Female	45	0	41	0	41
	Male	70	0	27	0	27
Total		115	0	68	0	68
Employees with disabilities	Female	0	0	0	0	0
	Male	2	0	0	0	0

Note: The above table identifies the number of training courses attended by individuals 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 2017 to 31 March 2018

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0.0
Temporary disablement	2	100.0
Permanent disablement	0	0.0
Fatal	0	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 2017 to 31 March 2018

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	120 days	1 405 750	4	1	4
	R Wiggill	Rendering of accounting services	Accounting Services	1	143 days	687 420	1	1	No
	Third Quarter Consulting CC	Rendering of Information Communication Services	Information Communication Services expenditures	47	9 371 days	30 965 585	10	47	2
Total				49	9 634 days	33 058 755	15	49	

NOTES:





PARTE

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 109 to 173, which comprise the statement of financial position as at 31 March 2018, 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 2018, 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, 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 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 the accounting officer either intends to liquidate the trading entity or to cease operations, or has no realistic alternative but to do so.

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

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this 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 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 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 2018.

Objective	Page in annual performance report
Objective 1 – improve efficiency of the government vehicle fleet through efficient utilisation, effective fleet management and provision of quality services	40-41

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 programmes:
 - 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 pages 40 to 43 for information on the achievement of planned targets for the year and explanations provided for the under/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 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 raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

19. The 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 thereon and those selected objectives presented in the annual performance report that have been specifically reported on in this 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.

22. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
23. I have nothing to report in this regard.

Internal control deficiencies

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

Auditor-General

Cape Town

31 July 2018



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; and
 - 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 2018

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 2018

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 that 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 operational 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 2019, 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.



J. Gooch

Accounting Officer

Date: 29-05-2018

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**

	Notes	2017/18 R'000	2016/17 R'000
EQUITY AND LIABILITIES			
Net Assets			
Accumulated Surplus		2,412,033	2,291,320
Total Net Assets		2,412,033	2,291,320
Non-current liabilities			
Employee Benefit Liability	1	820	805
Provisions	2	1,441	1,704
Total Non-current liabilities		2,261	2,510
Current liabilities			
Payables from Exchange Transactions	3	20,583	10,745
Payables from Non-exchange Transactions	4	7,068	6,851
Unspent Conditional Grants and Receipts	5	76,879	46,081
Provisions	6	989	834
Total current liabilities		105,519	64,510
Total liabilities		107,781	67,020
Total Net Assets and Liabilities		2,519,813	2,358,339
ASSETS			
Non-current Assets			
Property, Plant and Equipment	7	191,286	219,930
Intangible Assets	8	104,092	108,716
Heritage Assets	9	140	140
Finance Lease Receivables	10	646,662	588,045
Total Non-current assets		942,180	916,831
Current Assets			
Inventory	11	190	62
Receivables from Exchange Transactions	12	53,320	23,118
Receivables from Non-exchange Transactions	13	7,865	4,248
Cash and Cash Equivalents	14	1,344,531	1,268,702
Finance Lease Receivables	10	171,726	145,380
Total current assets		1,577,633	1,441,509
Total Assets		2,519,813	2,358,339

**GOVERNMENT MOTOR TRANSPORT
 STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2017/18 R'000	2016/17 R'000
REVENUE			
Revenue from Exchange Transactions			
Revenue	15	582,704	544,187
Other income	16	11,683	17,800
Interest earned	17	87,009	76,027
Government Grants and Subsidies Received	18	36,550	40,784
Revenue from Non-exchange Transactions			
Other grants and subsidies received	18	8	315
Services in-kind	19	2,751	2,548
Total Revenue		720,706	681,661
EXPENDITURE			
Administrative expenses	20	(23,755)	(22,307)
Employee costs	21	(35,188)	(32,618)
Operating expenditure	22	(306,513)	(299,876)
Depreciation	23	(14,296)	(14,283)
Amortisation	24	(16,467)	(15,447)
Accidents and Impairment losses	25	(1,001)	(2,621)
Grants and subsidies paid	26	(180,900)	(9,771)
Operating leases	33	(21,874)	(18,022)
Total Expenditure		(599,993)	(414,945)
SURPLUS FOR THE YEAR		120,713	266,716

**GOVERNMENT MOTOR TRANSPORT
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED 31 MARCH 2018**

Description	Retained earnings	Total equity
	R'000	R'000
Balance at 31 March 2016	2,024,604	2,024,604
Changes in net assets for the year ended 31 March 2017 Surplus for the year ended 31 March 2017	266,716	266,716
Balance at 31 March 2017	2,291,320	2,291,320
Changes in net assets for the year ended 31 March 2018 Surplus for the year ended 31 March 2018	120,713	120,713
Balance at 31 March 2018	2,412,033	2,412,033

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2017/18 R'000	2016/17 R'000 Restated
CASH FROM OPERATING ACTIVITIES			
Receipts			
Charges for services provided		552,502	575,996
Other receipts		4,181	6,841
Interest earned		87,009	76,027
Government Grants and Subsidies Received		67,356	31,600
Payments			
Employee costs		(35,066)	(32,464)
Suppliers paid		(207,825)	(234,113)
Other payments		(194,612)	(37,726)
NET CASH FLOWS FROM OPERATING ACTIVITIES	27	273,546	386,162
CASH FROM INVESTING ACTIVITIES			
Proceeds on disposal of Property, Plant and Equipment		15,661	45,536
Acquisition of Property, Plant and Equipment		(116,569)	(107,083)
Intangible Assets - development cost capitalised		(11,844)	(20,142)
Decrease/(Increase) in Finance Lease Receivables		(84,963)	18,424
NET CASH FROM INVESTING ACTIVITIES		(197,715)	(63,266)
NET INCREASE IN CASH AND CASH EQUIVALENTS		75,830	322,896
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR		1,268,702	945,806
CASH AND CASH EQUIVALENTS - END OF THE YEAR	28	1,344,531	1,268,702

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2018

31 March 2018

Description	Original Budget	Budget commitments from PY	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	-	-	-	-	-	-	-	190	-	190	-	-
Receivables from Exchange Transactions	-	-	-	-	-	-	-	53,320	-	53,320	-	-
Receivables from Non-exchange Transactions	-	-	-	-	-	-	-	7,865	-	7,865	-	-
Cash and Cash Equivalents	-	-	-	-	-	-	-	1,344,531	-	1,344,531	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	171,726	-	171,726	-	-
Non-current Assets												
Property, Plant and Equipment	175,483	167,731	-	343,214	-	201	343,414	191,286	-	(152,129)	56	109
Intangible Assets	4,811	27,641	-	32,452	-	300	32,752	104,092	-	71,341	318	2,164
Heritage Assets	-	-	-	-	-	-	-	140	-	140	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	646,662	-	646,662	-	-
Total Assets	180,294	195,372	-	375,666	-	501	376,166	2,519,812	-	2,143,646	670	1,398
Current Liabilities												
Payables from Exchange Transactions	-	-	-	-	-	-	-	20,583	-	20,583	-	-
Payables from Non-exchange Transactions	-	-	-	-	-	-	-	7,068	-	7,068	-	-
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	76,879	-	76,879	-	-
Provisions	-	-	-	-	-	-	-	989	-	989	-	-
Non-current Liabilities												
Employee Benefit Liability	-	-	-	-	-	-	-	820	-	820	-	-
Provisions	-	-	-	-	-	-	-	1,441	-	1,441	-	-
Total Liabilities	-	-	-	-	-	-	-	107,780	-	107,780	-	-
Total Assets and Liabilities	180,294	195,372	-	375,666	-	501	376,166	2,412,033	-	2,035,865	-	-
Net Assets												
Accumulated Surplus	-	-	-	-	-	-	-	2,412,033	-	2,412,033	-	-
Total Net Assets	-	-	-	-	-	-	-	2,412,033	-	2,412,033	-	-

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2018

31 March 2018

Description	Original Budget	Budget commitments from PY	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	(593,490)	-	-	(593,490)	-	-	(593,490)	(582,704)	-	10,786	98	98
Other income	(12,604)	-	-	(12,604)	-	-	(12,604)	(11,683)	-	921	93	93
Interest earned	(53,769)	-	-	(53,769)	-	-	(53,769)	(87,009)	-	(33,240)	162	162
Government Grants and Subsidies Received	(21,716)	-	-	(21,716)	-	-	(21,716)	(36,550)	-	(14,834)	168	168
Revenue from Non-exchange Transactions												
Other grants and subsidies received	(500)	-	-	(500)	-	-	(500)	(8)	-	492	2	2
Services in-kind	-	-	-	-	-	-	-	(2,751)	-	(2,751)	100	100
Total Revenue	(682,080)	-	-	(682,080)	-	-	(682,080)	(720,706)	-	(38,627)	106	106
Expenditure												
Administrative expenses	26,178	98	-	26,276	-	(1,180)	25,096	23,755	-	(1,341)	95	91
Employee costs	45,559	-	-	45,559	-	-	45,559	35,188	-	(10,371)	77	77
Operating expenditure	370,006	14,735	-	384,740	-	(71,777)	312,963	306,513	-	(6,451)	98	83
Depreciation	18,089	-	-	18,089	-	(2,545)	15,544	14,296	-	(1,248)	92	79
Amortisation	23,286	-	-	23,286	-	(5,270)	18,016	16,467	-	(1,549)	91	71
Accidents and Impairment losses	832	-	-	832	-	1,115	1,947	1,001	-	(945)	51	120
Grants and subsidies paid	-	-	108,000	108,000	-	72,900	180,900	180,900	-	-	100	100
Operating leases	17,836	-	-	17,836	-	6,256	24,092	21,874	-	(2,218)	91	123
Total Expenditure	501,786	14,832	108,000	624,618	-	(501)	624,117	599,993	-	(24,124)	96	120
Surplus for the year	-	14,832	108,000	(57,463)	-	(501)	(57,963)	(120,713)	-	(62,751)	-	-

GOVERNMENT MOTOR TRANSPORT

**NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2018**

31 March 2018

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

EXPENDITURE

Administrative expenses

A budget commitments increase of R98 000 between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds decrease of R1,18 million between the Final Adjustments Budget to the Final Budget. The budget commitments of R98 000 were for purchase orders raised during the 2016/17 financial year for stationery which were not yet invoiced by 31 March 2017. The shifting of funds decrease of R1,18 million was due to the requirement to allocate funds to grants and subsidies paid for vehicles which were alienated during 2017/18.

Operating expenditure

A budget commitments increase of R14,735 million between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds decrease of R71,777 million between the Final Adjustments Budget and Final Budget. The budget commitments increase of R14,735 million were mostly due to purchase orders raised for IT related costs during the 2016/17 financial year which were not yet invoiced by 31 March 2017. The shifting of funds decrease of R71,777 million was done due to lower actual expenditure incurred on vehicle maintenance. A component of the shifting of funds decrease was allocated to grants and subsidies paid for the transfer of funds from the GMT investment held through Provincial Treasury to the Asset Finance Reserve.

Depreciation

A shifting of funds decrease of R2,545 million between the Final Adjustments Budget and the Final Budget was done. The shifting of funds decrease of R2,545 million was due to the requirement to allocate funds to grants and subsidies paid for vehicles which were alienated during 2017/18.

Amortisation

A shifting of funds decrease of R5,27 million between the Final Adjustments Budget and the Final Budget was done. The shifting of funds decrease of R5,27 million was due to the requirement to allocate funds to grants and subsidies paid for vehicles which were alienated during 2017/18.

Accidents and Impairment losses

A shifting of funds increase of R1,115 million between the Final Adjustments Budget and the Final Budget was done. The shifting of funds increase of R1,115 million was done as impairment losses were recognised on 24 vehicles in the financial statements as at 31 March 2018, this was due to the carrying value of the vehicles exceeding the reserve prices.

Grants and subsidies paid

The augmentation of the budget to increase the budget by R108 million between the Medium Term Expenditure Framework and the Adjustment Budget and a shifting of funds increase of R72,9 million between the Final Adjustments Budget and the Final Budget was done. The augmentation and shifting of funds increase was done to provide for grants and subsidies paid expenditure incurred on the alienation of vehicles, in-vehicle technology equipment as well as for the transfer of funds from the GMT investment held through Provincial Treasury to the Asset Finance Reserve.

Operating leases

A shifting of funds increase of R6,256 million between the Final Adjustments Budget and the Final Budget was done. The shift increase of R6,256 million was done to provide for the increase in office and vehicle related equipment rental.

STATEMENT OF FINANCIAL POSITION

Non-current assets

Property, Plant and Equipment

A budget commitment increase of R167,731 million between the Original Budget and Final Adjustments Budget as well as a shifting of funds increase of R201 000 between the Final Adjustments Budget to the Final Budget was done. The budget commitments increase of R167,731 million were for purchase orders raised during the 2016/17 financial year which were not yet invoiced by 31 March 2017. This was done due to planned vehicle purchases which were going to be purchased during the 2016/17 financial year however the actual expenditure is incurred during 2017/18. 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. The shift increase of R201 000 was done to accommodate the procurement of security equipment.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2018

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

Intangible Assets

A budget commitments increase of R27,641 million between the Original and Final Adjustments Budget as well as a shifting of funds increase of R300 000 from the Final Adjustments Budget and Final Budget was done. The budget commitments increase of R27,641 million were for purchase orders raised during the 2016/17 financial year which were not yet invoiced by 31 March 2017 for IT related projects. The shifting of funds increase of R300 000 were to provide for IT projects.

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

Interest earned

The actual interest earned is R33,24 million over the Final Budget. The budget for the interest earned was based on an interest rate of 5.5% (Prime interest rate of 9.5% less 4%). The actual interest rate earned varied between 6% to 7.58% during 2017/18. Further, the actual balances of the interest yielding funds in GMT's main bank account and the investment held through Provincial Treasury exceeded the balances on which the budgeted interest was calculated.

Government Grants and Subsidies Received

The actual Government Grants and Subsidies Received is R14,834 million over the Final Budget. The budgeted revenue was calculated on previous year's actual revenue receipts and vehicle allocations. During 2017/18 forty six busses were allocated to the Western Cape Department of Education. In addition, the entity alienated in-vehicle technology equipment to the Department of Transport and Public Works. The value of these allocations exceeded that which was anticipated during the budget preparation.

Revenue from Non-exchange Transactions

Other grants and subsidies received

The actual other grants and subsidies received is R492 000 under the Final Budget. The budgeted revenue was based on the revenue earned during previous reporting periods. During 2017/18 fewer vehicle related extras were taken in than anticipated during the budget preparation.

Services in-kind

The actual other grants and subsidies received is R2,751 million over the Final Budget. The budgeted revenue was based on the revenue earned during previous reporting periods. During 2017/18 the comparative actual amount earned was restated for the recognition of revenue terms of GRAP 23 ('Revenue from Non-exchange Transactions').

EXPENDITURE

Employee costs

The actual expenditure is R10,371 million under the Final Budget amount. The budget was calculated on some positions on the new organisational structure being filled. Some vacancies still existed during the 2017/18 financial year.

Accidents and Impairment losses

Accidents and Impairment losses expenditure incurred is R945 000 under the Final Budget amount. The budget was calculated on past trends of recognising losses on this line item. Accident and Impairment losses expenditure is recognised when the carrying value of the vehicles exceeding the reserve prices of vehicles which are identified for disposal. The average actual loss amount per vehicle was higher than the budget estimates. 24 vehicles incurred Accident and Impairment losses on 31 March 2018 in comparison to 45 vehicles used as part of the budget estimate.

FINANCIAL POSITION

The Final Budget is the total of the expected revenue earned and expenditure incurred during the 2017/18 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 2018.

Current assets

Inventories

The variance of R190 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 R53,32 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 R7,865 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.

GOVERNMENT MOTOR TRANSPORT

Financial Position: Explanation of Variances between the Final Budget and the Actual

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

Cash and Cash Equivalents

The variance of R1,345 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 R171,726 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 R152,129 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 2017/18 while the balance of R191,286 million is the carrying value of the line item which has accrued since its recognition until 31 March 2018.

Intangible Assets

The variance of R71,341 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 2017/18 while the balance of R104,092 million is the carrying value of the line item which has accrued since its recognition until 31 March 2018.

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 2017/18 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 R646,662 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 R20,583 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 R7,068 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 R76,879 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 R989 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 R820 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 R1,441 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 2018

	2017/18 R'000	2016/17 R'000
1 EMPLOYEE BENEFIT LIABILITY		
Provision for Long Service Awards	820	805
The movement in the Employee Benefit Liability is reconciled as follows:		
Balance at beginning of the year	805	909
Contributions to provision	197	59
	<u>1,002</u>	<u>968</u>
Transfer to current provisions	(183)	(162)
Balance at end of the year	<u>820</u>	<u>805</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 2018 by Mr Peter Theunissen, 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 2018, 114 (31 March 2017: 109) employees were eligible for long service awards.

The current service cost for the year ended 31 March 2018 is estimated to be R43,337, whereas the cost for the 2018/19 financial year is estimated to be R40,505 (31 March 2017: R48,000).

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

Discount Rate	8.20%	8.37%
CPI (Consumer Price Inflation)	5.87%	5.37%
Normal Salary Increase Rate	6.70%	7.60%
Net Effective Discount Rate	2.20%	2.84%
Expected Retirement Age - Females	60	60
Expected Retirement Age - Males	64	64

Mortality rates:

Pre-Retirement SA 85 - 90 mortality tables

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	2017/18 R'000	2016/17 R'000	
1 EMPLOYEE BENEFIT LIABILITY (continued)			
Movements in the present value of the Defined Benefit Obligation were as follows:			
Balance at the beginning of the year	968	1,033	
Current service costs	43	48	
Interest cost	77	92	
Benefits paid	(138)	(118)	
Actuarial losses / (gains)	53	(88)	
Present Value of Fund Obligation at the end of the year	1,002	968	
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations	1,002	968	
Fair value of plan assets	-	-	
Total Benefit Liability	1,002	968	
The amounts recognised in the Statement of Financial Performance are as follows:			
Current service cost	43	48	
Interest cost	77	92	
Actuarial losses / (gains)	53	(88)	
Total Post-retirement Benefit included in Employee costs	173	52	
The history of experienced adjustments is as follows:			
	2017/18 R'000	2016/17 R'000	2015/16 R'000
Present Value of Defined Benefit Obligation	1,002	968	1,033
Fair Value of Plan Assets	-	-	-
Deficit	1,002	968	1,033
		2017/18 R'000	2016/17 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		117	125
Effect on the defined benefit obligation		942	986
Decrease:			
Effect on the aggregate of the current service cost and the interest cost		117	111
Effect on the defined benefit obligation		1,070	891

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

		2017/18	2016/17
		R'000	R'000
2	PROVISIONS		
	Capped leave pay:		
	Opening balance	1,704	1,539
	Increase in provisions during the year	106	165
	Less: Current portion transferred to current liabilities	(369)	-
		1,441	1,704

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	17,607	10,455
Sundry creditors	170	290
Payments received in advance	2,806	-
	20,583	10,745

Sundry creditors are liabilities due to third party claims.

Payments received in advance are liabilities due to clients which have paid more towards accounts than due by 31 March 2018.

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.

4 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Staff leave accrued	1,201	1,146
Staff bonuses	955	794
Other creditors	4,913	4,910
	7,068	6,851

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.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	2017/18	2016/17
	R'000	R'000
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Grants from Provincial Departments	76,836	46,081
Department of Community Safety	-	500
Department of Cultural Affairs and Sport	417	378
Department of Economic Development and Tourism	500	-
Department of Health	13,862	4,074
Department of Transport and Public Works	26,481	8,480
Department of Education	35,576	32,649
Grants from National Departments	43	-
Department of Justice and Constitutional Development	43	-
Total Conditional Grants and Receipts	76,879	46,081
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	500	2,089
Current period receipts	-	500
Conditions met - transferred to revenue	(466)	(2,039)
Unspent grants refunded to the department	(34)	(50)
	-	500
5.1.2 Department of Cultural Affairs and Sport		
Balance at the beginning of the year	378	1,580
Current period receipts	418	395
Conditions met - transferred to revenue	(370)	(1,399)
Unspent grants refunded to the department	(9)	(199)
	417	378
5.1.3 Department of Economic Development and Tourism		
Current period receipts	500	-
	500	-
5.1.4 Department of Health		
Balance at the beginning of the year	4,074	32,936
Current period receipts	14,583	368
Conditions met - transferred to revenue	(4,795)	(27,400)
Unspent grants refunded to the department	-	(1,830)
	13,862	4,074
5.1.5 Department of Local Government		
Balance at the beginning of the year	-	10,000
Conditions met - transferred to Revenue	-	(9,771)
Transferred to payables	-	(229)
	-	-

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	2017/18 R'000	2016/17 R'000
5.1 Grants from Provincial Departments (continued):		
5.1.6 Department of Transport and Public Works		
Balance at the end of the year	8,480	8,480
Current period receipts	20,000	-
Conditions met - transferred to revenue	(1,999)	-
	26,481	8,480
5.1.7 Department of Education		
Balance at the beginning of the year	32,649	155
Current period receipts	31,829	32,669
Conditions met - transferred to revenue	(28,902)	(175)
	35,576	32,649
5.2 Grants from National Departments:		
5.2.1 Department of Justice and Constitutional Development		
Current period receipts	61	-
Conditions met - transferred to revenue	(18)	-
	43	-
6 PROVISIONS		
Personnel expense related commitments:		
Performance bonuses	437	438
Employee Benefit Liability	183	162
Capped leave	369	233
	989	834

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.

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 2018:	Performance bonuses R'000	Employee Benefit Liability R'000	Capped leave provision R'000	Total R'000
Balance at beginning of the year	438	162	233	834
Contributions/(reductions) to provision	435	(24)	9	420
Transfer from non-current	-	183	369	552
Expenditure incurred	(437)	(138)	(242)	(817)
Balance at end of the year	437	183	369	989

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

7 PROPERTY, PLANT AND EQUIPMENT

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	1,968	235,409	237,377
Gross carrying amount	17,507	335,289	352,796
Accumulated depreciation	(15,534)	(96,089)	(111,623)
Accumulated impairment losses	(4)	(3,792)	(3,797)
Additions at cost	101	106,981	107,082
Take in assets	22	315	337
Depreciation	(519)	(13,764)	(14,283)
Impairment losses	-	(1,418)	(1,418)
Disposals	-	(37,506)	(37,506)
Cost	(5)	(94,132)	(94,137)
Accumulated depreciation	5	52,834	52,839
Accumulated impairment	-	3,792	3,792
Alienated	-	(9,771)	(9,771)
Cost	-	(9,771)	(9,771)
Accumulated depreciation	-	-	-
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	1,573	218,358	219,930
Cost	17,625	289,376	307,001
Accumulated depreciation	(16,048)	(69,600)	(85,648)
Accumulated impairment losses	(4)	(1,418)	(1,422)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

7 PROPERTY, PLANT AND EQUIPMENT (continued)

31 MARCH 2018

Reconciliation of Carrying Value

Description	Plant and Equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2017	1,573	218,358	219,930
Gross carrying amount	17,625	289,376	307,001
Accumulated depreciation	(16,048)	(69,600)	(85,648)
Accumulated impairment losses	(4)	(1,418)	(1,422)
Additions at cost	327	116,242	116,569
Depreciation	(502)	(13,794)	(14,296)
Impairment losses	-	(845)	(845)
Disposals	-	(12,586)	(12,586)
Cost	-	(37,394)	(37,394)
Accumulated depreciation	-	23,390	23,390
Accumulated impairment	-	1,418	1,418
Alienated	-	(30,900)	(30,900)
Cost	-	(30,900)	(30,900)
Accumulated depreciation	-	-	-
Vehicles moved from Departments to GMT	-	18,949	18,949
Cost	-	43,299	43,299
Accumulated depreciation	-	(24,350)	(24,350)
Vehicles moved from GMT to Departments	-	(105,176)	(105,176)
Cost	-	(106,726)	(106,726)
Accumulated depreciation	-	1,551	1,551
Stolen	-	(361)	(361)
Cost	-	(370)	(370)
Accumulated depreciation	-	9	9
Net Carrying amount - 31 March 2018	1,398	189,888	191,286
Cost	17,952	273,528	291,479
Accumulated depreciation	(16,549)	(82,795)	(99,345)
Accumulated impairment losses	(4)	(845)	(850)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	2017/18	2016/17
	R'000	R'000
7 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	1,029	1,360
Cost	6,128	6,106
Accumulated depreciation	(5,099)	(4,746)
Additions at cost	289	22
Depreciation	(340)	(353)
Carrying amount at the end of the year	977	1,029
Cost	6,416	6,128
Accumulated depreciation	(5,439)	(5,099)
7.1.3 Telephone		
Carrying amount at the beginning of the year	74	81
Cost	138	124
Accumulated depreciation	(64)	(43)
Additions at cost	1	14
Depreciation	(21)	(21)
Carrying amount at the end of the year	53	74
Cost	139	138
Accumulated depreciation	(86)	(64)
7.1.4 Workshop Equipment		
Carrying amount at the beginning of the year	89	115
Cost	206	212
Accumulated depreciation	(114)	(95)
Accumulated impairment losses	(3)	(1)
Depreciation	(26)	(25)
Impairment losses	-	(2)
Carrying value of disposals:	-	-
Cost	-	(5)
Accumulated depreciation	-	5
Carrying amount at the end of the year	63	89
Cost	206	206
Accumulated depreciation	(140)	(114)
Accumulated impairment losses	(3)	(3)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	2017/18 R'000	2016/17 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.5 Office Furniture and Fittings		
Carrying amount at the beginning of the year	218	267
Cost	1,630	1,598
Accumulated depreciation	(1,411)	(1,330)
Accumulated impairment losses	(1)	(1)
Additions at cost	7	32
Depreciation	(72)	(81)
Carrying amount at the end of the year	153	218
Cost	1,637	1,630
Accumulated depreciation	(1,483)	(1,411)
Accumulated impairment losses	(1)	(1)
7.1.6 Office Equipment		
Carrying amount at the beginning of the year	112	92
Cost	240	197
Accumulated depreciation	(128)	(105)
Additions at cost	26	21
Take in assets	-	22
Depreciation	(27)	(23)
Carrying amount at the end of the year	111	112
Cost	266	240
Accumulated depreciation	(155)	(128)
7.1.7 Domestic Equipment		
Carrying amount at the beginning of the year	16	11
Cost	41	32
Accumulated depreciation	(25)	(21)
Additions at cost	-	9
Depreciation	(5)	(4)
Carrying amount at the end of the year	12	16
Cost	41	41
Accumulated depreciation	(30)	(25)
7.1.8 Domestic Furniture		
Carrying amount at the beginning of the year	3	5
Cost	14	14
Accumulated depreciation	(11)	(9)
Depreciation	(2)	(2)
Carrying amount at the end of the year	1	3
Cost	14	14
Accumulated depreciation	(13)	(11)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	2017/18 R'000	2016/17 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.9 Kitchen Appliances		
Carrying amount at the beginning of the year	14	16
Cost	42	40
Accumulated depreciation	(28)	(24)
Additions at cost	3	2
Depreciation	(4)	(4)
Carrying amount at the end of the year	13	14
Cost	45	42
Accumulated depreciation	(32)	(28)
7.1.10 Photographic Equipment		
Carrying amount at the beginning of the year	15	19
Cost	41	41
Accumulated depreciation	(25)	(21)
Accumulated impairment losses	(1)	(1)
Depreciation	(4)	(4)
Carrying amount at the end of the year	11	15
Cost	41	41
Accumulated depreciation	(29)	(25)
Accumulated impairment losses	(1)	(1)
7.1.11 Crockery		
Carrying amount at the beginning of the year	1	1
Cost	4	4
Accumulated depreciation	(3)	(3)
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	2	1
Accumulated depreciation	(1)	-
Additions at cost	-	1
Depreciation	-	(1)
Carrying amount at the end of the year	1	1
Cost	2	2
Accumulated depreciation	(1)	(1)
7.1.13 Lease Tracking Units		
Carrying amount at the beginning of the year	-	-
Cost	9,083	9,083
Accumulated depreciation	(9,083)	(9,083)
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 2018

7.2 Impairment of Property, Plant and Equipment

Impairment losses on Property, Plant and Equipment to the amount of R845 000 (31 March 2017: R1.42 million) was recognised in operating surplus and are included in Impairment losses in the Statement of Financial Performance as indicated in note 25.

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.

	2017/18 R'000	2016/17 R'000
8 INTANGIBLE ASSETS		
Net Carrying value at beginning of the year	108,715	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 Licence Fees	(1,563)	(740)
Accumulated Amortisation - Internal Development	(43,385)	(30,895)
Software License Fees - Capitalised during the year	1,815	1,773
Internal Development - Cost capitalised	10,030	18,368
Amortisation during the year	(16,467)	(15,448)
Software Applications	(2,175)	(2,134)
Software License Fees	(912)	(822)
Internal Development	(13,379)	(12,490)
Net Carrying value at end of the year	104,092	108,715
Cost	173,043	161,199
Cost - Software Applications	28,118	28,118
Cost - Software License Fees Capitalised	10,282	8,468
Cost - Internal Development	134,643	124,613
Accumulated Amortisation	(68,952)	(52,484)
Accumulated Amortisation - Software Applications	(9,712)	(7,536)
Accumulated Amortisation - Software License Fees	(2,475)	(1,563)
Accumulated Amortisation - Internal Development	(56,765)	(43,385)
<u>Breakdown between systems:</u>		
8.1 <u>FleetMan System:</u>		
Net Carrying amount at beginning 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)
Internal Development - Cost capitalised	6,545	1,784
Amortisation during the year	(6,987)	(6,348)
Internal Development	(6,987)	(6,348)
Net Carrying amount at end of the year	11,559	12,001
Cost	47,416	40,871
Cost - Internal Development	47,416	40,871
Accumulated Amortisation	(35,857)	(28,870)
Accumulated Amortisation - Internal Development	(35,857)	(28,870)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	2017/18 R'000	2016/17 R'000
8 INTANGIBLE ASSETS (continued)		
8.2 Oracle Financial System:		
Net Carrying amount at beginning of the year	96,714	87,455
Cost	120,328	101,970
Cost - Software Applications	28,118	28,118
Cost - Software License Fees	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)
Software License Fees - capitalised during the year	1,815	1,773
Internal Development	3,485	16,584
Amortisation during the year	(9,480)	(9,099)
Software Applications	(2,175)	(2,134)
Software License Fees	(912)	(822)
Internal Development	(6,393)	(6,142)
Net Carrying amount at end of the year	92,533	96,714
Cost	125,627	120,328
Cost - Software Applications	28,118	28,118
Cost - Software License Fees Capitalised	10,282	8,468
Cost - Internal Development	87,227	83,742
Accumulated Amortisation	(33,095)	(23,614)
Accumulated Amortisation - Software Applications	(9,712)	(7,536)
Accumulated Amortisation - Software License Fees	(2,475)	(1,563)
Accumulated Amortisation - Internal Development	(20,908)	(14,515)

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 2018

		2017/18 R'000	2016/17 R'000
9 HERITAGE ASSETS		140	140
Gross carrying amount		<u>140</u>	<u>140</u>
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 R182,000 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.

		2017/18 R'000	2016/17 R'000
10 FINANCE LEASE RECEIVABLES			
Finance Lease Receivables		818,388	733,425
Sub-total		<u>818,388</u>	<u>733,425</u>
Less: Current Portion transferred to Current Assets:		171,726	145,380
Finance Lease Receivables		<u>171,726</u>	<u>145,380</u>
Total Long-term portion of Finance Lease Receivables		<u>646,662</u>	<u>588,045</u>

The management of GMT is of the opinion that the carrying value of Finance Lease Receivables recorded at amortised cost in the Interim 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 11 years as at 31 March 2018 (31 March 2017: 1 and 13 years). GDC 634G and GCC394G (Both Toyota Hino trucks) have remaining lease terms of 9 and 11 years respectively as at 31 March 2018. If these vehicles are excluded, the remaining lease terms are between 1 and 8 years. The effective annual interest rate on new vehicles purchased and permanently allocated to departments during the period under review is between 12.96% and 40.14% (31 March 2017: 9.08 % and 35.36%).

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 2018

10 FINANCE LEASE RECEIVABLES (continued)

The amounts receivable under Finance Leases are as follows:

	Minimum Lease Receivables		Present Value of Minimum Lease Receivables	
	2017/18 R'000	2016/17 R'000	2017/18 R'000	2016/17 R'000
Amounts receivable under finance leases:				
Within one year	394,227	334,296	171,726	145,380
In the second to fifth years, inclusive	946,167	854,835	631,320	571,429
Over five years	19,123	19,436	15,341	16,616
	1,359,517	1,208,567	818,388	733,425
Less: Unearned Future Finance Income	541,129	475,143	-	-
Present Value of Minimum Lease Receivables	818,388	733,425	818,388	733,425
Less: Amounts due for settlement within 12 months (Current portion)			171,726	145,380
Finance lease receivables due for settlement after 12 months (Non-current portion)			646,662	588,045

GMT has finance lease agreements for the following significant classes of assets:

- Vehicles

Unguaranteed residual values (R'000)

	461,096	375,169
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Included in these classes are the following significant leases:

i) GCG574G

- Instalments are payable monthly in arrears

- Average effective interest rate

	31.36%	31.18%
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- Average monthly instalment (Rands only)

	R 8,348	R 7,477
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- Annual escalation

	5.27%	5.23%
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ii) GCD412G

- Instalments are payable monthly in arrears

- Average effective interest rate

	32.45%	31.59%
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- Average monthly instalment (Rands only)

	R 5,242	R 4,733
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- Annual escalation

	5.27%	5.23%
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11 INVENTORY

Consumables store

	190	62
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Total Inventory

	190	62
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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 R162,434 (2016/17: R289,149).

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

12 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Accounts receivable

	53,425	24,083
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Less: Provision for impairment

	(104)	(965)
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Total receivables from Exchange Transactions

	53,320	23,118
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**GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

	2017/18 R'000	2016/17 R'000
12 RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
12.1 Ageing of Receivables from Exchange Transactions		
Current: 0 - 30 days	57,553	24,227
Gross Balances	57,569	24,230
Less: Provision for Impairment	(16)	(3)
More than 30 days and not more than 60 days	359	263
Gross Balances	359	264
Less: Provision for Impairment	-	(1)
More than 60 days and not more than 90 days	191	962
Gross Balances	192	963
Less: Provision for Impairment	(1)	(1)
More than 90 days	6,089	8,390
Gross Balances	6,177	9,349
Less: Provision for Impairment	(88)	(959)
Adjustment for daily tariffs included in the finance lease receivables	(10,872)	(10,723)
Net Balances	53,320	23,118

As at 31 March 2018 receivables of R6,64 million (31 March 2017: R9,615 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	359	263
Gross Balances	359	264
Less: Provision for Impairment	-	(1)
More than 60 days and not more than 90 days	191	962
Gross Balances	192	963
Less: Provision for Impairment	(1)	(1)
More than 90 days	6,089	8,390
Gross Balances	6,177	9,349
Less: Provision for Impairment	(88)	(959)
Net Balances	6,640	9,615

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 2018:		
<u>Current:</u>		
0 - 30 days	46,662	35
<u>Past Due:</u>		
More than 30 days and not more than 60 days	344	15
More than 60 days and not more than 90 days	123	70
More than 90 days	5,578	599
Sub-total	52,707	718
Less: Provision for Impairment	(16)	(88)
Total Trade Receivables by Customer Classification	52,691	629

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	2017/18 R'000	2016/17 R'000
12 RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
12.3 Reconciliation of the Provision for Impairment		
Balance at beginning of the year	(965)	-
Provision impairment losses recognised	(32)	(965)
Amounts written off as uncollectable	893	-
Balance at end of the year	(104)	(965)
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.		
12.4 Ageing of impaired Receivables from Exchange Transactions		
<u>Current:</u>		
0 - 30 days	16	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	1
More than 90 days	88	959
Sub-total	-	-
Less: Provision for Impairment	(104)	(965)
Total	-	-
13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Software license fees	3,129	3,012
Sundry debtors	4,596	1,107
Employees with leave debits	120	84
Warranties	19	44
Total Receivables from Non-exchange Transactions	7,865	4,248

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 the reporting date 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 2018

	2017/18	2016/17
	R'000	R'000
14 CASH AND CASH EQUIVALENTS		
Bank Accounts	641,144	473,509
Cash-on-hand	2	2
Current Investment Deposits	703,385	795,192
	<u>1,344,531</u>	<u>1,268,702</u>
<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	3,604	9,166
Cash book balance at the end of the year	<u>3,422</u>	<u>3,604</u>
<i>Nedbank Account Number: 1452 049 831</i>		
Bank statement balance at the beginning of the year	3,604	9,166
Bank statement balance at the end of the year	<u>3,422</u>	<u>3,604</u>
Primary bank account		
<i>Nedbank Account</i>		
Cash book balance at the beginning of the year	469,905	436,539
Cash book balance at the end of the year	<u>637,723</u>	<u>469,905</u>
<i>Nedbank Account Number: 1452 056 226</i>		
Bank statement balance at the beginning of the year	470,285	435,692
Bank statement balance at the end of the year	<u>637,818</u>	<u>470,285</u>
14.2 Cash-on-hand		
Cash float	<u>2</u>	<u>2</u>
14.3 Current Investment Deposits		
Investments through Provincial Treasury	<u>703,385</u>	<u>795,192</u>
Total Cash and Cash Equivalents	<u>1,344,531</u>	<u>1,268,702</u>

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 the Provincial Treasury.

Nedbank Limited has a credit rating of BB+ 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 2018**

		2017/18 R'000	2016/17 R'000
15	REVENUE		
	An analysis of the entity's revenue is as follows:		
	Rendering of services:		
	National Departments	38,165	34,383
	Provincial Departments	296,876	292,725
	Local authorities	1,471	-
	Interest earned:		
	Finance Lease Receivables	246,191	217,079
		582,704	544,187
	An analysis of the entity's revenue as per:		
	Kilometre tariffs	311,941	299,160
	Daily tariffs	24,571	27,948
	Interest earned	246,191	217,079
		582,704	544,187
	The amounts disclosed above for revenue are in respect of services rendered, which are billed to the clients 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	3,885	9,730
	Reimbursive income	7,798	7,948
	Donations received	-	122
	Total Other Income	11,683	17,800
17	INTEREST EARNED		
	Bank accounts	28,562	30,051
	Investments	58,193	45,094
	Accounts Receivable	254	882
	Total Interest Earned	87,009	76,027
18	GOVERNMENT GRANTS AND SUBSIDIES RECEIVED		
	Conditional Grants		
	Grants from Provincial Departments	36,532	40,784
	Department of Community Safety	466	2,039
	Department of Cultural Affairs and Sport	370	1,399
	Department of Health	4,795	27,400
	Department of Local Government	-	9,771
	Department of Transport and Public Works	1,999	-
	Department of Education	28,902	175
	Grants from National Departments	18	-
	Department of Justice and Constitutional Development	18	-
	Government Grants and Subsidies from exchange transactions	36,550	40,784
	Government Grants and Subsidies from non-exchange transactions		
	Other grants and subsidies received	8	315
		36,558	41,099
	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.		
19	SERVICES IN-KIND		
	Services in-kind benefit revenue	2,751	2,548

GMT occupies buildings belonging to the Western Cape Department of Transport and Public Works at no fees. These buildings are located at:

34 Roeland Street, Cape Town
49 Hope Street, Cape Town
19 Hermes Road, Paarden Eiland

The buildings and premises located at 3 Rusper Street, Maitland, Cape Town are still under construction and not considered significant as per GRAP 23 for the operations of GMT on 31 March 2018.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

	2017/18	2016/17
	R'000	R'000
20 ADMINISTRATIVE EXPENSES		
Bank charges	6,011	5,623
Fees for services		
- Housing and Hosting	5,761	5,900
Legal fees	87	117
License and software support fees	9,728	8,443
Other administrative expenses	1,310	1,238
Stationery and printing	589	667
Training and staff development	215	167
Travel and subsistence	53	152
Total Administrative expenses	23,755	22,307

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.

21 EMPLOYEE COSTS		
Salaries		
Basic salaries	24,330	22,359
Performance awards	351	389
Periodic payments	1,873	1,607
Other non-pensionable allowances	2,663	2,804
Overtime and long service awards	371	754
Social contributions		
Medical	2,267	2,009
Official unions and associations	10	9
Pension	3,147	2,631
Injury on duty	4	5
Defined Benefit Plan expense (see note 1):		
Current service cost	43	48
Interest cost	77	92
Net Actuarial (gains) / losses recognised	53	(88)
Total Employee costs	35,188	32,618

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 2018

21 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 2018					
Director: Fleet Finance	359	-	-	36	395
Acting Director: Fleet Services	867	22	6	76	970
Deputy Director: Financial Accounting	702	22	-	76	799
Deputy Director: Management Support Services	678	21	26	74	798
Deputy Director: Fleet Risk Management	654	20	-	71	745
TOTAL	3,260	84	32	331	3,707

	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 2018

	2017/18 R'000	2016/17 R'000
22 OPERATING EXPENDITURE		
Consultant, contractors and special services	35,643	36,415
- Audit fees	2,627	3,023
- Computers and systems service providers	28,879	29,327
- Consultant fees - Contracted Accountants	1,896	2,600
- Consultant fees - Project Management	2,086	1,257
- Contractors' services - wash bay and removal services	155	207
Maintenance, repairs and running costs	213,411	211,149
- Machinery, equipment and vehicles	213,411	211,149
Loss on sale of PPE	1,171	1,700
Loss on Finance Lease Receivables	13,094	10,582
Tracking and related services	38,082	34,784
Services in-kind	2,751	2,548
Third party claims	1,551	1,845
Stores and consumables	55	145
Communication costs	689	653
Courier and delivery charges	12	8
Municipal services	52	49
	306,513	299,876
22.1 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	68,836	70,620
- General maintenance and services	51,671	54,271
- Tyres and tubes	1,847	2,194
- Glass repairs	1,056	1,243
- Accident repairs	12,988	11,674
- Exhaust repairs	41	91
- Shocks	93	68
- Batteries	1,139	1,080
Plant and Equipment	21	37
- Computer equipment	5	-
- Office Furniture and Fittings	7	6
- Workshop equipment	-	5
- Office and Domestic equipment	9	26
	68,858	70,657
23 DEPRECIATION		
Plant and Equipment	502	519
Vehicles	13,794	13,764
	14,296	14,283
24 AMORTISATION		
Intangible asset - FleetMan	6,987	6,348
Intangible asset - Oracle Financial System	9,480	9,099
	16,467	15,447
25 ACCIDENTS AND IMPAIRMENT LOSSES		
25.1 Impairment losses on fixed assets		
<i>Impairment losses recognised:</i>		
Property, Plant and Equipment	845	1,420
- Vehicles	845	1,418
- Plant and Equipment	-	2
25.2 Impairment losses on financial instruments		
<i>Impairment losses recognised:</i>		
Receivables from Exchange Transactions	156	1,201
- Bad debt written off	124	236
- Provision for bad debt	32	965
	1,001	2,621

**GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

	2017/18 R'000	2016/17 R'000
26 GRANTS AND SUBSIDIES PAID		
Vehicles and equipment alienated	30,900	9,771
Funds transferred to the Asset Finance Reserve	150,000	-
	180,900	9,771

Vehicles alienated

Government Motor Transport alienated forty six busses to the Department of Education during the year under review, (31 March 2017: ten fire trucks to Local Government). In addition, the entity alienated in-vehicle technology equipment to the Department of Transport and Public Works.

Funds transferred to the Asset Finance Reserve

Government Motor Transport transferred funds from its investment held through the Provincial Treasury to the Asset Finance Reserve (2016/17: Rnil).

27 RECONCILIATION OF CASH GENERATED FROM OPERATIONS

Profit for the period	120,713	266,716
Adjustment for:		
Revenue - Services in-kind	(2,751)	(2,548)
Operating Expenditure - Services in-kind	2,751	2,548
Depreciation - Property, Plant and Equipment	14,296	14,283
Amortisation - Intangible assets	16,467	15,447
Vehicles moved from GMT to Departments	105,176	71,678
Vehicles moved from Departments to GMT	(18,949)	(9,792)
Impairment losses	845	1,420
Increase in provision for doubtful debts	32	965
Loss on disposal of Property, Plant and Equipment	1,171	1,700
Profit on disposal of Property, Plant and Equipment	(3,885)	(9,730)
Increase in Provisions	723	414
Grants and subsidies paid: vehicles and equipment alienated	30,900	9,771
Operating cash flows before working capital changes	267,489	362,873
Working capital changes	6,057	23,290
(Increase)/Decrease in Inventories	(129)	(20)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(30,234)	30,845
(Increase)/Decrease in Trade Receivables from Non-exchange Transactions	(3,617)	(1,230)
Increase/(Decrease) in Payables from Non-exchange Transactions	217	2,357
Increase/(Decrease) in Payables from Exchange Transactions	9,839	1,349
Increase/(Decrease) in Unspent Conditional Grants and Receipts	30,798	(9,498)
Cash payments made against Provisions	(817)	(512)
Cash generated from operations	273,546	386,162

28 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	1,344,531	1,268,702
	1,344,531	1,268,702

29 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).

30 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 R170,330 for the year (2016/17: R62,828) in respect of claims made against GMT as at 31 March 2018 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 2018 amounts to R3,818,086. A contingent liability of R3,647,756 exists, but has not been raised in the financial statements as the existence of this obligation will only be acknowledged by the future payment of these claims.

31 COMMITMENTS FOR EXPENDITURE

31.1 Capital commitments

Commitments for the acquisition of capital expenditure:

Approved and contracted for:		
Property, Plant and Equipment	57,911	230,227
Intangible Assets	57,857	202,408
	54	27,819
Total capital commitments	57,911	230,227

This expenditure will be financed from:

Own resources	57,911	230,227
	57,911	230,227

31.2 Other commitments

Non-cancellable operating lease commitments are disclosed in note 33.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

32 EVENTS AFTER THE REPORTING DATE

32.1 Non-adjusting events

32.1.1 Claims, losses and damages

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

Seventeen claims with a total estimated value of R582,432 was issued to GMT after 31 March 2018.

Damages/Losses - government vehicles

383 cases were registered after 31 March 2018 with a probable loss amount of R2,063,905.

32.1.2 Extension of contract - tracking and related services

A contract for tracking and related services was extended on 30 April 2018. The extension period is six months from 1 May 2018 to 31 October 2018. The estimated expenditure which will be incurred during the extension period is R24,321,402.

32.2 Adjusting events

Six cases were settled in terms of an agreed payment after the reporting date but before the financial statements were issued and amounts to R170,330 (31 March 2017: R62,828).

33 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
- later than five years.

	2017/18	2016/17
	R'000	R'000

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:

Up to 1 year	2,346	11,585
2 to 5 years	247	667
More than 5 years	-	-
Total Operating Lease Arrangements	2,593	12,252

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

Minimum lease payments	21,874	18,022
Contingent rentals	-	-
Total Operating Lease Expenses - as Lessee	21,874	18,022

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	-	-
Operating expenses recorded	21,874	18,022
Operating lease payments effected	(21,874)	(18,022)
Total Operating Lease Liabilities	-	-

**GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

33 OPERATING LEASE ARRANGEMENTS (continued)

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 RT3-2015.

34 RELATED PARTY TRANSACTIONS

34.1 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.

34.1.1 The following related party transaction was not concluded at arm's length during the period 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 R11,503,782 during the year ended 31 March 2018 (31 March 2017: R13,337,498) to prepare the building 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:

	2017/18 R'000	2016/17 R'000
Revenue		
Transport claims	54,072	52,715
Reimbursive income	26,184	10,635
Interest earned on Finance Lease Receivables	20,768	19,608
Services in-kind	2,751	2,548
Government Grants and Subsidies Received	1,999	-
Interest earned on Accounts Receivable	5	2
	105,780	85,507
Expenditure		
License fees	4,837	3,564
Services in-kind	2,751	2,548
Grants and subsidies paid	1,999	-
	9,587	6,112
Balances included under assets as at the reporting date		
Finance Lease Receivables	69,110	71,668
Trade Receivables from Exchange Transactions	5,650	4,522
Receivables from Non-exchange Transactions	4,596	1,107
	79,356	77,297
Balances included under liabilities as at the reporting date		
Unspent conditional grants and receipts	26,481	8,480

34.2 Transactions with key management personnel

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

- Riaan Wiggill - Director: Fleet Finance
- Anthonie Janse van Rensburg - Acting Director: Fleet Services
- 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 21 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 - Acting Director: Fleet Services	Mr. H. Janse van Rensburg (Administration Clerk)	Brother	260,899
Kathy Proctor Fourie - Deputy Director: Financial Accounting	Mr. JC Fourie (Assistant Director: Fleet Planning and Acquisition)	Husband	442,602

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

34 RELATED PARTY TRANSACTIONS (continued)

34.3 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

- 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

34.4 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.

35 FINANCIAL INSTRUMENTS

35.1 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>	2017/18	2016/17
		R'000	R'000
Finance lease receivables (Non-current portion)	Financial Assets at Amortised Cost	646,662	588,045
Receivables from Exchange Transactions	Financial Assets at Amortised Cost	53,320	23,118
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost	7,865	4,248
Cash and Cash equivalents	Financial Assets at Amortised Cost	1,344,531	1,268,702
Finance lease receivables (Current portion)	Financial Assets at Amortised Cost	171,726	145,380
Total financial assets		2,224,104	2,029,493

Summary of financial assets:

Financial Assets at Amortised Cost:

Finance lease receivables (Non-current portion)	646,662	588,045
Finance lease receivables (Current portion)	171,726	145,380
Receivables from Exchange Transactions	53,320	23,118
Receivables from Non-exchange Transactions	7,865	4,248
Cash and Cash equivalents	1,344,531	1,268,702
	2,224,104	2,029,493
Total Financial Assets	2,224,104	2,029,493

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

35 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	2017/18 R'000	2016/17 R'000
Payables from Exchange Transactions			
Trade creditors	FLAC	17,607	10,455
Sundry creditors	FLAC	170	290
Payments received in advance	FLAC	2,806	-
Payables from Non-exchange Transactions			
Staff Leave Accrued	FLAC	1,201	1,146
Staff Bonuses	FLAC	955	794
Other Creditors	FLAC	4,913	4,910
Unspent Conditional Grants and Receipts	FLAC	76,879	46,081
Total financial liabilities		104,531	63,676

Summary of financial liabilities:

Financial Liabilities at Amortised Cost (FLAC):

Trade creditors	17,607	10,455
Sundry creditors	170	290
Payments received in advance	2,806	-
Staff Leave Accrued	1,201	1,146
Staff Bonuses	955	794
Other Creditors	4,913	4,910
Unspent Conditional Grants and Receipts	76,879	46,081
Total Financial Liabilities	104,531	63,676

35.2 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	107,781	67,020
Equity	2,412,033	2,291,320
Debt to equity ratio	<u>4%</u>	<u>3%</u>

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.

35.3 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.

35.4 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 2018

35 FINANCIAL INSTRUMENTS (continued)

35.5 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 BB+ 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.

35.6 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.

	2017/18 R'000	2016/17 R'000
Maximum credit risk exposure		
Finance Lease Receivables (Non-current portion)	646,662	588,045
Cash and cash equivalents	1,344,531	1,268,702
Receivables from Exchange Transactions	53,320	23,118
Receivables from Non-exchange Transactions	7,865	4,248
Finance lease receivables (Current portion)	171,726	145,380
	2,224,104	2,029,493

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

	2017/18 R'000	2016/17 R'000
Financial assets past due		
<i>Accounts Receivable:</i>		
More than 30 days and not more than 60 days	359	263
More than 60 days and not more than 90 days	191	962
More than 90 days and not more than 120 days	6,089	8,390
Total	6,640	9,615

35.7 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
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	-	-
	17,596	-	-
2017/18:			
<i>Non-interest Bearing:</i>			
Payables from Non-exchange Transactions	7,068	-	-
<i>Variable Interest Rate Instruments:</i>			
Payables from Exchange Transactions	20,583	-	-
	27,652	-	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

35 FINANCIAL INSTRUMENTS (continued)

35.8 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.

36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

36.1 Unauthorised Expenditure

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

36.2 Fruitless and Wasteful Expenditure

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

36.3 Irregular Expenditure

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

37 GOING CONCERN

Management considered the following matters relating to the going concern:

- (i) On 15 March 2017 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 to be instituted.
- (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.

**GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

		R'000												
		DR/(CR)												
38	CORRECTION OF ERROR													
38.1	CASH FLOW STATEMENT													
38.1.1	CASH FROM INVESTING ACTIVITIES													
	The carrying value of ten fire trucks alienated to the Department of Local Government was incorrectly included in proceeds on disposal of Property, Plant and Equipment.													
	Balance previously reported as at 31 March 2017:	55,307												
	Add:													
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 45%;">Component</th> <th style="width: 45%;">Detail</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Proceeds on disposal of PPE</td> <td>Carrying value of vehicles alienated</td> <td style="text-align: right;">(9,771)</td> </tr> </tbody> </table>	Component	Detail		Proceeds on disposal of PPE	Carrying value of vehicles alienated	(9,771)							
Component	Detail													
Proceeds on disposal of PPE	Carrying value of vehicles alienated	(9,771)												
	Restated balance as at 31 March 2017	45,536												
38.1.2	CASH FROM OPERATING ACTIVITIES													
	The carrying value of ten fire trucks alienated to the Department of Local Government as well as provision for bad debts were disclosed under adjustments for non cash items. Provision for bad debts was adjusted against working capital changes - Trade Receivables from Exchange Transactions.													
	Balance previously reported as at 31 March 2017:	376,389												
	Add:													
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 45%;">Component</th> <th style="width: 45%;">Detail</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>Adjustments for non-cash items</td> <td>Grants and subsidies paid - vehicles alienated</td> <td style="text-align: right;">9,771</td> </tr> <tr> <td>Adjustments for non-cash items</td> <td>Increase in provision for doubtful debts</td> <td style="text-align: right;">965</td> </tr> <tr> <td>Working capital changes</td> <td>Trade receivables from exchange transactions</td> <td style="text-align: right;">(965)</td> </tr> </tbody> </table>	Component	Detail		Adjustments for non-cash items	Grants and subsidies paid - vehicles alienated	9,771	Adjustments for non-cash items	Increase in provision for doubtful debts	965	Working capital changes	Trade receivables from exchange transactions	(965)	
Component	Detail													
Adjustments for non-cash items	Grants and subsidies paid - vehicles alienated	9,771												
Adjustments for non-cash items	Increase in provision for doubtful debts	965												
Working capital changes	Trade receivables from exchange transactions	(965)												
	Restated balance as at 31 March 2017	386,161												
38.2	PROPERTY PLANT AND EQUIPMENT (note 7)													
	The carrying value of ten fire trucks alienated to the Department of Local Government, was incorrectly included in carrying value of disposal of Property, Plant and Equipment. This was restated to disclose alienations and disposals seperately on the Property, Plant and Equipment note.													
	Balance previously reported as at 31 March 2017:													
	Carrying value of disposals	(47,277)												
	Cost	(103,903)												
	Accumulated depreciation	52,834												
	Accumulated impairment	3,792												
	Restated:													
	Carrying value of disposals	(37,506)												
	Cost	(94,132)												
	Accumulated depreciation	52,834												
	Accumulated impairment	3,792												
	Alienated	(9,771)												
	Cost	(9,771)												
	Accumulated depreciation	-												
	Accumulated impairment	-												
38.3	RELATED PARTY TRANSACTIONS (note 34)													
	The balance of Unspent Conditional Grants and Receipts for the Department of Transport and Public Works was not previously disclosed in the Related Party Transactions disclosure note during 2016/17. The disclosure note was amended for 2016/17 to disclose this balance.													
	Balance previously reported as at 31 March 2017:													
	Balances included under liabilities as at the reporting date													
	Unspent conditional grants and receipts	-												
	Restated:													
	Balances included under liabilities as at the reporting date													
	Unspent conditional grants and receipts	8,480												

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

		R'000
38.4 RELATED PARTY TRANSACTIONS (note 34)		DR/(CR)
	The of total, nature and type of services in-kind received for the use of buildings owned by the Western Cape Department of Transport and Public Works at no fees was not disclosed during 2016/17 under Revenue from Non-Exchange Transactions and Operating expenditure. The disclosure notes were amended for 2016/17 to disclose the total, nature and type of services in-kind received.	
	Balance previously reported as at 31 March 2017:	
	Total included under revenue as at the reporting date	-
	Total included under expenditure as at the reporting date	-
	Restated:	
	Total included under revenue as at the reporting date	(2,548)
	Total included under expenditure as at the reporting date	2,548
38.5 SERVICES IN-KIND (note 19)		
	The of total, nature and type of services in-kind received for the use of buildings owned by the Western Cape Department of Transport and Public Works at no fees was not disclosed during 2016/17 under Revenue from Non-Exchange Transactions and Operating expenditure. The disclosure notes were amended for 2016/17 to disclose the total, nature and type of services in-kind received.	
	Revenue:	
	Total previously reported as at 31 March 2017:	-
	Total included under revenue as at the reporting date	
	Services in-kind	-
	Restated:	
	Total included under revenue as at the reporting date	
	Services in-kind	(2,548)
38.6 OPERATING EXPENDITURE (note 22)		
	The of total, nature and type of services in-kind received for the use of buildings owned by the Western Cape Department of Transport and Public Works at no fees was not disclosed during 2016/17 under Revenue from Non-Exchange Transactions and Operating expenditure. The disclosure notes were amended for 2016/17 to disclose the total, nature and type of services in-kind received.	
	Expenditure:	
	Total previously reported as at 31 March 2017:	-
	Total included under expenditure as at the reporting date	
	Services in-kind	-
	Restated:	
	Total included under expenditure as at the reporting date	
	Services in-kind	2,548

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

39	CHANGE IN ESTIMATES	2017/18
		R'000
39.1	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 2017 and 31 March 2018, are as follows:	
	<i>Depreciation expense:</i>	
	Decrease in the depreciation expense for the year ended 31 March 2018	(141)
	Decrease in the depreciation expense for future periods after 31 March 2018	(5,356)
		(5,497)
	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 2018, is as follows:	
	<i>Revenue</i>	
	Increase in interest earned on finance lease receivables for the year ended 31 March 2018	18,812
	Increase in interest earned on finance lease receivables for future periods, after 31 March 2018	18,080
		36,892
	<i>Amounts receivable under finance leases</i>	
	Decrease in the present value of finance lease receivables for the year ended 31 March 2018	(28,991)
	Increase in the present value of finance lease receivables for future periods, after 31 March 2018	28,991
		-
39.2	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 2018	(187)
	Increase in the depreciation expense for future periods	187
		-
40	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 2016 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 R1,629,923 million as at 31 March 2016 (31 March 2014: R1,425,719 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 2016. The actuarial results of the March 2016 valuation show that the fund is 115,8% funded, i.e. there are sufficient assets to cover the actuarial liabilities in full.	

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

41 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

GRAP 109 Accounting by Principals and Agents

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
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 deals 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 2018**

41 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
GRAP 109 Accounting by Principals and Agents	This standard outlines principles to assess whether an entity is party to a principal-agent arrangement. The definition of a principal-agent arrangement refers to an entity acting on behalf of another entity in relation to transactions with third parties. 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 2018**

	2017/18 R'000	2016/17 R'000
42 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	120,713	266,716
Over budgeted income and expenses		
Financing of capital budget	-	30,500
Over/under spending of approved budget:		
Revenue		
Over budgeted revenue from daily tariffs for permanently allocated vehicles subject to finance leases	10,786	8,824
Over/(under) budgeted interest income from bank accounts and accounts receivable	(33,240)	20,083
Under budgeted on Government Grants and Subsidies received	(14,342)	(19,640)
Over budgeted Other income	921	2,303
Services in-kind	(2,751)	(2,548)
Expenditure		
Over budgeted Administrative expenditure	(1,341)	(7,913)
Over budgeted Employee costs	(10,371)	(10,675)
Over budgeted Operating expenditure	(6,451)	(21,271)
Over budgeted depreciation	(1,248)	(3,909)
Over budgeted Amortization	(1,549)	(5,676)
Over budgeted accident and impairment losses	(946)	(164)
Over budgeted Operating lease expenditure	(2,218)	(2,651)
Surplus per approved budget	57,963	253,979

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 2018

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 on-going 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.

Accounting Policies

for the year ended 31 March 2018

➤ **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.

➤ **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.

Accounting Policies

for the year ended 31 March 2018

➤ **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.

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.

Accounting Policies

for the year ended 31 March 2018

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.

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.

Accounting Policies

for the year ended 31 March 2018

5.3.2 Services in-kind

The Entity recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the Entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the Entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the Entity discloses the nature and type of services in-kind received during the reporting period.

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.

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.

Accounting Policies

for the year ended 31 March 2018

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.

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.

Accounting Policies

for the year ended 31 March 2018

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.

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.

Accounting Policies

for the year ended 31 March 2018

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.

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)
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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.

Accounting Policies

for the year ended 31 March 2018

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.

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.

Accounting Policies

for the year ended 31 March 2018

FleetMan system:

Amortisation commenced from 1 April 2004 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.

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.

Accounting Policies

for the year ended 31 March 2018

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.

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.

Accounting Policies

for the year ended 31 March 2018

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.

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.

Accounting Policies

for the year ended 31 March 2018

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 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.

Accounting Policies

for the year ended 31 March 2018

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.

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.

Accounting Policies

for the year ended 31 March 2018

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.

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

Accounting Policies

for the year ended 31 March 2018

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.

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.

Accounting Policies

for the year ended 31 March 2018

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.

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.

Accounting Policies

for the year ended 31 March 2018

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.

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.

Accounting Policies

for the year ended 31 March 2018

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.

23. Grants and Subsidies Paid

GMT transfers surplus funds and alienate vehicles to other sectors of government from time to time. When making these transfers, GMT does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

Government Motor Transport

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Transport and Public Works

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