



Western Cape  
Government

Transport and Public Works



# Annual Report 2019/2020

Government Motor Transport

# Government Motor Transport – Services and achievements in 2019/20

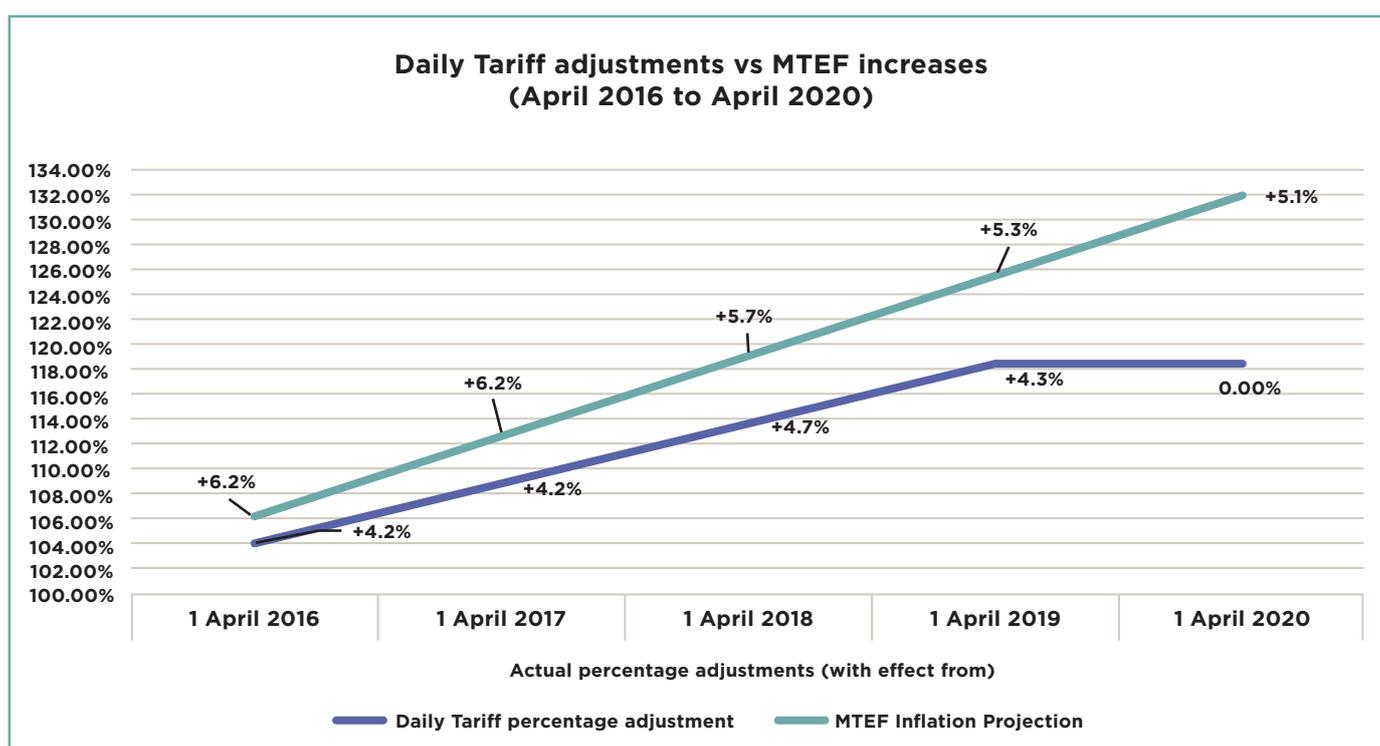
GMT is a trading entity under the administration of the Western Cape Department of Transport and Public Works. The entity must recover the costs of making available goods (vehicles) and rendering services to client institutions through charging daily and kilometre tariffs. Graphs 1 and 2 compare GMT's annual tariff increases between 1 April 2016 and 1 April 2020 with increases in the Medium-Term Expenditure Framework (MTEF) over the same period. The MTEF comprises the rolling three-year spending plans of the national- and provincial governments.

## 1. We have saved our client institutions 13.37% in daily tariff increases over four years

Graph 1 illustrates that GMT's daily tariff adjustments were consistently lower than increases in the MTEF over the same period. In real terms, the cumulative effective savings for client institutions over the four years in the comparison period was 13.37%. Stated differently, if MTEF increases were applied to daily tariff charges over the period 1 April 2016 to 1 April 2020, client institutions would be paying R113.37 for the goods and services they currently pay only R100 for. This is an annualised saving of R4 880.05 for vehicles that are permanently allocated.

Lower daily tariffs mean GMT client institutions have more money to spend on service delivery to citizens.

**Graph 1: Daily tariff adjustments vs MTEF increases**



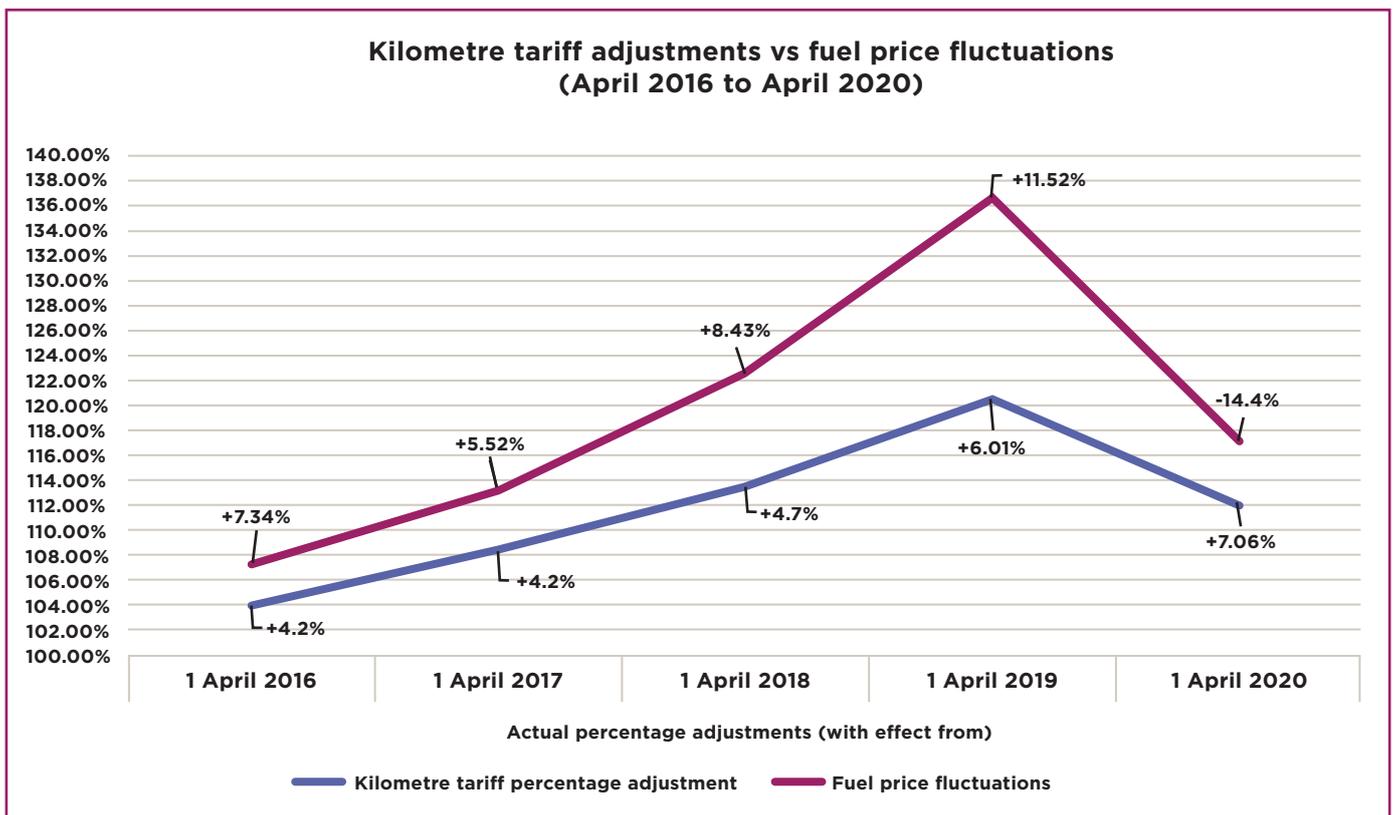
## 2. We have saved our client institutions 19.7% in kilometre tariff increases over four years

Graph 2 shows that GMT's kilometre tariff adjustments were consistently lower than increases in the MTEF. Kilometre tariffs are calculated to recover the variable costs associated with the value chain processes of fleet management services and supporting activities. Fuel expenditure accounts for 28% of GMT's operating costs and is therefore a significant component of the entity's cost base. With effect from 1 April 2019, GMT amended its kilometre tariff structure to allow for cost recovery that responds to fluctuations in the fuel price.

Kilometre tariffs between 1 April 2016 and 1 April 2020 increased more slowly than the increase in the MTEF over the corresponding period, meaning client institutions saved 19.8% in real terms. The fuel price decrease that began in the 2019 calendar year declined by 19.7% in the period 1 April 2019 to 1 April 2020. Kilometre tariffs charged to client institutions were adjusted in accordance with fuel price changes.

Lower kilometre tariffs assist GMT client institutions to render better services to citizens.

**Graph 2: Kilometre tariff adjustments vs fuel price fluctuations**



### 3. We pay our service providers within seven calendar days

GMT's massive transformative purpose is *providing innovative mobility solutions to co-create a better life for all*. Part of co-creating a better life for all is accelerated payment for goods and services GMT procures from other organs of state and private sector institutions. The average payment period for goods and services in the period April 2019 to February 2020 was seven calendar days.

Rapid payment to GMT service providers supports economic development and employment for citizens in related industries.

### 4. We actively optimise our fleet size and composition

GMT responds to the changing client context by acquiring relevant vehicle models, optimising the fleet size, and keeping the fleet within its economic life cycle. The process of acquiring replacement vehicles reached **99%** of its target in the year under review. In the 2019/20 emergency response fleet. The process of acquiring replacement vehicles reached **99%** of its target in the year under review. In the 2019/20 financial year, GMT continued to ensure that its fleet met the requirements of clients, minimised harm to the environment, emphasised safety, provided fit-for-purpose vehicles, and met all expectations in respect of its service delivery mandate.

An optimised GMT fleet helps the WCG and its agencies to improve their service delivery to citizens.



## 5. We contribute towards safe and cohesive communities

GMT initiated the installation of in-vehicle technology to meet the specific needs of client institutions during the five-year strategic planning period that ended in 2019. This process will be further enhanced over the current strategic planning period. During 2019/20, GMT consulted with subject matter experts and invested in the provision of specialised, fit-for-purpose vehicles to meet client specifications. An example is the traffic law enforcement “interceptor” vehicles, fitted with appropriate in-vehicle technology. The Provincial Minister of Transport and Public Works introduced the first “interception unit” to the media in November 2019.

Fit-for-purpose GMT vehicles help to improve safety for citizens.



## 6. We provide integrated repair and maintenance management

Fully integrated Oracle FleetCare software is improving the repair and maintenance process by enabling the electronic production of service requests, automating work distribution, and providing easy access to management information.

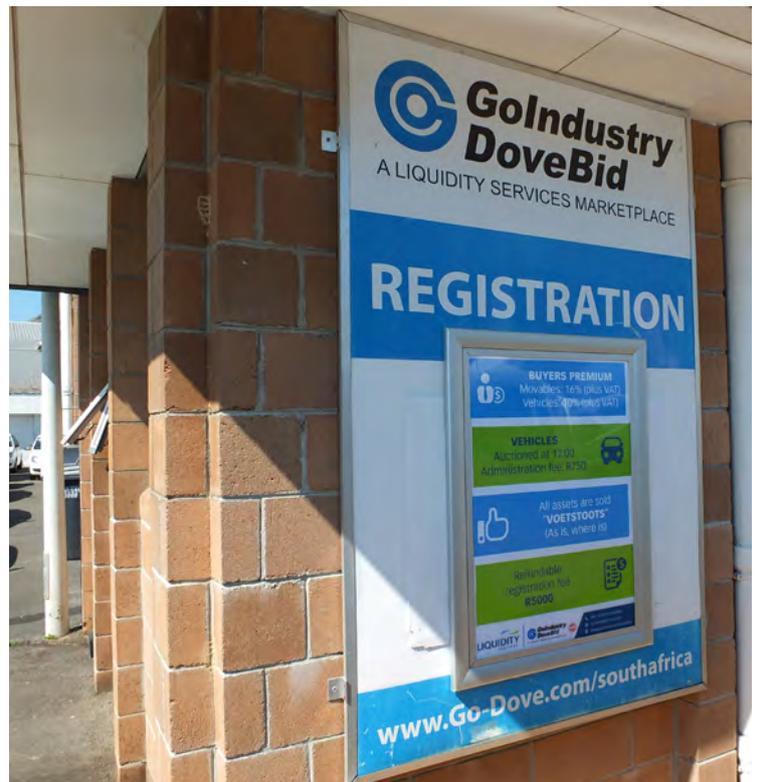
Reducing vehicle downtime enhances GMT's service delivery, enabling client institutions to provide better services to citizens.



## 7. We auction redundant vehicles online

When vehicles reach the end of their useful lives, GMT auctions them online. Online auctions mitigate the COVID-19 risks of physical auctions and are able to reach a national audience of potential buyers. Online auctions also make it possible to have more regular auctions in response to current market prices and storage constraints. During the year under review, GMT held five online auctions and sold 758 lots.

Disposing of redundant vehicles reduces GMT operating costs for the benefit of citizens.



## 8. We continue to support road safety in the Western Cape

In preparation for the Administrative Adjudication of Road Traffic Offences Act (AARTO) being brought into effect across South Africa, GMT improved its vehicle tracking systems. Its control centres perform real-time monitoring of vehicle deployment to mitigate the risk of abuse and to reduce sub-optimal utilisation of vehicles.

The number of individual driver tags issued to client institutions increased from 2 935 to 6 317 in the year under review. This identification technology enables the monitoring of driver behaviour which improves driver accountability and promotes road safety. Being able to generate individual driver profiles enables GMT to improve driver skills through making targeted behavioural training available.

Mitigating GMT road safety risks helps to keep citizens safe.



## 9. We enhance systems to support our clients

GMT incorporated an online driver nomination module to manage the redirection of traffic offences in the FleetMan system for use by client institutions' transport officers. The module also incorporates an online training tool and screen navigation. To date 6 370 drivers have been registered on the FleetMan system, and have been issued with an orange driver tag. These tags facilitate the process of redirecting traffic offences in preparation for the national implementation of the Administrative Adjudication of Road Traffic Offences (AARTO) Act.



## 10. We develop and implement mobile applications

GMT developed and implemented its first mobile application, "Application to Travel", so that client institutions can replace paper-based, manual processes. Other applications are planned over the current Strategic Plan period.

Mobile applications help to improve efficiency for the benefit of citizens.

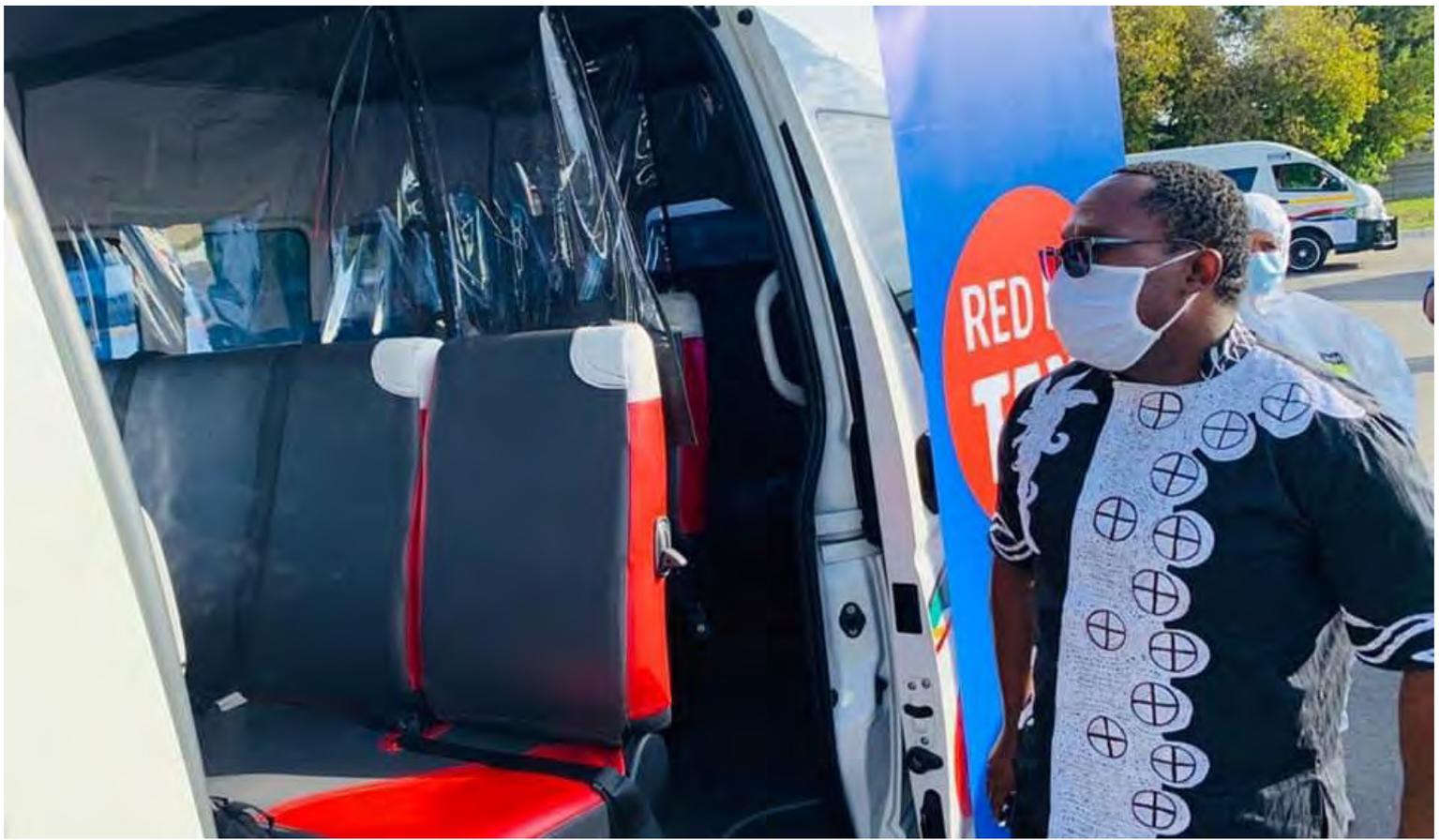


## 11. We mitigate the risk of COVID-19

In preparation for the National State of Disaster and the subsequent COVID-19 lockdown that came into effect on 26 March 2020, GMT issued a circular to all its client institutions to advise them of health and safety protocols that would be implemented. Vehicles are regularly sanitised and limitations have been introduced on the permitted number of passengers to allow for social distancing.

Reducing infection risks helps to protect citizens from COVID-19.





## 12. We develop new facilities and services

### Delivery of the George regional hub

The establishment of a regional vehicle pool facility in George was finalised during the 2019/20 financial year. This facility helps GMT clients to more effectively render services to citizens in the Garden Route and Central Karoo regions.



## Progress with new GMT head office

Construction on Phase 2 of the GMT building at 3 Rusper Street, Maitland, commenced in the second quarter of the 2019/20 financial year. When the facility is complete, it will provide sufficient accommodation for GMT staff, vehicles and supporting infrastructure in one location. GMT brings many related business development opportunities to Maitland, whilst easing congestion in the Cape Town city centre.

Centralising GMT facilities will improve management, cost-effectiveness, and on-time service delivery for the benefit of citizens.





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Government

Transport and Public Works

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Government Motor Transport

Western Cape Government

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## Contents

Part A: General information .....	1
1 Trading entity's general information .....	1
2 Acronyms .....	2
3 Foreword by the Provincial Minister .....	5
4 Report of the Accounting Officer .....	8
4.1 Overview of operations of the trading entity .....	8
4.2 Overview of the financial results .....	12
4.3 Receipts .....	13
4.4 Expenditure .....	16
4.5 Virements/ roll overs .....	17
4.6 Unauthorised, irregular, fruitless and wasteful expenditure .....	17
4.7 Future plans of the trading entity .....	18
4.8 Public-private partnerships .....	18
4.9 Discontinued activities/ activities to be discontinued .....	18
4.10 New or proposed activities .....	18
4.11 Supply Chain Management .....	18
4.12 Gifts and donations received in kind from non-related parties .....	19
4.13 Exemptions and deviations received from the National Treasury .....	19
4.14 Events after the reporting date .....	19
4.15 Acknowledgements .....	19
4.16 Conclusion .....	19
5 Statement of responsibility and confirmation of accuracy for the Annual Report .....	21
6 Strategic overview .....	22
6.1 Vision .....	22
6.2 Mission .....	22
6.3 Values .....	22
7 Legislative and other mandates .....	24
8 Organisational structure as at 31 March 2020 .....	34
9 Trading entity reporting to the Minister .....	35
Part B: Performance information .....	36
1 Auditor-General's report: Predetermined objectives .....	36
2 Overview of trading entity's performance .....	36
2.1. Service delivery environment .....	36
2.2. Service Delivery Improvement Plan .....	37
2.3. Organisational environment .....	45
2.4. Key policy developments and legislative changes .....	45
3 Strategic Outcome-Oriented Goals .....	45
4 Performance information .....	48
5 Transfer payments .....	53
5.1 Transfer payments to public entities .....	53
5.2 Transfer payments to all organisations other than public entities .....	53
6 Conditional grants .....	54
6.1 Conditional grants and earmarked funds paid .....	54
6.2 Conditional grants and earmarked funds received .....	54
7 Donor funds .....	54
8 Capital investment .....	54
8.1 Capital investment, maintenance and asset management plan .....	54

Part C: Governance.....	55
1 Introduction .....	55
2 Risk management .....	55
2.1. Ethics and Enterprise Risk Management Committee (ERMCO) report.....	55
3 Fraud and corruption .....	59
4 Minimising conflicts of interest .....	60
5 Code of Conduct .....	61
6 Health, safety and environmental issues .....	61
7 Standing Committee on Transport and Public Works.....	62
7.1 Report of the Standing Committee on Transport and Public Works.....	62
8 Public Accounts Committee resolutions.....	63
8.1 Response to the report of the Public Accounts Committee (PAC) on the 2018/19 Annual Report dated 16 January 2020.....	63
8.2 List of information required.....	67
9 Prior modifications to Audit Reports .....	67
10 Financial Governance Directorate.....	68
11 Chief Directorate Supply Chain Management, Directorate: Governance and Demand Management .....	71
12 Internal Audit and Audit Committees.....	79
13 Audit Committee Report.....	81
14 BBBEE compliance performance information.....	83
Part D: Human resource management.....	86
1 Introduction .....	86
2 Status of people management at the Department .....	86
2.1 Departmental workforce planning .....	86
2.2 Employee performance management.....	87
2.3 Employee wellness.....	87
2.4 People management monitoring .....	88
3 People management oversight statistics .....	88
3.1 Personnel related expenditure .....	88
3.2 Employment and vacancies .....	90
3.3 Job evaluation .....	91
3.4 Employment changes .....	92
3.5 Employment equity.....	95
3.6 Signing of performance agreements by SMS members .....	99
3.7 Filling of SMS posts.....	99
3.8 Employee performance.....	100
3.9 Foreign workers.....	102
3.10 Leave utilisation for the period 1 January 2019 to 31 December 2019 .....	103
3.11 Health promotion programmes, including HIV and AIDS .....	106
3.12 Labour relations.....	110
3.13 Skills development.....	111
3.14 Injury on duty .....	112
3.15 Utilisation of consultants .....	113
Part E: Financial information .....	114
1 Report of the Auditor-General of South Africa to the Western Cape Provincial Parliament on Government Motor Transport .....	114
2 Annual Financial Statements for the year ended 31 March 2020 .....	120

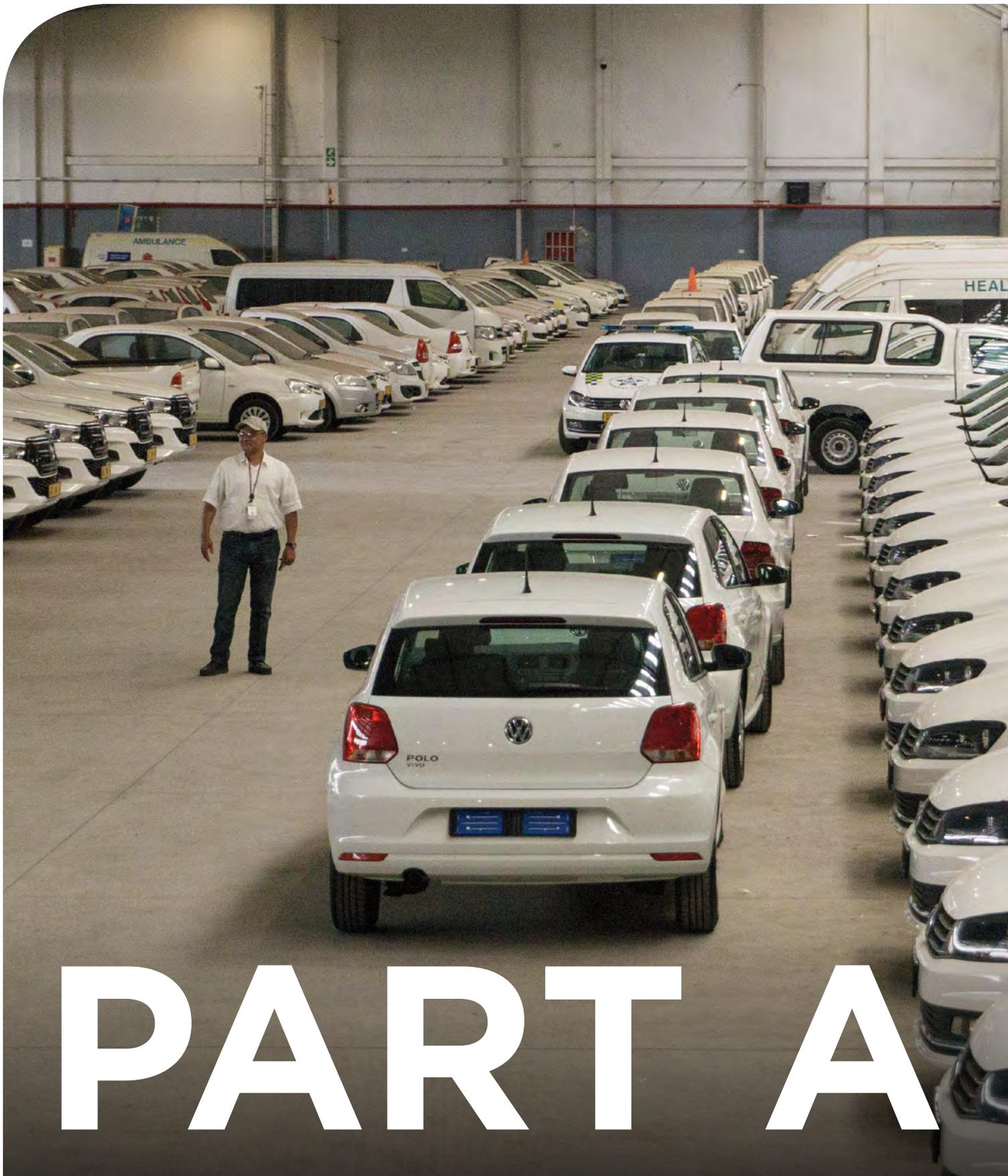
## Figures

Figure 1: Organisational structure .....	34
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## Tables

Table 1: Revenue collected .....	14
Table 2: Claims and accounts receivable comparison .....	14
Table 3: Outstanding debt per client as at the end of March 2020 .....	15
Table 4: Expenditure versus budget .....	16
Table 5: Reasons for under-spending .....	17
Table 6: Provincial values and behavioural statements .....	23
Table 7: National and provincial legislation .....	24
Table 8: Main services provided and standards .....	38
Table 9: Strategic Objectives .....	48
Table 10: Key performance indicators, planned targets and actual achievements .....	50
Table 11: Expenditure versus budget .....	53
Table 12: PFS Case Movement Certificates issued .....	60
Table 13: Nature and investigation outcome of PFS cases closed .....	60
Table 14: Information requested by the Committee .....	62
Table 15: Views and resolutions of the Committee .....	64
Table 16: List of information requested .....	67
Table 17: Financial Governance work performed .....	68
Table 18: SCM work performed .....	71
Table 19: Audit Committee members .....	80
Table 3.1.1: Personnel expenditure by entity, 2019/20 .....	88
Table 3.1.2: Personnel expenditure by salary band, 2019/20 .....	89
Table 3.1.3: Salaries, overtime, housing allowance and medical assistance by Entity, 2019/20 .....	89
Table 3.1.4: Salaries, overtime, housing allowance and medical assistance by salary band, 2019/20... ..	89
Table 3.2.1: Employment and vacancies by entity, as at 31 March 2020 .....	90
Table 3.2.2: Employment and vacancies by salary band, as at 31 March 2020 .....	90
Table 3.2.3: Employment and vacancies by critical occupation, as at 31 March 2020 .....	91
Table 3.3.1: Job evaluation, 1 April 2019 to 31 March 2020 .....	91
Table 3.3.2: Profile of employees whose salary positions were upgraded due to their posts being .....	92
Table 3.3.3: Employees who have been granted higher salaries than those determined by job .....	92
Table 3.3.4: Profile of employees who have been granted higher salaries than those determined by ..	92
Table 3.4.1: Annual turnover rates by salary band, 1 April 2019 to 31 March 2020 .....	92
Table 3.4.2: Annual turnover rates by critical occupation, 1 April 2019 to 31 March 2020 .....	93
Table 3.4.3: Staff leaving the employ of the Entity, 1 April 2019 to 31 March 2020 .....	93
Table 3.4.4: Reasons why staff resigned, 1 April 2019 to 31 March 2020 .....	94
Table 3.4.5: Different age groups of staff who resigned, 1 April 2019 to 31 March 2020 .....	94
Table 3.4.6: Employee-initiated severance packages .....	94
Table 3.4.7: Promotions by salary band, 1 April 2019 to 31 March 2020 .....	94
Table 3.4.8: Promotions by critical occupation, 1 April 2019 to 31 March 2020 .....	95
Table 3.5.1: Total number of employees (including employees with disabilities) in each occupational ..	95

Table 3.5.2:	Total number of employees (with disabilities only) in each of the following occupational . level, as at 31 March 2020 .....	95
Table 3.5.3:	Recruitment, 1 April 2019 to 31 March 2020.....	96
Table 3.5.4:	Promotions, 1 April 2019 to 31 March 2020.....	97
Table 3.5.5:	Terminations, 1 April 2019 to 31 March 2020 .....	97
Table 3.5.6:	Disciplinary actions, 1 April 2019 to 31 March 2020.....	98
Table 3.5.7:	Skills development, 1 April 2019 to 31 March 2020 .....	98
Table 3.6.1:	Signing of performance agreements by SMS members, as at 31 May 2019.....	99
Table 3.6.2:	Reasons for not having concluded performance agreements with all SMS members on 31 May 2019 .....	99
Table 3.6.3:	Disciplinary steps taken against SMS members for not having concluded performance.... agreements on 31 May 2019.....	99
Table 3.7.1:	SMS posts information, as at 30 September 2019 .....	99
Table 3.7.2:	SMS posts information, as at 31 March 2020.....	99
Table 3.7.3:	Advertising and filling of SMS posts, as at 31 March 2020 .....	100
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.....	100
Table 3.7.5:	Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS... posts within 12 months .....	100
Table 3.8.1:	Notch progressions by salary band, 1 April 2019 to 31 March 2020 .....	100
Table 3.8.2:	Notch progressions by critical occupation, 1 April 2019 to 31 March 2020.....	101
Table 3.8.3:	Performance rewards by race, gender, and disability, 1 April 2019 to 31 March 2020 ..	101
Table 3.8.4:	Performance rewards (cash bonus), by salary band for personnel below Senior..... Management Service level, 1 April 2019 to 31 March 2020 .....	101
Table 3.8.5:	Performance rewards (cash bonus), by salary band, for Senior Management Service..... level, 1 April 2019 to 31 March 2020.....	102
Table 3.8.6:	Performance rewards (cash bonus) by critical occupation, 1 April 2019 to .....	102
Table 3.9.1:	Foreign workers by salary band, 1 April 2019 to 31 March 2020 .....	103
Table 3.9.2:	Foreign workers by major occupation, 1 April 2019 to 31 March 2020 .....	103
Table 3.10.1:	Sick leave, 1 January 2019 to 31 December 2019 .....	103
Table 3.10.2:	Incapacity leave, 1 January 2019 to 31 December 2019 .....	103
Table 3.10.3:	Annual leave, 1 January 2019 to 31 December 2019.....	104
Table 3.10.4:	Capped leave, 1 January 2019 to 31 December 2019.....	104
Table 3.10.5:	Leave pay-outs, 1 April 2019 to 31 March 2020.....	105
Table 3.11.1:	Health promotion programmes, including HIV and AIDS.....	106
Table 3.11.2:	Details of health promotion including HIV and AIDS Programmes, 1 April 2019 to..... 31 March 2020.....	106
Table 3.12.1:	Collective agreements, 1 April 2019 to 31 March 2020 .....	110
Table 3.12.2:	Misconduct and disciplinary hearings finalised, 1 April 2019 to 31 March 2020.....	110
Table 3.12.3:	Types of misconduct addressed at disciplinary hearings, 1 April 2019 to 31 March 2020.....	110
Table 3.12.4:	Grievances lodged, 1 April 2019 to 31 March 2020 .....	110
Table 3.12.5:	Disputes lodged with councils, 1 April 2019 to 31 March 2020.....	110
Table 3.12.6:	Strike actions, 1 April 2019 to 31 March 2020 .....	110
Table 3.12.7:	Precautionary suspensions, 1 April 2019 to 31 March 2020 .....	111
Table 3.13.1:	Training needs identified, 1 April 2019 to 31 March 2020.....	111
Table 3.13.2:	Training provided, 1 April 2019 to 31 March 2020.....	111
Table 3.14.1:	Injury on duty, 1 April 2019 to 31 March 2020.....	112
Table 3.15.1:	Report on consultant appointments using appropriated funds for the period 1 April 2019 . to 31 March 2020 .....	113



# PART A

General Information

## Part A: General information

### 1 Trading entity's general information

Country of incorporation and domicile	South Africa
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	<a href="http://www.westerncape.gov.za/dept/tpw">www.westerncape.gov.za/dept/tpw</a>
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 17 Park Lane Building Park Lane Century City 7441
Accounting Officer	JT Gooch
Company Secretary	Riaan Wiggill CA (SA), ACMA, CGMA
Telephone Number	021 467 8737

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## 2 Acronyms

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AARTO	Administrative Adjudication of Road Traffic Offences Act, 1998
ACFE	Association of Certified Fraud Examiners
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AIDS	Acquired Immune Deficiency Syndrome
ANPR	Automatic Number Plate Recognition system
APP	Annual Performance Plan
ASB	Accounting Standards Board
BAS	Basic Accounting System
BBBEE	Broad-based black economic empowerment
CBD	Central business district
CCC	GMT Client Care Centre
CCGMT	Coordinating Committee for GMTs
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CIPC	Companies and Intellectual Property Commission
CLO	Client liaison officer
COTO	Committee of Transport Officials
COVID-19	Coronavirus disease 2019
CSC	Corporate Services Centre (DotP)
CSD	Central Supplier Database
D:ERM	Directorate Enterprise Risk Management (DotP)
DCGIP	Departmental Corporate Governance Improvement Plan
DotP	Department of the Premier
DPSA	Department of Public Service and Administration
DSG	Departmental Strategic Goal
DTIC	Department of Trade, Industry and Competition
DTPW	Department of Transport and Public Works
ERMCO	Ethics and Enterprise Risk Management Committee
EHW	Employee health and wellness
EHWP	Employee Health and Wellness Programme
EPWP	Expanded Public Works Programme
ERM	Enterprise risk management
ERP	Enterprise resource planning
FIDPM	Framework for Infrastructure Delivery and Procurement Management
FleetMan	Fleet Management ERP System
FleetCare	Fleet repairs and maintenance module of FleetMan
FPS	Forensic Pathology Services
FWE	Fruitless and wasteful expenditure
GAP	Gap Analysis Project
GG	Government Garage
GMT	Government Motor Transport Western Cape

GRAP	General Recognised Accounting Practice
HCT	HIV and AIDS counselling and testing
HIV	Human immunodeficiency virus
ICAS	Independent Counselling and Advisory Services
ICT	Information and communication technology
IE	Irregular expenditure
IESBA code	International Ethics Standards Board for Accountants' Code of Ethics
IGRAP	Interpretation of the Standards of GRAP
IoT	Internet of things
ISAs	International Standards on Auditing
IVT	In-vehicle technology
IYM	In-year monitoring
LOGIS	Logistical Information System
LRA	Labour Relations Act, 1995
MEC	Member of the Executive Council (Provincial Minister)
MSS	GMT Management Support Services
MTEF	Medium Term Expenditure Framework
MTP	Massive Transformative Purpose
NATIS	National Administration Traffic Information System
NQF	National Qualifications Framework
PAA	Public Audit Act, 2004
PAC	Public Accounts Committee
PAJA	Promotion of Administrative Justice Act, 2000
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
PMO	Project Management Office
POPI Act	Protection of Personal Information Act, 2013
PPRs	Preferential Procurement Regulations
PSCBC	Public Service Coordinating Bargaining Council
PSG	Provincial Strategic Goal
PSR	Public Service Regulations
PSRMF	Public Sector Risk Management Framework
R&M	Repair and maintenance
RWOPS	Remunerative Work Outside the Public Service
SAPS	South African Police Service
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SHEQ	Safety, health, environment and quality
SL	Service level
SMS	Senior Management Service

SOP	Standard operating procedure
STI	Sexually transmitted infection
TB	Tuberculosis
TETA	Transport Education Training Authority
TOR	Terms of reference
WCDB	Western Cape Bid Document
WCG	Western Cape Government
WCSEB	Western Cape Supplier Evidence Bank
WCSD	Western Cape Supplier Database

### 3 Foreword by the Provincial Minister

#### MOBILITY SERVICE OFFERING TO IMPROVE STAKEHOLDER VALUE



I am pleased to present the Annual Report of Government Motor Transport (GMT) for the period 1 April 2019 to 31 March 2020. The purpose of this report is to provide a summary of GMT's achievements, as well as the risks and challenges that were faced by the trading entity over the past financial year.

During 2019/20, GMT achieved an "unqualified with no findings" audit outcome for the eighth consecutive year. This positive audit outcome confirms the effective functioning of internal control processes in the preparation of financial statements, which were confirmed to be 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.

The arrival of the COVID-19 pandemic continues to have a devastating impact on the macro economy and a significant number of the institutions that operate within it. GMT has not been immune from the impact of the pandemic. However, we are anticipating and preparing for a time when COVID-19 no longer has the impact on the economy that it has today, even though the effects of the pandemic will continue to influence the lives of our citizens for the foreseeable future. Until then, GMT faces COVID-19-induced challenges from a position of financial strength and relatively secure operational positioning.

GMT manages its financial affairs in a prudent manner. Despite some line item costs having increased by higher percentages than the average stated Medium-Term Expenditure Framework (MTEF) percentages, GMT was able to maintain its strong financial position. This approach benefited its client institutions with GMT implementing only a 4.3% increase in daily and kilometre tariff charges (1% below the MTEF rate), which was approved by the Provincial Treasury with effect from 1 April 2019. From 2018/19 to 2019/20, total revenue increased by 11.2% while expenditure increased by only 2.5%. The entity's ability to convert its accounts receivable to cash is encouraging. I believe that the entity has sufficient liquidity to continue operating in these unprecedented times, while investing in, and recapitalising, its asset base and operational systems.

As a fleet management entity, GMT is vulnerable to the impacts of changing economic conditions. These include high fuel costs which are affected by external 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 expenditure on fuel totalled R166.2 million (2018/19: R164.5 million) and is likely to increase as adverse economic conditions affect fuel prices. This, together with the grants and subsidies of R150 million paid, are the two largest expense items for GMT, comprising 52.6% of the expenditure for 2019/20.

To further streamline the activities of GMT, the construction of the Phase 2 office block at GMT's Maitland premises to accommodate the Directorate: Fleet Finance and sub-directorate: Management Support Services, is progressing well, with completion scheduled for early in the 2021/22 financial year.

Construction of a GMT regional hub in George was completed during 2019/20 and operationalised in the last quarter of the financial year. The George regional hub will facilitate the provision of more effective GMT services and support to client institutions with regional offices and facilities in the Garden Route, Karoo, and parts of the Overberg.

GMT's fleet size decreased to 5 640 vehicles on 31 March 2020 (31 March 2019: 5 976 vehicles). The trading entity purchased 434 new vehicles during 2019/20 (2018/19: 736) to keep the fleet within its economic life cycle. The acquisition of the new vehicles is reflected as part of the 99% spend against GMT's budget allocated for the replacement of vehicles.

To date GMT has fitted 157 Traffic Highway Patrol vehicles with in-vehicle technology for traffic law enforcement purposes, and is planning installation in a further 50 vehicles during 2020/21.

The disposal of vehicles withdrawn from service is achieved via the on-line auction platform of a locally based auctioneering company. Vehicles are sold to the public as well as second-hand vehicle dealerships. During 2019/20, 752 vehicles were sold via the on-line auction platform, yielding a return of R57.4 million.

GMT embarked on a programme to align people, processes and technology in terms of its strategy and vision, with a strong emphasis on business transformation in the information and communication technology (ICT) environment. The envisaged outcome of this Enterprise Architecture Programme is a management system that will enable improved and faster service delivery. This will enable GMT to become a performance-driven organisation that meets its strategic objectives and functional priorities by leveraging leading technology.

GMT is a trading entity within the administration of the Department of Transport and Public Works (DTPW), with its core mandate being to deliver effective fleet management services to provincial and national government client institutions. GMT strives to execute its mandate in a way that supports the core values of the Western Cape Government (WCG). This Annual Report concludes a five-year strategic cycle which has seen many achievements. It also signals the dawn of opportunities identified during the strategic planning process for the financial years 2020/21 to 2024/25. No such achievements would be possible without the dedicated efforts of officials. I am grateful to the management and staff of GMT for their dedication and excellent service delivery record in a very challenging environment.

From 1 July 2019, Yasir Ahmed was officially appointed as the Chief Director of the entity, a role which he previously fulfilled in an acting capacity. Mr. Ahmed is a professionally registered engineer, has extensive experience in the transport management environment, and has been part of the Department of Transport and Public Works since 2001. I wish him well in this role and have no doubt that he will further enhance GMT's service delivery initiatives to improve the lives of citizens.



Bonginkosi Madikizela

Provincial Minister of Transport and Public Works

Date: 27/10/2020

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## 4 Report of the Accounting Officer

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### 4.1 Overview of operations of the trading entity



The financial position of the trading entity was significantly improved through strengthened, prudent financial management which enhanced cash collection from client institutions, while maintaining debt levels within the prescribed governance norms, expenditure management and capital management.

GMT's financial management was strengthened through the review of 25 internal control processes and documenting of 15 new business processes to maintain its financial reporting as required in terms of Directive 5 and Directive 9 of the GRAP (Generally Recognised Accounting Practice) reporting framework issued by the Accounting Standards Board (ASB) for the 2019/20 financial year.

During the year under review, GMT replaced 622 vehicles to keep the fleet within its economic life cycle. The programme for the replacement of vehicles and recapitalisation of the fleet will pick up momentum over the coming years as GMT's space constraint is addressed with the planned completion of its new facility at Rusper Street, Maitland, and acquisition of additional space for vehicle parking and preparation.

During the 2019/20 financial year, GMT picked up the pace with the implementation of a project with the DTPW to introduce in-vehicle technology (IVT) for Provincial Traffic Services to enhance the deployment of traffic officers using government-owned vehicles and to improve their safety. The project entails the fitment of Automatic Number Plate Recognition (ANPR) system cameras in traffic patrol vehicles to scan the number plates of passing vehicles and automatically query these numbers against the National Traffic Information System (NATIS). Alerts for vehicles linked to infringements are communicated to traffic officers' hand-held devices with a communication link to control centres.

By 31 March 2020, the number of provincial traffic vehicles, fitted with IVT had grown to 157. During the latter part of the year, GMT assisted Provincial Traffic Services with the procurement of vehicles and installation of IVT for its "interceptor" fleet for highway patrols. The first "interceptor" vehicles were introduced to the media by Provincial Minister Bonginkosi Madikizela in November 2019.

During the year under review, the number of driver tags issued to client institutions increased from 2 935 in 2018/19 to 6 317 as at 31 March 2020. GMT will continue with its phased plans to issue driver identification technology to all drivers of GMT vehicles. The implementation of driver tags is now expected to be completed towards the end of 2020/21, with the earlier planned completion having been delayed by the COVID-19 pandemic and lockdown. The implementation of driver tags forms a significant part of GMT's preparation for the national implementation of the Administrative Adjudication of Road Traffic Offences Act, 1998 (Act 46 of 1998) (AARTO), which implementation was itself delayed as a result of the COVID-19 lockdown in March 2020. Driver tags identify the driver when the vehicle is started and links the vehicle trip details recorded on the vehicle tracking system with the driver's name and contact details, e.g. cell phone number. Having a mobile phone number can facilitate the process of rendering roadside assistance, as well as to delivering client service messages to drivers in real time. The driver tags will also allow GMT to build up driver profiles, which will enable GMT to put in place proactive and reactive measures to improve the behaviour of drivers of its vehicles.

During the year under review, the ICT Management Services team played a key role in defining a strategic initiative aimed at supporting GMT's vision of becoming a performance-driven organisation. This team has been central in initiating the Enterprise Architecture Programme with the aim of aligning people, processes and technology to GMT's strategy and vision, with a strong emphasis on business transformation.

The team made good progress in defining the ICT roadmap for the next ten years. This will enable GMT to leverage leading and emerging technologies such as the internet of things (IoT), big data, robotics, automation, electric vehicles and artificial intelligence to gain a competitive advantage. The development of the business process, technology and business transformation frameworks which will underpin the ICT roadmap has commenced, and the ICT Management Services team made good progress in the year under review with delivering approved ICT projects to support GMT's strategic objectives.

Document management was improved, with tighter integration between operational systems and MyContent. Improvements were made to the client application/ interface in FleetMan to better serve GMT's client institutions. GMT managed to minimise operations downtime despite the demands on its infrastructure and network. GMT continued to update its workflows and procedures to improve service delivery to client institutions and to ensure regulatory compliance.

During the year under review, the ICT Management Services team successfully developed and piloted its first mobile application to enable the online "Application to Travel" which will eventually replace the paper-based forms and integrate the "app" with the GMT core systems. The development of such applications and mobility solutions, which serve to add value to clients and improve access to, and experience of GMT's services, will be a feature in the entity's strategy for growth into the future.

Further enhancement of the fleet repairs and maintenance systems and capabilities continued during the 2019/20 financial year. This enables GMT and client institutions to monitor and track vehicles as they are booked in for repairs and maintenance. 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 client institutions.

Fleet Risk Management reported an increase in the number of traffic violations processed, from 5 848 in 2018/19 to 7 077 during the year under review. This increase in the number of traffic violations can be linked in part to the increase in the number of kilometres covered by GMT vehicles and improved enforcement technology. GMT will focus on improving its systems by providing clients with tools via the Client Application in FleetMan to track fines as well as access information about individual driver profiles. These system and process improvements, complemented by training facilitated by GMT's client liaison officers (CLOs) and client institutions' implementation of standardised disciplinary processes for repeat offenders, are aimed at reducing traffic violations through improved driver behaviour.

One of the primary focus areas for the Management Support Services (MSS) unit is the empowerment of key stakeholders through training and communication. Circulars and statutory documents are prepared and distributed by the Statutory Reporting unit to staff and key role players. The 2019/20 financial year was of course the last year of the Strategic Planning period 2015/16 to 2019/20.

The GMT Management team initiated the development of the new Strategy 2020–2025 with a strategic planning session held on 27 and 28 August 2019. GMT adopted a design thinking approach to the development of the new strategy and, as part of this process, established a task team comprised of officials across all levels and business units within the entity. This team took stock of GMT's operations



and culture in order to develop a new vision and a Massive Transformative Purpose (MTP) for the entity which all staff and stakeholders could identify with and take ownership of.

The stakeholder relations team continued to deepen client engagements through various training and contact forums. In the year under review, 23 training interventions took place and six formal client forum meetings were held.

The new GMT Regional Hub in George was completed and put into operation in Quarter 3 of the year under review. The new facility provides office accommodation for a small team of GMT staff and parking for some 157 GMT vehicles to be managed as a regional pool for clients in the Garden Route region.



Source: GMT Internal Communication photo taken on the day of project completion and handover

Twelve new staff members joined GMT and the office support team played a pivotal role in offering administrative support to management. The MSS unit provided logistical and ICT support for the move of offices from Hope Street to Rusper Street in Maitland.

GMT continued to update and streamline its workflows and operating procedures to improve service delivery to all stakeholders, including the newly created posts on its approved establishment.

GMT publishes a periodic internal newsletter to keep staff informed of organisational developments as well as plans for the foreseeable future. Regular articles on health and safety are included in the internal staff newsletter to create greater staff awareness of these important matters.

GMT is represented on the DTPW health and safety committees. During the year under review, the office support services team supervised a number of evacuation drills at all GMT facilities.

GMT continued to support the Expanded Public Works Programme (EPWP) during the year under review through the employment of four individuals in administrative/ messenger posts.

Right at the end of the financial year, GMT along with all of its client institutions, were faced with the challenge of preparing for the COVID-19 lockdown under the National State of Disaster that came into effect on 26 March 2020. GMT issued a circular to all its client institutions to advise on health and safety protocols that would be implemented, including the regular sanitisation of its vehicles and limitations on the number of passengers to ensure

social distancing, to curb the spread of the virus, and to safeguard drivers of GMT vehicles as well as GMT's own staff. At the same time GMT also started to explore other innovative measures, including the use and adaptation of its existing technology to assist clients with frontline staff who would have to continue to work throughout the lockdown period.

## 4.2 Overview of the financial results

### Statement of financial performance

#### Revenue

Revenue increased by 11.2% to R833.1 million during the year under review, compared to R748.9 million during 2018/19. The increase is attributed to increases in interest earned on investments, services in-kind, revenue earned from daily and kilometre charges, as well as interest earned on finance lease receivables.

Interest earned on investments increased by 38.8% to R75.9 million (2018/19: R54.7 million). The increase is due to the increase in the capital balance of the investment as well as higher interest yields achieved during 2019/20 compared to 2018/19.

Services in-kind increased from R6.9 million during 2018/19 to R8.3 million during 2019/20. Services in-kind arise from buildings and sites which are occupied by GMT at no cost and are owned or leased by the Western Cape Department of Transport and Public Works. The increase is due to the occupation of Erf 3472 in George and a leased site adjacent to 3 Rusper Street, Maitland at no cost to GMT.

Interest earned on finance lease receivables increased by 14.8% to R308.8 million (2018/19: R269 million). This is due to an increase in the capital payable by client institutions to GMT in 2019/20.

Revenue earned from daily and kilometre tariffs increased by 6% to R383.9 million (2018/19: R361.9 million). The increase of 6% is higher than the approved tariff increase of 4.3% which became effective on 1 April 2019, apart from the fuel component included in the kilometre tariffs which are adjusted monthly in line with the monthly fuel prices gazetted by the national Department of Mineral Resources and Energy. The higher than expected growth in revenue through tariff charges can be ascribed to changes in the fleet composition and higher mileage covered by the fleet, which resulted in higher revenue earned on tariff charges.

#### Expenditure

Total expenditure increased nominally by 2.5% to R601.4 million (2018/19: R586.8 million). This is mainly due to the increase in operating expenditure and employee costs during 2019/20.

The fuel and oil component of the running costs increased from R164.7 million during 2018/19 to R166.4 million for 2019/20. This is due to the increases in kilometres travelled and fluctuations in fuel prices during 2019/20.

Employee costs increased by 12.3% to R43.8 million (2018/19: R39 million) as a result of the steady filling of vacant posts during 2019/20.

### Statement of financial position

The entity has a strong asset base. 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 10.8% to R1.050 billion (2018/19: R948 million). The increase is due to an increase of R132.1 million in finance lease receivables resulting from the increase in the present value of vehicles classified as finance lease receivables.

The carrying value of current assets increased by 6.1% to R1.81 billion (2018/19: R1.706 billion). This increase is due to increases in the carrying values of the receivables from exchange transactions and cash funds.

The increase in cash funds is the net effect of expenditure payments and revenue collected from receivables and other revenue sources. Revenue earned through tariffs increased by 9.8% during 2019/20, while the debtor-collection period remained at 16 days. This meant the entity could convert the increase in its revenue earned from this source to cash funds.

The accumulated surplus increased from R2.566 billion on 31 March 2019 to R2.798 billion on 31 March 2020.

### Cash flow statement

Cash generated from operating activities increased to R280.3 million (2018/19: R189 million). This is mainly due to the increase in charges for services provided, interest earned, government grants and subsidies received as well as transactions entered by GMT on behalf of client institutions during 2019/20.

The net cash outflow from investing activities increased to R45.9 million (2018/19: R139.2 million). Most of this movement is due to an increase in the proceeds from disposal of property, plant and equipment and assets classified as finance lease receivables.

Cash generated through operating and investing activities resulted in a net increase of R234.4 million (2018/19: R49.7 million).

## 4.3 Receipts

GMT's revenue is derived primarily through the charging of daily and kilometre tariffs. Other revenue streams include interest earned, profit on the sale of assets, government grants and subsidies received, and services in-kind.

The results of the collections for 2019/20 and the comparative totals for the previous year are presented in Table 1.

Table 1: Revenue collected

Category of revenue	2019/20			2018/19		
	Estimate	Actual amount	(Over)/ Under	Estimate	Actual amount	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Daily-, kilometre tariffs and interest earned on finance lease receivables	615 925	692 722	(76 797)	577 001	630 986	(53 985)
Other income	24 837	9 731	15 106	16 604	3 487	13 117
Government grants and other subsidies received (funding received from clients for additional vehicles)	-	8 978	(8 978)	11 179	12 717	(1 538)
Services in-kind	5 362	8 267	(2 905)	6 853	6 853	-
Interest earned – accounts receivables, and cash and cash equivalents	89 533	113 387	(23 854)	95 572	94 896	676
<b>Total</b>	<b>735 657</b>	<b>833 084</b>	<b>(97 427)</b>	<b>707 209</b>	<b>748 939</b>	<b>(41 730)</b>

The above 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 2019/20 is shown in Table 2.

Table 2: Claims and accounts receivable comparison

Type	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
	R'000						
Daily-, kilometre tariffs and interest earned on finance lease receivables	531 081	545 497	571 036	544 187	582 704	630 986	692 722
Accumulative debt at year-end	65 620	53 858	65 922	33 841	64 192	35 177	45 606
% debt at year-end to daily, kilometre tariffs and interest earned on finance lease receivables	12	10	12	6	11	6	7

Table 3 reflects the outstanding debt per client.

Table 3: Outstanding debt per client as at the end of March 2020

Client	Outstanding balance 2020 R'000	Outstanding balance 2019 R'000
Western Cape Education Department	-	314
CapeNature	2 424	2 865
Department of Transport and Public Works	6 123	5 518
Western Cape Provincial Parliament	196	124
Department of Health (Western Cape)	9 774	304
Department of Cultural Affairs and Sport	-	2
Department of Human Settlements	663	65
Provincial Treasury	239	191
Department of Social Development	4 157	3 592
Department of Environmental Affairs and Development Planning	379	754
Department of the Premier	961	928
Department of Agriculture (Western Cape)	2 319	2 352
Department of Local Government	11	37
Gambling and Racing Board	-	2
Department of Economic Development and Tourism	11	-
Western Cape Liquor Authority	263	126
Department of Community Safety	-	150
Stellenbosch Municipality	597	573
Department of Justice and Constitutional Development	3 384	6 741
National Prosecuting Authority	84	108
Public Service Commission	13	7
Marine Living Resource Fund	449	596
Department of Agriculture, Forestry and Fisheries	598	1 516
Department of Home Affairs	764	11
Department of Agriculture (National)	48	-
Department of Rural Development and Land Reform	327	314
Department of Environmental Affairs	50	99
Department of Cooperative Governance and Traditional Affairs	-	16
National Parliament	186	135
Department of International Relations and Cooperation	331	315
South African National Defence Force	105	492
Office of the Chief Justice	5 983	6 936
<b>Grand Total</b>	<b>40 439</b>	<b>35 135</b>

## Tariffs

Client institutions are charged tariffs to lease vehicles from GMT. The duration of these leases is for short-term rentals or full-life-cycle-term rentals. After delivery of newly procured vehicles, details are captured on the financial system that interfaces with the fleet management system, which also constitutes the central vehicle register. Thereafter, a daily tariff is charged to recover the replacement costs (capital) and GMT overhead costs over the economic life cycles of vehicles. All GMT rental and replacement vehicles are funded from the GMT primary bank account. The kilometre tariff income provides for the running costs of vehicles. The Provincial Treasury approved revised tariffs for 2019/20 on 28 March 2019.

## Free services

No free services were rendered.

## Sale of capital assets

Public auctions were held in respect of three categories of vehicles: vehicles that had reached the end of the period that they are expected to be available for use by client institutions; vehicles that had completed the number of kilometres they were expected to be used for; and vehicles that were irreparably damaged in crashes.

## 4.4 Expenditure

GMT's expenditure in relation to its budget is depicted in Table 4.

Table 4: Expenditure versus budget

2019/20			2018/19		
Final Budget	Actual expenditure	Variance	Final budget	Actual expenditure	Variance
R'000	R'000	R'000	R'000	R'000	R'000
651 832	601 357	50 475	660 550	586 753	73 797

Table 5: Reasons for under-spending

Expenditure	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Reasons for variance <i>*Variance below R1 million is considered insignificant</i>
Administrative expenses	26 807	24 627	2 180	Under-spending on costs associated with software and vehicle licence fees. There was also under-spending on costs associated with the filling of positions on the organisational structure (see employee costs row below).
Employee costs	55 025	43 760	11 266	Under-spending due to filling of vacancies being slower than planned, unforeseen resignations and transfers.
Operating expenditure	359 385	326 936	32 449	Under-spending due to cost savings on certain categories of consultant and audit fees, vehicle repairs, maintenance and running costs.
Depreciation	13 419	12 328	1 091	Under-spending due to lower-than-expected depreciable amounts for property, plant and equipment.
Amortisation	9 824	9 045	779	Variance considered insignificant.
Finance costs	6	5	1	Variance considered insignificant.
Accidents and impairment losses	1 990	1 913	77	Variance considered insignificant.
Grants and subsidies paid	150 000	150 000	-	n/a
Operating leases	35 378	32 744	2 634	Under-spending due to lower-than-expected pricing on operating lease schedules for tracking and related services as well as office equipment rental.
<b>Total</b>	<b>651 832</b>	<b>601 357</b>	<b>50 475</b>	

#### 4.5 Virements/ roll overs

##### Virements

No virements were effected in 2019/20.

##### Roll overs

No rollovers were requested from 2018/19 to 2019/20.

#### 4.6 Unauthorised, irregular, fruitless and wasteful expenditure

According to GMT 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

GMT will continue to review and expand its value proposition to its clients through innovative and efficient service offerings, while also looking to expand its client base in a prudent manner. The entity will continue to deliver vehicle fleet services to its client base and will focus more on short-term rentals for client institutions in order to reduce costs to clients and ensure more efficient use of vehicles in the fleet. Further enhancements to electronic systems and associated business processes, coupled with the introduction of new technology to achieve more efficient use of the fleet will continue to drive the business forward.

The pricing of tariffs charged to client institutions for services rendered will continue to be aligned with macro-economic factors affecting the costs associated with service delivery. Continuous evaluation of these factors and their impacts on tariffs will continue for the foreseeable future.

A key focus for GMT into the future will be the “greening of the fleet” in order to reduce the entity’s carbon footprint through, *inter alia*, the introduction of electric and alternative fuel vehicles, and the more efficient use of the fleet.

#### 4.8 Public-private partnerships

No public-private partnerships were entered into during 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 2019/20 financial year.

#### 4.10 New or proposed activities

Construction on Phase 2 of the GMT facility at 3 Rusper Street, Maitland, will continue and is scheduled for completion during 2021. Upon completion of the new facility, all GMT operational management units will, for the first time, be housed in one building. This will open up opportunities for more effective and efficient management processes and systems. Additional parking space for vehicles will also allow GMT the opportunity to address the backlog in the recapitalisation of the fleet.

With the COVID-19 pandemic still a major factor to be considered, GMT will continue to implement systems, processes and measures to ensure the safety and well-being of its staff and clients.

To give effect to GMT’s new vision and Strategy 2020–2025, the entity will consider re-establishing a Project Management Office (PMO) to manage and track the implementation of the strategic themes, initiatives and projects.

#### 4.11 Supply Chain Management

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

Standard operating procedures and processes are in place to mitigate the risk of irregular, fruitless and wasteful, and unauthorised expenditure, through the design and implementation of detective, preventative, and corrective controls. GMT has introduced an internal control function which performs oversight, and maintains adherence to governance and compliance prescripts. These controls are incorporated in the current Supply Chain Management (SCM) System and Delegation Framework, to which the GMT Enterprise Resource Planning (ERP) system is aligned.

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

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

Six display showcases were transferred to GMT during the 2019/20 financial year. The estimated value is R97 299.

#### 4.13 Exemptions and deviations received from the National Treasury

The trading entity received no exemption in terms of the Public Finance Management Act, 1999, or Treasury Regulations, or 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, are disclosed in the notes of the Annual Financial Statements for the 2019/20 financial year. Refer to pages 166 to 171 for the details on these events.

#### 4.15 Acknowledgements

The GMT trading entity lived up to the high expectations of the administrative and executive management by achieving its eighth consecutive **unqualified with no findings'** audit outcome, while also delivering high-quality, effective and efficient services to its clients. It operates as an independent business unit which carries responsibility for vehicle fleet management in the Western Cape; a fleet in which the majority of vehicles are optimally utilised. 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 changes in the GRAP reporting framework.

#### 4.16 Conclusion

The fleet management environment remains a challenging and constantly changing one. Rapid developments in electric and alternative fuel technologies are set to drastically change the landscape in this environment over the next five to 15 years. GMT will position itself to maintain and improve its excellent service delivery record through the implementation of international best practices in fleet and mobility management.

The Annual Financial Statements set out on pages 120 to 210 are hereby approved.



JT Gooch  
ACCOUNTING OFFICER

DATE: 26-10-2020

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

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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 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 Government Motor Transport trading entity for the financial year ended 31 March 2020.

Yours faithfully



JT Gooch

ACCOUNTING OFFICER

DATE: 26-10-2020

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## 6 Strategic overview

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### 6.1 Vision

The Department of Transport and Public Works 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, as guided by the DTPW's vision, aims to become the leading government motor transport service and has simplified its vision to read:

*"To become the leading government motor transport service".*

### 6.2 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/ institutions and to do so by creating a pleasant, safe and interactive environment where staff are offered the opportunity to develop and improve themselves."*

### 6.3 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 presented in Table 6.

Table 6: Provincial values and behavioural statements

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 <b>they internalise the DTPW's values, and that they always strive for excellence.</b></p> <p>We will deliver on our outcomes and targets with quality work, within budget, and on time.</p> <p>We will strive to achieve the best results in the service of all the people in the Western Cape.</p> <p>We will work together to meet our constitutional and electoral mandate commitments.</p>
Accountability	<p>We fully understand our objectives, roles, delegations, and responsibilities.</p> <p>We are committed to delivering all agreed outputs on time.</p> <p>We will hold each other accountable in the spirit of mutual trust in honouring all our commitments.</p> <p>As individuals we take responsibility for and ownership of our outcomes and accept the consequence of failure to do so.</p>
Integrity	<p>We will seek greater understanding of the truth in every situation and act with integrity at all times.</p> <p>We will be honest, show respect, and practice positive values.</p> <p>We will be reliable and trustworthy, at all times, doing what we say we will.</p> <p>We will act with integrity at all times and in all instances, ensuring that we remain corruption-free.</p>
Innovation	<p>We seek to implement new ideas, create dynamic service options and improve services.</p> <p>We strive to be creative thinkers who view challenges and opportunities from all possible perspectives.</p> <p>We are citizen-centric and have the ability to consider all options and find a resourceful solution.</p> <p>We value employees who question existing practices with the aim of renewing, rejuvenating and improving them.</p> <p>We foster an environment where innovative ideas are encouraged and 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 mandate of the DTPW (including GMT) 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, 1998 (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 (including GMT) in the discharge of its responsibilities in the year under review.

Table 7: National and provincial legislation

Function	Legislation
Transport	<p>Administrative Adjudication of Road Traffic Offences Act, 1998 (Act 46 of 1998)</p> <p>Promotes road safety by providing for a process 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 demerit points system; provides for the establishment of an agency to administer the process; 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 the 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 objects 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"> <li>• the formulation and implementation of provincial land transport policy and strategy;</li> <li>• the planning, coordination, and facilitation of land transport functions;</li> <li>• collaboration between municipalities; and</li> <li>• liaison with other government departments.</li> </ul>
	<p>National Road Traffic Act, 1996 (Act 93 of 1996)</p> <p>The DTPW, with the Member of the Executive Council (MEC) [Provincial Minister] 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 provincial roads.</p> <p>The Act regulates fitness, registration and licensing of motor vehicles, manufacturers, importers and builders; 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>

Function	Legislation
	<p>National Qualifications Framework Act, 2008 (Act 67 of 2008)  Provides for the further development, organisation and governance of the National Qualifications Framework (NQF).  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 Safety Act, 1972 (Act 9 of 1972)  To promote road safety; for that purpose, to establish a national road safety council and a central road safety fund; to repeal the South African Road Safety Council Act, 1960; and to provide for related matters.</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 and the determination and review of motor vehicle registration and licence fees.</p>
	<p>Western Cape Road Transportation Act Amendment Law (Act 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>Western Cape Transport Infrastructure Act, 2013 (Act 1 of 2013)  Provides for the planning, design, declaration, construction, maintenance, control, management, regulation, upgrading and rehabilitation of roads, railway lines and other transport infrastructure in the Western Cape.</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 the DTPW's head office.</p>
Public Works and Property Management	<p>Expropriation Act, 1975 (Act 63 of 1975)  Provides for the expropriation of land and other property for public and certain other purposes.</p>
	<p>Extension of Security of Tenure Act, 1997 (Act 62 of 1997)  To provide for measures with State assistance to facilitate long-term security of land tenure; to regulate conditions of residence on certain land; to regulate the conditions on and circumstances under which the right of persons to reside on land may be terminated; to regulate the conditions and circumstances under which persons whose right of residence has been terminated may be evicted from land; to substitute the provision of subsidies with tenure grants; to further regulate the rights of occupiers; to provide for legal representation for</p>

Function	Legislation
	<p>occupiers; to further regulate the eviction of occupiers by enforcing alternative resolution mechanisms provided for in the Act; to provide for the establishment and operation of a Land Rights Management Board; and to provide for the establishment and operation of land rights management committees to identify, monitor and settle land rights disputes.</p>
	<p>Government Immovable Asset Management Act, 2007 (Act 19 of 2007)  <b>Promotes government's service delivery objectives through</b> 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 the 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>
	<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 the 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, and for the management of incidental matters. The DTPW is responsible for continually 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>

Function	Legislation
	<p>Construction Industry Development Board Act, 2000 (Act 38 of 2000)  Establishes the Construction Industry Development Board (CIDB), which is responsible for, among other things, developing the industry for the improved delivery of infrastructure to the South African public; working with all stakeholders for the sustainable growth of construction enterprises and the best practice of employers, contractors and the professions; identifying best practice and setting national standards; and promoting common and ethical standards for construction delivery and contracts.</p>
	<p>Consumer Protection Act, 2008 (Act 68 of 2008)  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>
	<p>Criminal Procedure Act, 1977 (Act 51 of 1977)  Makes provision for procedures and related matters in criminal proceedings.</p>
	<p>Disaster Management Act, 2002 (Act 57 of 2002)  Provides for an integrated and coordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters, and post disaster recovery.</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>

Function	Legislation
	<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, <b>working in partnership with the municipality's political and administrative</b> 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 integrating the activities of all spheres of government for the overall social and economic upliftment of communities in harmony with their local natural environment.</p>
	<p>National Environmental Management Act, 1998 (Act 107 of 1998)            Provides for cooperative environmental governance by establishing principles for decision making on matters affecting the environment; institutions that promote cooperative governance, and procedures for coordinating environmental functions exercised by organs of state; and related matters.</p>
	<p>Occupational Health and Safety Act, 1993 (Act 85 of 1993)            Requires the DTPW, as custodian and regulator of the built environment, to ensure that all building and construction work on government property, irrespective of whom it is undertaken by, 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) (PAJA)            Gives effect to section 33 of the Constitution which provides that everyone has the right to administrative action that is lawful, reasonable, and procedurally fair. Anyone whose rights have been adversely affected by administrative action has the right to be given reasons. PAJA deals with general administrative law and therefore binds the entire administration at all levels of government.</p>

Function	Legislation
	<p>Protection of Personal Information Act, 2013 (Act 4 of 2013) (POPI Act)            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; 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 Audit Act, 2004 (Act 25 of 2004)            Establishes and assigns functions to the Auditor-General of South Africa (AGSA); provides for the auditing of institutions in the public sector; enables AGSA to refer suspected material irregularities arising from an audit to a relevant public body for investigation, empowers AGSA to take appropriate remedial action, to issue a certificate of debt where an accounting officer failed to recover losses from a responsible person, and to instruct the relevant executive authority to collect debt.</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 the DTPW.</p>
	<p>Public Service Act, 1994 (Proclamation 103 published in Government Gazette 15791 of 3 June 1994)            This is the principal Act governing public administration. It provides the administrative and operational framework for government departments by providing guidelines on employment and human resource practices, i.e. conditions of employment, terms of office, discipline, retirement, and discharge of members of the public service, and related matters.</p>
	<p>Public Administration Management Act, 2014 (Act 11 of 2014)            Promotes the basic values and principles governing the public administration referred to in section 195(1) of the Constitution; provides for the transfer and secondment of employees in the public administration; regulates conducting business with the State; provides for capacity development and training; provides for the establishment of the National School of Government; provides for the use of 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 NQF. As the lead employer, the 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 EPWP, the DTPW implements learnership and skills development programmes to participants in artisan-related fields.</p>

Function	Legislation
	<p>Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013)</p> <p>To provide a framework for spatial and land use management in the Republic; to specify the relationship between the spatial planning and the land use management system and other kinds of planning; to provide for the inclusive, developmental, equitable and efficient spatial planning at the different spheres of government; to provide a framework for the monitoring, coordination and review of the spatial planning and land use management system; to provide a framework for policies, principles, norms and standards for spatial and regulatory imbalances; to promote greater consistency and uniformity in the application procedures and decision-making by authorities responsible for land use decisions and development applications; to provide for the establishment, functions and operations of municipal planning tribunals; to provide for the facilitation and enforcement of land use and development measures.</p>
	<p>Radio Act, 1952 (Act 3 of 1952)</p> <p>Controls radio activities and related matters.</p>
	<p>Western Cape Land Use Planning Act, 2014 (Act 3 of 2014)</p> <p>To consolidate legislation pertaining to provincial planning, regional planning and development, urban and rural development, regulation, support and monitoring of municipal planning and regulation of public places and municipal roads arising from subdivisions; to make provision for provincial spatial development frameworks; to provide for minimum standards for, and the efficient coordination of, spatial development frameworks; to provide for minimum norms and standards for effective municipal development management; to regulate provincial development; to regulate the effect of land development on agriculture; to provide for land use planning principles; to repeal certain old-order laws.</p>
	<p>Western Cape Land Use Planning Ordinance, Amendment Act, 2009 (Act 1 of 2009)</p> <p>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)</p> <p>Restricts 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 provides for related matters.</p>
	<p>Western Cape Monitoring and Support of Municipalities Act, 2014 (Act 4 of 2014)</p> <p>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 the DTPW (including GMT) in the discharge of their responsibilities.

Function	Policies
Transport	<p>National Freight Logistics Strategy, 2005</p> <p>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>

Function	Policies
	<p>National Public Transport Strategy, 2007            This strategy has two key thrusts, namely:</p> <ul style="list-style-type: none"> <li>• Accelerated modal upgrading, which aims to provide for new, more efficient, universally accessible, and safe public transport vehicles and skilled operators; and</li> <li>• Integrated rapid public transport networks which aim to develop and optimise integrated public transport solutions.</li> </ul>
	<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 is responsible for the basic training of all traffic officer recruits in the province in order to ensure uniformity and professionalism.</p>
	<p>Western Cape Policy Statement on Transport for Special Needs Passengers, 2009            Places certain responsibilities on the DTPW:</p> <ul style="list-style-type: none"> <li>• Encouraging the incremental accessibility of rail infrastructure and providing training to operators and their staff on dealing sensitively with special needs persons;</li> <li>• Supporting the provision of universally accessible public transport information services;</li> <li>• In association with the National Department of Transport, preparing and publishing guideline requirements for accessible public transport vehicles;</li> <li>• Ensuring that all new public transport facilities cater for special needs persons; and</li> </ul>

Function	Policies
	<ul style="list-style-type: none"> <li>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.</li> </ul>
Public Works and Property Management	<p>Western Cape Provincial Acquisition Policy  Guides custodian(s), among others, in the acquisition of immovable assets; promotes and specifies uniform criteria and processes.</p>
	<p>Western Cape Provincial Government White Paper on the Management of Provincial Property, 2004  Provides a framework to guide activities relating to fixed properties of the Western Cape Government and other properties it uses; and covers coordination with the property management activities of other public and civil society role-players in the province.</p>
	<p>Western Cape Infrastructure Framework, 2013  Aligns the planning, delivery, and management of infrastructure provided by all stakeholders (national government, provincial government, local government, parastatals, and the private sector) with the strategic agenda and vision for the province.</p>
	<p>Western Cape Provincial Property Disposal Policy  Guides development, drives transformation, and instils confidence, especially in underdeveloped areas, especially to redress imbalances of the past and to promote economic activities.</p>
Expanded Public Works Programme	<p>Guidelines on the implementation of the EPWP  <b>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.</b> These work opportunities are combined with training to increase the employability of the low-skilled beneficiaries in the formal employment market. The programme targets opportunities in the infrastructure, environment, culture, and social and non-state sectors.</p>
	<p>Guidelines on the Implementation of the National Youth Service  Provides that implementation of youth programmes is the responsibility of all the institutions of government. The responsibility for planning, coordinating, and initiating effective and innovative strategies for youth development therefore resides equally with the National Youth Commission and individual government departments in the national and provincial spheres.</p>
Transversal	<p>Provincial Strategic Plan, 2015/16–2019/20  A set of overarching Strategic Objectives for the WCG for the current electoral term, setting out desired outcomes for the medium term (five years). These objectives reflect the needs and priorities of the provincial government and jointly promote integrated, improved performance across the public sector in the Western Cape.</p>
	<p>Departmental Monitoring and Evaluation Framework and Manual  Describes the monitoring and evaluation systems and tools in place for results-based management in the public service.</p>
	<p>Departmental Records Management Policy  Provides the foundation for a corporate culture of responsibility for the management of information and records as an essential requirement for effective service delivery.</p>
	<p>Western Cape E-Mobility Policy  Transversal policy on the use of cellular data cards for official purposes. It regulates and standardises the practices and procedures for the acquisition, provisioning, use of the data cards in the WCG and its departments, and for the efficient and cost-effective management of this essential service.</p>

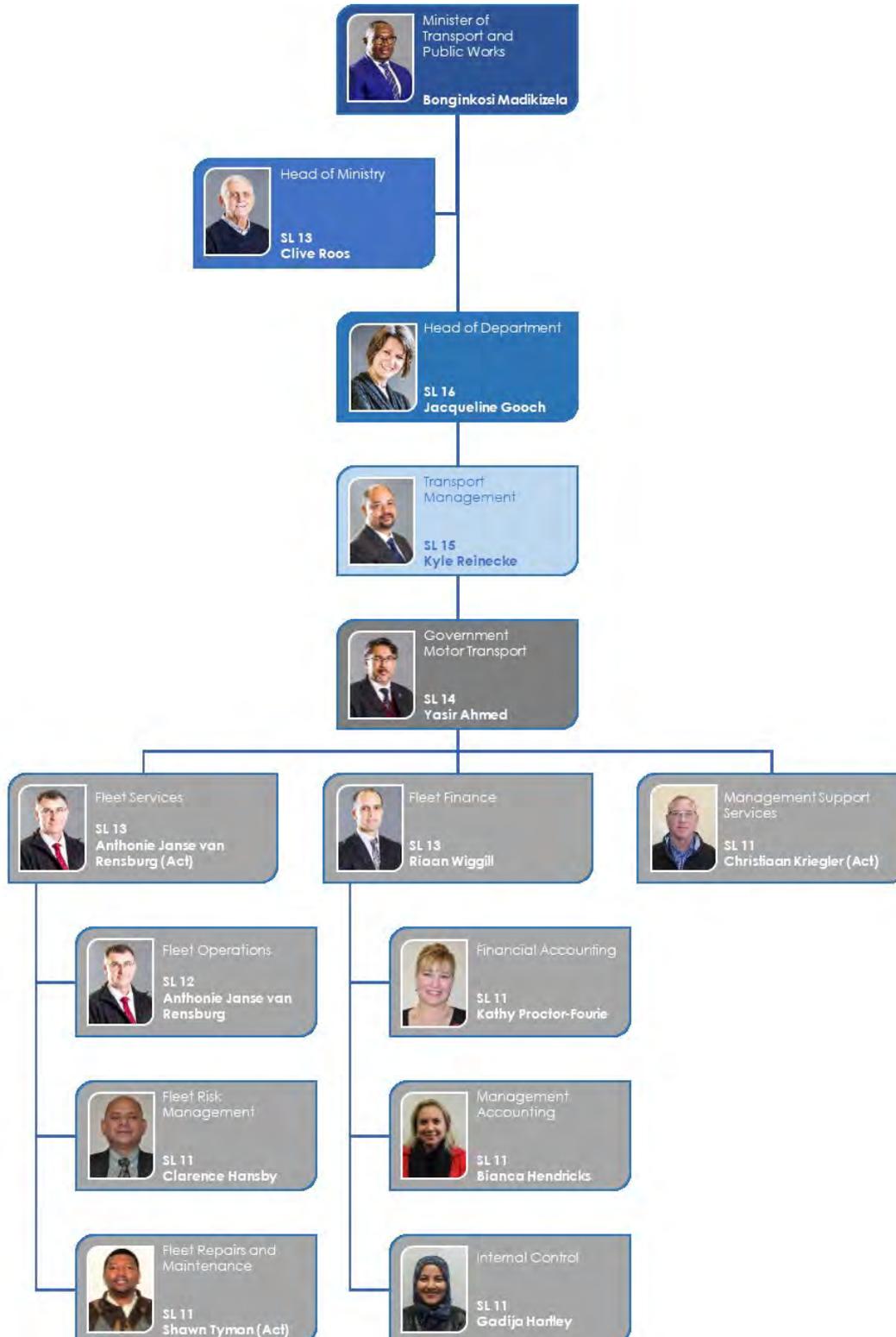
Function	Policies
	Western Cape Government Transversal Management System Aims to achieve measurable outcomes through the facilitation of sectorial clusters addressing issues transversally with individual line departments as the implementing agents; and manages the implementation of the Provincial Strategic Plan transversally throughout the WCG. The Executive Project Dashboard is the information management tool for the system.
	White Paper on Human Resource Management, 1997 Focuses on the essential role of developing and transforming human resource capacity in order to meet the goals of efficient service delivery and transforming the public service.

As a trading entity operating within the administration of the DTPW, GMT is responsible for the provision of vehicle fleet services to provincial and national client institutions. 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 (COTO). 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 2020

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

Figure 1: Organisational structure

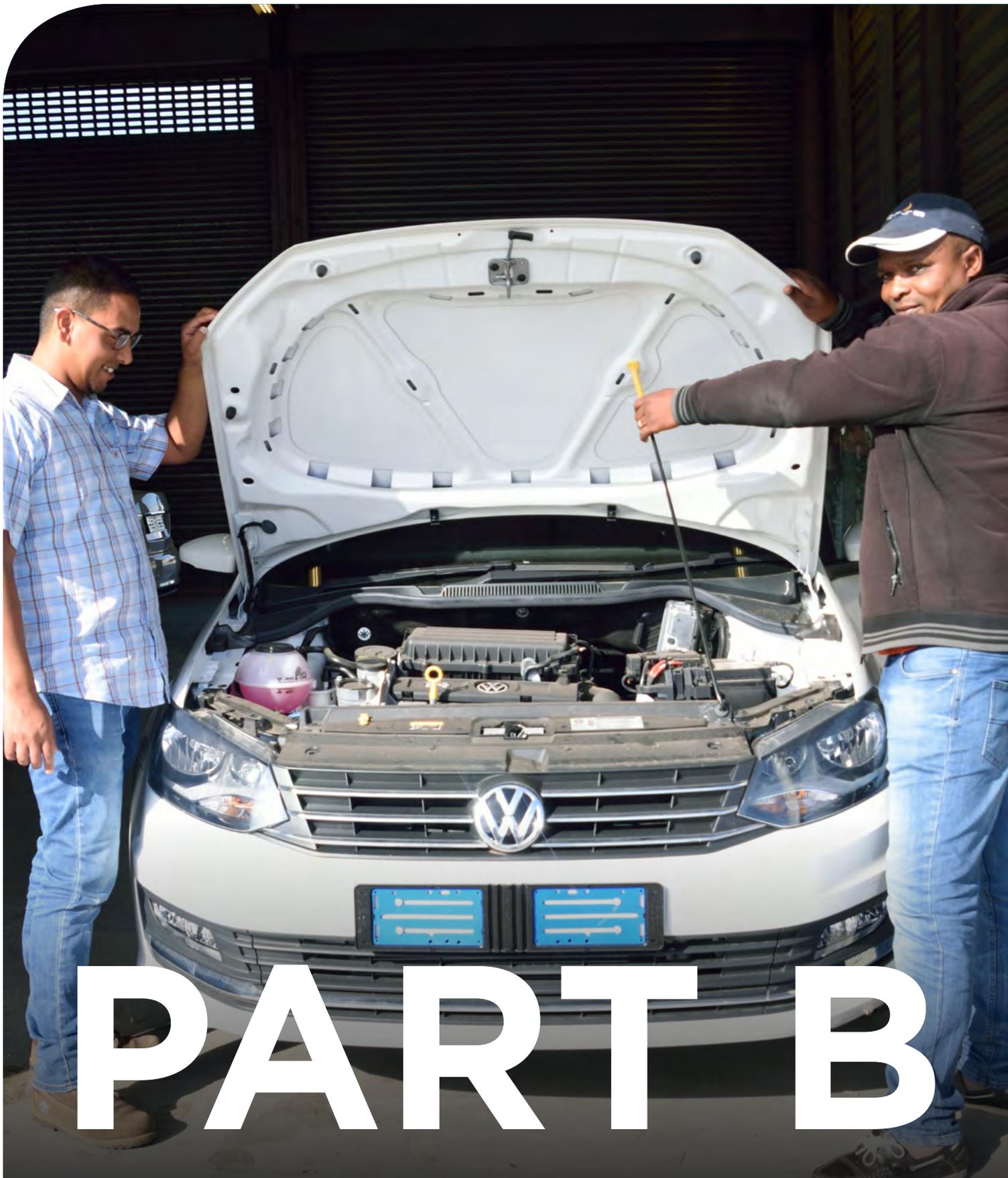


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## 9 Trading entity reporting to the Minister

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



# PART B

Performance  
Information

## Part B: Performance information

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### 1 Auditor-**General's report: Predetermined objectives**

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The Auditor-General of South Africa currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management, with 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 114 of the AGSA report, published as PART E: FINANCIAL INFORMATION.

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### 2 Overview of trading **entity's performance**

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

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

#### 2.1. Service delivery environment

GMT continued with its core business of providing an effective fleet management service to its clients. During the year under review, GMT acquired 622 new vehicles, held five online auctions, and sold 758 lots.

In planning its replacement programme for vehicles, GMT had to take into account the amount of floor space available for new vehicles as they were delivered and prepared for delivery to client institutions.

The total expenditure on repairs and maintenance of vehicles amounted to R73.6 million (2018/19: R68 million). The fleet travelled a total of 107 239 896 kilometres during the year (based on the actual kilometres billed at the end of each month), which is 2 784 875 kilometres more than the previous year.

Fuel expenditure, which represents the largest portion of the operational costs of the fleet, increased from R164.5 million in 2018/19 to R166.2 million in 2019/20. GMT maintained between 4 944 and 5 156 e-Fuel units (electronic fuelling devices) in the fleet to keep a firm hand on fleet fuel management.

During the year under review, GMT continued with training programmes for client transport representatives. A total of 185 officials were trained in fleet operations at 12 training sessions, and 100 officials were trained in 11 sessions on the FleetMan Client Application system. 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 1 000 757 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 effective performance of GMT's systems and service providers are critical to the business of the trading entity and are continually monitored, assessed and managed to minimise disruption to GMT's operations and its ongoing value proposition to its clients.

The automated redirection of traffic fines via the Client Application in GMT's FleetMan system enabled clients to electronically capture the details of drivers responsible for a vehicle at the time an offence was committed. These system enhancements paid off as the entity was able to process all 7 077 traffic fines issued by various traffic authorities for violations committed by drivers of GMT vehicles.

GMT will continue to implement its phased plans to issue driver identification technology and improve its systems by providing tools to allow clients direct access to information about individual driver profiles via the Client Application of FleetMan. The expected national implementation of AARTO in the near future will necessitate further changes.

The number of incidents reported to GMT of alleged misuse of government vehicles increased slightly to 112 incidents, compared to 100 incidents recorded during the 2018/19 financial year.

The number of accidents and loss cases processed by GMT increased slightly from 2 629 in 2018/19 to 2 651 in the year under review, while the number of 3<sup>rd</sup> party claims processed decreased from 96 in 2018/19 to 66 in 2019/20.

## 2.2. Service Delivery Improvement Plan

GMT developed a new Service Delivery Improvement Plan (SDIP) in March 2018 for the MTEF period 2018/19–2020/21, which is informed by its Strategic Plan and aligned to its 2019/20 Annual Performance Plan (APP). The SDIP aims to address one service improvement area: provision of fleet management service. Table 8 summarises GMT's performance towards achieving its desired standards of service.

Service for Government Motor Transport: Provision of fleet management services

Table 8: Main services provided and standards

Main service	Beneficiaries	Performance area	Base year: 2018/19	Standard of service as at end 2018/19	Desired standard of service: 2019/20	Actual achievement: 2019/20
Provision of fleet management services	<ul style="list-style-type: none"> <li>Provincial departments</li> <li>National departments</li> <li>Other provincial governments</li> <li>Public entities</li> </ul>	<p>Fleet repairs and maintenance</p> <p><u>Service standard:</u> Implementation of the shared GMT vehicle repair and maintenance solution with a banking partner as part of the GMT ERP Fleet Management system (known as FleetCare).</p>	<p>FleetCare Phase 1: Filling vacancies on the GMT Client Care Centre (CCC) staff establishment by 31 March 2019.</p>	<p>The desired standard was achieved.</p> <ul style="list-style-type: none"> <li>Fleet Planning and Acquisition relocated from central Cape Town to Maitland in September 2018.</li> <li>Sub-directorate Fleet Operations, Fleet Repairs and Maintenance and Fleet Risk Management relocated from Cape Town to Maitland during October and November 2018.</li> <li>Repairs and Maintenance Coordination (Drop and Go Service) relocated from Cape Town to Maitland in January 2019.</li> </ul>	<ul style="list-style-type: none"> <li>80 percent of project completion;</li> <li>Amend the identified processes and SOPs [standard operating procedures], plans, systems;</li> <li>Configure the ERP system with latest requirements;</li> <li>Training of human resources; and</li> <li>Accommodation at 3 Rusper Street, Maitland to be made available for occupation.</li> </ul>	<p>The desired standard was achieved.</p> <p>In addition:</p> <ul style="list-style-type: none"> <li>The GMT Regional Hub relocated to the new premises in York Street during November 2019. GMT also has a CCC service up and running in George.</li> <li>GMT awarded the R&amp;M [repair and maintenance] contract to NedFleet for a 36-month term as from October 2019.</li> <li>NedFleet also relocated its onsite Call Centre from GMT Cape Town to GMT Maitland during November 2019.</li> </ul>

Main service	Beneficiaries	Performance area	Base year: 2018/19	Standard of service as at end 2018/19	Desired standard of service: 2019/20	Actual achievement: 2019/20
Provision of fleet management services	<ul style="list-style-type: none"> <li>Provincial departments</li> <li>National departments</li> <li>Other provincial governments</li> <li>Public entities</li> </ul>	Vehicle lease reporting <u>Service standard:</u> Piloting and implementation of the GMT vehicle lease reporting at each reporting cycle as part of the reporting requirements as stated in GRAP or the Modified Cash Basis of Accounting reporting frameworks.	Refine lease management data repository.	The desired standard was achieved. <ul style="list-style-type: none"> <li>The lease management data repository and reports have been refined and updated to expected standard.</li> </ul>	<ul style="list-style-type: none"> <li>Configure the lease management repository system to produce the 14 vehicle lease reports.</li> </ul>	The lease management data repository and some reports were aligned to the financial reporting requirements as contained in GRAP and/ or the Modified Cash Basis of Accounting reporting frameworks.

### Batho Pele arrangements with beneficiaries

Current arrangements: 2018/19	Desired arrangement 2019/20	Actual achievement 2019/20
Fleet Repair and Maintenance		
Consultation: Clients are consulted through: <ul style="list-style-type: none"> <li>Bi-monthly transport client forum meetings;</li> <li>In November, the clients evaluate GMT services and shortcomings are identified;</li> <li>GMT circulars are distributed by the GMT Bureau, and published on the GMT website (portal) and intranet; and</li> <li>GMT delivers a training service to client transport officers.</li> </ul>	Consultation: Clients are consulted through: <ul style="list-style-type: none"> <li>Bi-monthly transport client forum meetings; and</li> <li>Clients evaluate progress reported against annual evaluation findings. Shortcomings are identified and resolved.</li> </ul>	Consultation: Desired standard achieved.

Current arrangements: 2018/19	Desired arrangement 2019/20	Actual achievement 2019/20
<p>Access:</p> <p>The service is accessible through/at:</p> <ul style="list-style-type: none"> <li>• The 24/7 GMT Client Care Centre is managed via the toll-free number: 0800 092 468/ WCGMT;</li> <li>• 34 Roeland Street, Cape Town;</li> <li>• 49 Hope Street, Cape Town;</li> <li>• 3 Rusper Street, Maitland;</li> <li>• GMT Garden Route Hub, York Street, George;</li> <li>• GMT CBD "Top Yard" parking and staging facility, Buitenkant Street, Cape Town; and</li> <li>• GMT CBD General Hire Client Centre with cleaning and parking facilities, Buitenkant Street, Cape Town.</li> </ul>	<p>Access:</p> <p>The service is accessible through/at:</p> <ul style="list-style-type: none"> <li>• At GMT Client Care Centre toll-free number: 0800 092 468/ WCGMT;</li> <li>• 3 Rusper Street, Maitland;</li> <li>• GMT CBD parking and staging facility/ facilities;</li> <li>• Future GMT Garden Route Hub, York Street, George;</li> <li>• Future GMT West Coast Hub (Saldanha area); and</li> <li>• GMT Winelands Hub (Paarl/ Worcester area).</li> </ul>	<p>Access:</p> <p>Desired standard achieved.</p> <ul style="list-style-type: none"> <li>• GMT Client Care Centre toll-free number: 0800 092 468/ WCGMT;</li> <li>• 34 Roeland Street, Cape Town;</li> <li>• 49 Hope Street, Cape Town;</li> <li>• 3 Rusper Street, Maitland;</li> <li>• GMT Garden Route Hub York Street, George; and</li> <li>• GMT CBD General Hire Client Centre with cleaning and parking facilities, Buitenkant Street, Cape Town.</li> </ul>
<p>Courtesy:</p> <p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> <li>• A 24/7 call centre being available to gather and process reports on unacceptable behaviour and/ or misuse of government vehicles (number: 0800 092 468/ WCGMT); and</li> <li>• Clients reporting at bi-monthly transport client forum meetings.</li> </ul>	<p>Courtesy:</p> <p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> <li>• A 24/7 call-in centre to process reports on unacceptable behaviour; and</li> <li>• Internal escalation process through the Fleet Operations Directorate.</li> </ul>	<p>Courtesy:</p> <p>Desired standard achieved.</p> <ul style="list-style-type: none"> <li>• A 24/7 call centre is operational to gather and process reports on unacceptable driver behaviour and/or misuse of government vehicles (number: 0800 092 468/ WCGMT).</li> <li>• To assist with e-driver identification within the Fleet Management space (i.e., to manage driver behaviour, crashes, misuse, traffic offences, fuel and R&amp;M services), GMT in conjunction with the client institutions issued 6 317 orange driver tags to date.</li> </ul>

Current arrangements: 2018/19	Desired arrangement 2019/20	Actual achievement 2019/20
<p>Openness and transparency:</p> <p>Openness and transparency are achieved through:</p> <ul style="list-style-type: none"> <li>• Service level agreements with clients;</li> <li>• A customised Client Application of the Fleet Management system which enables client institutions to execute certain tasks themselves; and</li> <li>• The automated redirection of traffic fines via the Client Application in GMT's FleetMan system enabled clients to electronically capture the details of drivers responsible for a vehicle at the time an offence was committed.</li> </ul>	<p>Openness and transparency:</p> <p>Openness and transparency are achieved through:</p> <ul style="list-style-type: none"> <li>• Service level agreements with clients; and</li> <li>• A customised Client Application of the Fleet Management system enables client institutions to execute certain tasks themselves.</li> </ul>	<p>Openness and transparency:</p> <p>Desired standard achieved.</p> <ul style="list-style-type: none"> <li>• FleetMan Client Module: Being used by client institution transport officers to nominate drivers for re-direction of traffic offences.</li> </ul>
<p>Value for money:</p> <p>The costs of GMT services are kept low:</p> <ul style="list-style-type: none"> <li>• The costs of GMT services are kept to a minimum;</li> <li>• The GMT fleet is within its economic life cycle; and</li> <li>• An annual increase in the GMT daily and kilometre tariffs in the amount of 4.2% was approved by Provincial Treasury.</li> </ul>	<p>Value for money:</p> <p>The costs of GMT services are kept low:</p> <ul style="list-style-type: none"> <li>• The costs of GMT services are kept to a minimum; and</li> <li>• The GMT fleet is within its economic life cycle.</li> </ul>	<p>Value for money:</p> <p>Desired standard achieved.</p>
<p>Vehicle Lease Reporting</p>		
<p>Consultation:</p> <p>Clients are consulted through:</p> <ul style="list-style-type: none"> <li>• Consulting and specifying external party requirements prior to the development of reports.</li> </ul>	<p>Consultation:</p> <p>Clients are consulted through:</p> <ul style="list-style-type: none"> <li>• Addressing matters through the Provincial Treasury.</li> </ul>	<p>Consultation:</p> <p>Desired standard achieved.</p> <ul style="list-style-type: none"> <li>• Consultations on reporting took place with stakeholders.</li> </ul>

Current arrangements: 2018/19	Desired arrangement 2019/20	Actual achievement 2019/20
Access:	Access:	Access:
<p>The service is accessible:</p> <ul style="list-style-type: none"> <li>The lease reports are available and can be run from the GMT GoFin financial system platform by authorised users.</li> </ul>	<p>The service is accessible:</p> <ul style="list-style-type: none"> <li>Vehicle lease reporting goes directly to the GMT through meeting engagements and electronic modes of communication.</li> </ul>	<p>Desired standard achieved.</p> <ul style="list-style-type: none"> <li>Some of the reports are available and can be run on the GMT GoFin financial system platform by authorised users.</li> </ul>
Courtesy:	Courtesy:	Courtesy:
<p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> <li>The internal escalation process being in place for enhancement and/ or modification requests.</li> </ul>	<p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> <li>Internal escalation process through the Finance Directorate.</li> </ul>	<p>Desired standard achieved.</p> <ul style="list-style-type: none"> <li>The internal escalation process is in place for enhancement and/or modification requests.</li> </ul>
Openness and transparency:	Openness and transparency:	Openness and transparency:
<p>Openness and transparency is achieved through:</p> <ul style="list-style-type: none"> <li>The automated redirection of traffic fines via the Client Application in GMT's FleetMan system enabling clients to electronically capture the details of drivers responsible for a vehicle at the time an offence was committed.</li> <li>Service level agreements with clients; and</li> <li>Annual updates on reporting requirements facilitated through the Provincial Treasury.</li> </ul>	<p>Openness and transparency is achieved through:</p> <ul style="list-style-type: none"> <li>Service level agreements with clients;</li> <li>Minimum Provincial Treasury GRAP or Modified Cash Basis of Accounting reporting requirements. GMT includes this information in its reporting to its clients; and</li> <li>Reports being vetted by the Provincial Treasury. GMT includes this information in its reporting to clients.</li> </ul>	<p>Desired standard achieved.</p> <ul style="list-style-type: none"> <li>Service level agreements put in place with client institutions; and</li> <li>Annual updates on the reporting requirements being facilitated through the Provincial Treasury.</li> </ul>
Value for money:	Value for money:	Value for money:
<p>The costs of GMT services are kept low:</p> <ul style="list-style-type: none"> <li>An annual increase in the GMT daily and kilometre tariffs in the amount of 4.2% was approved by Provincial Treasury.</li> <li>The tariff updates are implemented according to MTEF principles.</li> </ul>	<p>The costs of GMT services are kept low:</p> <ul style="list-style-type: none"> <li>The configuration of the lease management system and functionality of the reporting tool is aligned to client requirements in order to produce reports at the lowest cost within the required time frame; and</li> <li>Annual client daily tariff increases must remain within accepted MTEF principles.</li> </ul>	<p>Desired standard achieved.</p> <ul style="list-style-type: none"> <li>Tariff updates are done in terms of section 19 of the Treasury Regulations (March 2005); and</li> <li>GMT requested a tariff adjustment of 1% below the MTEF increase for daily tariffs. This was approved by the Provincial Treasury and subsequently applied on the GMT GoFin financial system.</li> </ul>

*Service delivery information tool*

Current/actual information tools	Desired information tools	Actual achievements
Fleet repair and maintenance		
Information is communicated through: <ul style="list-style-type: none"> <li>• GMT circulars published on the GMT website (portal) and the Intranet;</li> <li>• GMT training service to the client transport officers; and</li> <li>• Bi-monthly transport client forum meetings with clients.</li> </ul>	Information is communicated through: <ul style="list-style-type: none"> <li>• GMT circulars published on the GMT website (portal) and the Intranet;</li> <li>• GMT training service to the transport officers of clients; and</li> <li>• Bi-monthly transport client forum meetings held with clients.</li> </ul>	Desired standard achieved.
Vehicle lease reporting		
Information is communicated through: <ul style="list-style-type: none"> <li>• Vehicle lease reporting conducted with clients by Provincial Treasury; and</li> <li>• Adhering to reporting deadlines issued by Provincial Treasury.</li> </ul>	Information is communicated through: <ul style="list-style-type: none"> <li>• Reporting dates will be issued by Provincial Treasury in collaboration with GMT.</li> </ul>	Desired standard achieved.

### Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Fleet repair and maintenance		
Complaints/ suggestions/ compliments/ queries are registered and monitored through: <ul style="list-style-type: none"> <li>GMT 24/7 Client Care Centre toll-free number: 0800 092 468/ WCGMT (for reporting possible vehicle misuse cases);</li> <li>Transport officers/ client institutions raising complaints and giving compliments at bi-monthly GMT transport client forum meetings; and</li> <li>GMT's training team presenting transport officer and FleetMan Client Application training.</li> </ul>	Complaints/ suggestions/ compliments/ queries are registered and monitored through: <ul style="list-style-type: none"> <li>GMT 24/7 Client Care Centre toll-free number: 0800 092 468/ WCGMT (for reporting possible vehicle misuse cases);</li> <li>Transport officers/client institutions can raise problem areas/complaints and give compliments at bi-monthly GMT transport client forum meetings; and</li> <li>GMT's training team presenting transport officer and FleetMan Client Application training.</li> </ul>	Desired standard achieved. <ul style="list-style-type: none"> <li>Client institutions can liaise with the GMT CCC technical team and park their new vehicles at the new GMT Regional Hub in York Street with effect from November 2019.</li> </ul>
Vehicle lease reporting		
Complaints/ suggestions/ compliments/ queries are registered and monitored through: <ul style="list-style-type: none"> <li>Vehicle lease reporting complaints/ concerns being raised by clients through the Provincial Treasury.</li> </ul>	Complaints/ suggestions/ compliments/ queries are registered and monitored through: <ul style="list-style-type: none"> <li>Vehicle lease reporting complaints/ concerns being raised by clients with GMT.</li> </ul>	Desired standard achieved.

### 2.3. Organisational environment

The process of filling vacancies on the approved GMT establishment commenced through a phased process as from January 2017, but had to be managed in a manner that took cognisance of available office accommodation while GMT's new facility is still under construction at 3 Rusper Street, Maitland. During the year under review recruitment advertisements were placed and 12 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 programme. In the period 1 September 2018 to 31 August 2019, four EPWP participants were employed on contract. In the period 1 September 2019 to 28 February 2020, three EPWP participants were employed on contract. During the year under review, by virtue of the work opportunities created through this programme, one of the former EPWP participants was successfully appointed into a permanent position at GMT.

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.

GMT management adopted an inclusive approach to developing its Strategy 2020/21 to 2024/25. A task team comprising of officials across all business units of GMT and levels was established to gather practical insights and inputs from across the organisation, and to secure buy-in to, and ownership of, the new vision and strategy.

### 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.

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## 3 Strategic Outcome-Oriented Goals

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GMT's Strategic Outcome-Oriented Goals, and progress made towards the achievement of the five-year Strategic Plan 2015/16–2019/20 targets are outlined below.

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

GMT continued to ensure that its fleet of vehicles met the needs and requirements of clients to deliver against their mandates. In addition to providing vehicles for general hire and transportation of staff, GMT also investigated and invested in the provision of specialised, fit-for-purpose vehicles that meet client requirements, such as ambulances and traffic enforcement "interceptor" vehicles fitted with appropriate technology.

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 can fulfil its financial management functions by 31 March 2020.
Justification	<ul style="list-style-type: none"> <li>To meet the regulatory requirement of Treasury Regulations.</li> <li>To conduct the business of the GMT trading entity in a viable financial and operational manner.</li> </ul>
Link to PSGs and DSGs	PSG 5: Enable good governance and integrated service delivery through partnerships and spatial alignment.  DSG 1: Promote good governance and an effective and efficient department.

The entity managed to strengthen its financial position during the year under review through prudent financial management. This effectively managed GMT's working capital and optimised its asset base. Through this process, the entity was able to convert its accounts receivable to cash funds, settle accounts payable within the shortest possible timeframes, and maintain adequate cash funds to meet all operational and capital expenditure requirements. In doing so, GMT fulfilled its role as a good corporate citizen in its geographical and functional areas. The entity ensured compliance with all regulatory requirements and put effective compliance monitoring systems in place.

STRATEGIC OUTCOME-ORIENTED GOAL 3: Effective operations.	
Goal statement	To enhance operational activities through technologically advanced fleet management systems and the maintenance of effective business processes by 31 March 2020.
Justification	<ul style="list-style-type: none"> <li>• To maintain the competitive edge.</li> <li>• To sustain value-adding services in the interest of the client.</li> <li>• To render a cost-effective service.</li> <li>• To provide reliable client and management information.</li> <li>• To be in a position to effectively respond to client's expectations in a continually changing business environment.</li> </ul>
Link to PSGs and DSGs	PSG 5: Enable good governance and integrated service delivery through partnerships and spatial alignment.  DSG 1: Promote good governance and an effective and efficient department.

To ensure that it provides its services at competitive rates, GMT regularly benchmarked its services and price-saving structures against those of private sector vehicle hire companies. In addition to providing vehicle hire services, GMT expanded its value proposition to clients by developing systems and applications that enable clients to better manage their expenditure on fleet services and the behaviour of their drivers. GMT ICT system enhancements helped to improve the client experience of the entity's service offerings and met or exceeded client expectations.

## 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 below.

Table 9: Strategic Objectives

No	Strategic Objectives/ Indicators	Actual achievement	Planned target	Actual achievement	Deviation from planned target to actual achievement	Comment on deviations
		2018/19	2019/20	2019/20	2019/20	
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.	5 976	5 535	5 640	105 2%	The number of vehicles in the fleet fluctuates with acquisitions and disposals. The last vehicle auction for the 2019/20 financial year was held during February 2020, shortly before the COVID-19 lockdown that stopped further disposals during the year under review. In addition, GMT procured vehicles up to the later stages of 2019/20. These factors resulted in a bigger fleet than planned.

No	Strategic Objectives/ Indicators	Actual achievement	Planned target	Actual achievement	Deviation from planned target to actual achievement	Comment on deviations
		2018/19	2019/20	2019/20	2019/20	
1.2	Number of vehicles travelling more than 1 000 kilometres per month.	4 872	4 100	3 561	(539) (13%)	GMT has limited control over the utilisation of vehicles permanently allocated to client institutions. As is usual, the GMT fleet travelled less during the festive season months of December 2019 and January 2020. The COVID-19 pandemic also impacted on the utilisation of vehicles during February and March 2020.
1.3	Number of system enhancements made to the fleet management system.	10	10	2	(8) (25%)	GMT initiated the review of its Enterprise Architecture Programme during the latter part of the 2019/20 financial year to consolidate and update the systems environment in support of the new GMT Strategy 2020/21 to 2024/25. Some system enhancements were postponed to ensure their alignment with the new ICT roadmap.
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.	4	4+	4+	-	-
4	Improve operational capability through the streamlining of business processes and comprehensive incident management.					
4.1	Number of business processes revisited.	27	25	25	-	-

Table 10: Key performance indicators, planned targets and actual achievements

No	Performance Indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	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.	97%	47%	95%	95%	99%	4%	No remedial steps required.
1.1.2	Number of vehicle inspections carried out.	6 925	6 698	6 547	6 705	6 252	(453) (7%)	Technical Assistant vacancies and the COVID-19 national lockdown instruction reduced the number of inspections that could be carried out.
1.1.3	Number of registered FleetMan users.	582	624	661	660	793	133 20%	No remedial steps required.
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.	26	23	17	25	18	(7) (28%)	No remedial steps required.
3.1	Improve quality of financial standing though good governance.							
3.1.1	Debt outstanding for current financial year.	R16.3 million	R58.8 million	R26.5 million	R64.2 million	R29.2 million	(R35 million) (55%)	A concerted drive by the GMT Debt Management section to collect outstanding debt, resulted in this better than anticipated outcome.

No	Performance Indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
3.1.2	Debt outstanding for all previous financial years.	R6.9 million	R5.4 million	R2 million	R5.6 million	R2.6 million	(R3 million) (54%)	A concerted drive by the GMT Debt Management section to collect outstanding debt, resulted in this better than anticipated outcome.
4.1	Improved operational capability through the streamlining of business processes and comprehensive incident management.							
4.1.1	Number of business processes documented.	12	10	15	15	15	-	-
4.1.2	Number of documented business processes reviewed.	36	26	27	25	25	-	-
4.1.3	Number of users trained (operational).	133	149	153	175	185	10 6%	Target was exceeded.
4.1.4	Number of users trained (FleetMan).	57	64	64	90	100	10 11%	Target was exceeded.
4.1.5	Number of misuse complaints processed.	161	174	100	280	112	(168) (60%)	This is a demand-driven indicator. Fewer cases reflect improved control measures and the beneficial impact of misuse management systems and processes implemented by GMT with client institutions.

No	Performance Indicator	Actual achievement 2016/17	Actual achievement 2017/18	Actual achievement 2018/19	Planned target 2019/20	Actual achievement 2019/20	Deviation from planned target to actual achievement for 2019/20	Comment on deviations
4.1.6	Number of traffic violations processed.	7 035	5 694	5 848	6 000	7 077	1 077 18%	The increase can be ascribed to improved traffic policing measures and technology being applied by local and provincial authorities where several traffic violation notifications were submitted to GMT by e-mail instead of the postal service.
4.1.7	Number of 3rd party claims processed.	93	79	96	90	66	(24) (27%)	This is a demand-driven indicator. Private parties may submit claims within 3 years of incident date.
4.1.8	Number of crashes and losses incidents processed.	2 787	2 847	2 629	3 000	2 651	(349) (12%)	This is a demand-driven indicator. Fewer cases reflect improved driver behaviour and the beneficial impact of 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 whether the actual achievements recorded at year-end met the service delivery targets set at the beginning of the year. Services delivered to 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 11: Expenditure versus budget

2019/20			2018/19		
Final budget	Actual expenditure	Under expenditure	Final budget	Actual expenditure	Under expenditure
R'000	R'000	R'000	R'000	R'000	R'000
651 832	601 357	50 475	660 550	586 753	73 797

## 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

GMT transferred funds from its investment held through the Provincial Treasury to the Asset Finance Reserve during 2019/20.

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## 6 Conditional grants

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### 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 client institutions 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.

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## 7 Donor funds

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The entity did not receive any donor assistance.

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## 8 Capital investment

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### 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 client institutions. Clients report back on any vehicle that is damaged or not operational so that the required impairment tests and procedures can be performed by GMT technical staff. Vehicles that reach the end of their useful lives are sold at public auctions, after which the FleetMan system and NATIS are updated.



# 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. This is fundamental to the responsible management of public finances and resources. Readers of the Annual Report require assurance that the DTPW has sound governance structures in place to effectively, efficiently and cost-effectively utilise the state resources at its disposal which are 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 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 service to the Department.

#### 2.1. Ethics and Enterprise Risk Management Committee (ERMCO) report

The Department of Transport and Public Works is proud to present its Annual ERMCO Report for the financial year ended 31 March 2020.

#### Ethics and Enterprise Risk Management Committee responsibility

The Ethics and 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, National Treasury Regulation 3.2.1, and Public Service Regulations of 2016, Chapter 2, Part 1, 2 and 3. The ERMCO also reports that it has adopted appropriate formal Terms of Reference (TOR) (approved by the ERMCO chairperson on 15 April 2019 and amended on 15 October 2019), regulated its affairs in compliance with this Terms of Reference and has discharged all its responsibilities as contained therein.

#### Ethics and 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 four times (quarterly) during the year under review.

The table below provides information on ERMCO members.

Member	Position	Meetings Attended	Date Appointed
Ms J Gooch	Accounting Officer (Risk Champion and ERMCO Chairperson)	4	n/a

Member	Position	Meetings Attended	Date Appointed
Adv. C Smith	Deputy Director-General: Finance – (CFO)	4	15/04/2019
Mr G van Schalkwyk	Chief Director: Policy and Strategy Integration	3	15/04/2019
Mr R Maharaj	Chief Director: Strategic Management and Operational Support	4	15/04/2019
Mr G Kode	Deputy Director-General: Provincial Public Works	4	15/04/2019
Mr L Fourie	Chief Director: Road Network Management (Appointed as Deputy Director-General: Roads with effect from November 2019)	4	15/04/2019
Adv. K Reinecke	Deputy Director-General: Transport Management	4	15/04/2019
Ms H Robson	Deputy Director-General: Corporate Assurance (DotP)	2	15/04/2019
Mr R Jansen van Rensburg	Chief Director: Provincial Forensic Services (DotP)	3	15/04/2019
Ms E de Bruyn	Director: Centre of e-Innovation (DotP)	2	15/04/2019
Ms A Haq	Director: Enterprise Risk Management (DotP)	4	15/04/2019
Ms P van der Merwe	Director: Governance and Demand – Supply Chain Management (Ethics Officer)	3	15/04/2019
Mr Y Ahmed	Chief Director: Government Motor Transport	3	15/04/2019

The following is a list of other officials who attended the ERMCO meetings during the year under review:

Other participants	Position	Meetings Attended
Mr B Rahim	Director: Financial Governance (Fraud Champion)	4
Ms W Hansby	Director: Provincial Forensic Services (DotP)	3
Mr Z Omer	Chief Risk Advisor: Enterprise Risk Management (DotP)	3
Mr S Martin	Director: Internal Audit (DotP)	3
Mr C Marx	Director: Operational Support (Ethics Officer – Secundus to Ms P van der Merwe)	1
Ms E Young	Deputy Director: Centre of e-Innovation (DotP) (Secundus to Ms E de Bruyn)	1
Mr T Jacobs	Acting Director: Provincial Forensic Services (DotP) (Secundus to Ms W Hansby)	1

## Ethics and 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 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 recommended same 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;
- 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;
- Evaluated the effectiveness of mitigating strategies to address the material strategic, programme, ethics and economic crime risks;
- Reviewed the Fraud and Corruption Prevention Plan as well as its concomitant Implementation Plan and recommended it for approval by the Accounting Officer;
- Evaluated the effectiveness of the implementation of the Fraud and Corruption Prevention Plan;
- Assessed the implementation of the departmental Ethics Management Implementation Plan;
- Provided oversight on ethics management in the Department; and
- Considered reports on security and loss control matters.

## Key strategic risks considered and addressed during the year

The following are the key strategic risks for the Department that were reviewed on a quarterly basis, including assessing the mitigation steps in place:

- Further public transport violence and criminal acts;
- A compromised ability to attract, recruit and retain suitable specialised skills;
- Insufficient electricity supply; and
- Threats to the safety and well-being of departmental officials.

These risks are long term in nature and will remain on the Department's radar for the upcoming years. Although mitigation actions have been implemented to address each of these risks, the residual rating has not reduced significantly. This is as a result of the challenges faced by the Department in managing the root causes of the risk that resides outside the Department's control. Many of these risks are above tolerance level and the risk response decisions taken by the Department will continue to manage the risk.

Each Programme's risks are deliberated upon and debated at quarterly ERMCO meetings. Programme managers are required to provide feedback on progress with

implementation of action plans to reduce the likelihood of risks materialising and their impact if they should materialise. ERMCO also referred risks back that should be analysed more extensively and recommends additional mitigation steps or actions to manage risks.

The Transport and Public Works Audit Committee provided independent oversight of the Department's system of risk management. The Audit Committee was furnished with quarterly ERM progress reports and risk registers to execute its independent oversight role.

### Key emerging risks for the following financial year

The key emerging risk that the department will have to consider in the next financial year relates to the COVID-19 pandemic, with an internal and external focus. On the one hand, the Department will have to consider how it will continue and recover its business during and after the pandemic and, on the other, it will need to take into account that the already struggling industries it is involved with (construction and transport particularly) will face significant challenges to recover their business and might not even be able to do so.

At the same time, the Department will have to face an increase of vandalism and damage to provincial immovable and movable assets.

### Conclusion

The Ethics and Enterprise Risk Management Committee remains an important forum in the DTPW for strategic-level discussion on a range of matters that pose or could pose a risk to the operations of the Department. The increased focus on ethics within the ERMCO is in line with the leadership and management ethos that is being inculcated within the Department and the continual drive to make ethically and morally correct decisions.



JT GOOCH

ACCOUNTING OFFICER

DATE: 26-10-2020

### 3 Fraud and corruption

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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 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 and concomitant 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, the WCG Whistle-blowing Policy, 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 WCG and the Department.

Employees and workers 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 of the Protected Disclosures Act, 2000 [Act 26 of 2000] e.g., whether the disclosure was made in good faith). The WCG Whistle-blowing Policy provides guidelines to employees and workers 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. 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 employee who participated in such acts is subjected to a disciplinary hearing. The WCG representative initiating the disciplinary proceedings is required to recommend dismissal of the employee concerned. Where *prima facie* evidence of criminal conduct is detected, a criminal matter is reported to the South African Police Service (SAPS).

For the year under review, PFS issued a Case Movement Certificate for the Department – see Table 13.

Table 12: PFS Case Movement Certificates issued

Cases	Number of cases
Open cases as at 1 April 2019	6
New cases (2019/20)	4
Closed cases (2019/20)	(5)
Open cases as at 31 March 2020	5

Table 14 further analyses the closed cases tabulated above.

Table 13: Nature and investigation outcome of PFS cases closed

Outcome of cases closed	
Outcome	Number
Allegations were substantiated in the following cases:	
• Irregularity;	1
• Fraud, corruption and non-compliance (the case was reported to SAPS);	1
• Fraud (the case was reported to SAPS); and	1
• Fraud and corruption (the case was reported to SAPS).	1
Investigation concluded with no adverse findings	1
Total	5

## 4 Minimising conflicts of interest

The Department managed the following processes to minimise conflict of interest in the supply chain management domain:

- Requiring all employees in the department's supply chain to complete an annual Disclosure of Financial Interest form, accompanied by an annual Remunerative Work Outside the Public Service (RWOPS) application, taking into account the Public Service Regulations.
- Communicating the content of the new Public Service Regulations (PSR) 2016, issued by the Minister for Public Service and Administration to officials where possible non-compliance was identified.
- Implementing the e-disclosure prescribed by the Department of Public Service Administration (DPSA) platform on the DTPW supply chain.
- Requiring a Declaration of Interest form from everyone involved in the consideration, recommendation and/ or adjudication of bids.
- Requiring all prospective bidders to submit a Western Cape Bid Document (WCBD) 4 form (disclosure of interest/ suppliers' performance/ declaration of employees and independent bid determination).
- Requiring all DTPW staff to comply with ethical standards.
- Implementing the Code of Conduct for supply chain management practitioners.
- Implementing the National Treasury's Code of Conduct for Bid Adjudication Committees.

- Implementing the process for managing conflicts of interest and the risks that could arise through accepting gratification, hospitality and gifts.
- Implementing bidder/ employee profile verification processes that entail a monthly comparison of employee information on Personnel and Salary Administration System (PERSAL) with the supplier data on the Western Cape Supplier Evidence Bank as well as the National Treasury's Central Supplier Database (CSD). This serves as both a preventative and detective control to identify officials doing business with government.
- Implementing Provincial Treasury Instructions which require all suppliers intending to do business with the Western Cape Government to register on the Western Cape Supplier Bank. This includes pre-requisites such as:
  - Verification with Companies and Intellectual Property Commission (CIPC) for company registration and ownership information.
  - A sworn declaration by all prospective bidders on the WCBD 4 form.
  - Submission of a BBBEE profile which is verified against data in the Department of Trade, Industry and Competition (DTIC) database.
- Implementing National Treasury Instruction 4A of 2016 which requires all suppliers intending to do business with government to register on the Central Supplier Database. The following key information of prospective suppliers is verified on the CSD:
  - Business registration, including details of directorship and membership.
  - Bank account holder information.
  - "In the service of the state" status.
  - Tax compliance status.
  - Identity number.
  - BBBEE status level.
  - Tender defaulting and restriction status.
  - Identifying and verifying potential employee conflicts of interest through the Provincial Treasury's Compliance Report.
- Conducting annual training and formal workshops on ethics.

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## 5 Code of Conduct

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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. All employees are personally responsible for ensuring that their conduct is ethical and are required to bring any possible contraventions of the Code to the attention of their supervisor. The Code of Conduct is electronically distributed to all employees every second month. All new employees are informed in their letters of appointment that the Code of Conduct is available on the WCG website.

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## 6 Health, safety and environmental issues

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The Occupational Health and Safety Act, 1993, imposes a 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 prescribed by the CIDB. Environmental impact assessments must be conducted for transport infrastructure projects.

GMT has established two health and safety committees which includes a representative of the Department of Community Safety. These committees are stationed at 34 Roeland Street, Cape Town and at 3 Rusper Street, Maitland. Regular health and safety committee meetings take place.

During the 2019/20 financial year, three emergency evacuation plans were reviewed and updated. Three evacuation drills were executed including a planned and an unplanned evacuation.

## 7 Standing Committee on Transport and Public Works

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

7.1.1 **The Committee's letters** referenced 11/4/1/2/7 dated 25 September 2019 and 11/4/1/2/5 dated 13 November 2019, and the GMT's response is described in Table 15.

Table 14: Information requested by the Committee

Papers, reports and information requested by the Committee	GMT's response
1. In its letter dated 25 September 2019, the Committee invited the department to brief the Committee on the Annual Reports of the Department and of Government Motor Transport (2018/19).	The Department attended the Standing Committee meeting held on 8 October 2019 to brief the Committee on the Annual Reports of the Department and Government Motor Transport (2018/19).
2. Subsequent to the Annual Report briefing, the Committee, in its letter of 13 November 2019, requested the Department to provide the following: <ol style="list-style-type: none"> <li>2.1. A complete list of the private cleaning companies utilised by GMT for on-site vehicle cleaning at GMT and the cost of the project;</li> <li>2.2. The statistics with regard to road fatalities per district municipality; and</li> <li>2.3. A list of the framework agreements in place for the maintenance programme at the department and an indication of the grade of each contract, as well as the cost per contract.</li> </ol>	<b>DTPW's response was provided in a letter</b> (referenced TPW 11/1/2/2/Standing Committee on Transport and Public Works) dated 30 January 2020. The response included the following: <ul style="list-style-type: none"> <li>• A list of private cleaning companies utilised by GMT for the on-site vehicle cleaning at GMT and the cost of the project;</li> <li>• The road fatalities statistics per district for the period 1 April 2018 to 31 March 2019. The breakdown was done using location data provided in Forensic Pathology Services (FPS) data. Where location data was incomplete, records were excluded, thus total figures in the summary are lower (by 77 records, or 5.8%) than figures quoted in the Annual Report; and</li> <li>• A list of framework agreements in place for the maintenance programme at the department and an indication of the grade of each contract, as well as the cost per contract.</li> </ul>

## 8 Public Accounts Committee resolutions

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### 8.1 Response to the report of the Public Accounts Committee (PAC) on the 2018/19 Annual Report dated 16 January 2020

The Committee noted the audit opinion of the Auditor-General regarding the annual financial statements of the entity for the 2018/19 financial year, having obtained a clean audit. The audit opinion remains unchanged from the 2017/18 financial year.

#### Audit opinion

The Auditor-General of South Africa raised no findings with the entity on compliance with laws and regulations, predetermined objectives nor any deficiencies in its internal controls.

#### Financial management

GMT spent R594.472 million of a budget of R660.55 million, which resulted in an overall under-expenditure of R66.078 million (10%), as reflected on pages 12-13 of the Annual Report.

The under-expenditure occurred under the following items:

- Administrative expenses (*R1.3 million*);
- Employee costs (*R8.6 million*);
- Operating expenditure (*R9.3 million*);
- Depreciation (*R108 000*);
- Amortisation (*R369 000*);
- Accidents and Impairment losses (*R1 000*);
- Grants and subsidies (*R46.1 million*); and
- Operating leases (*R81 000*).

In addition, the total estimated revenue budget of the GMT of R707 million was over-collected by R49 million, which resulted in a departmental receipt of R756.5 million, as reflected on page 10 of the Annual Report.

The over-expenditure occurred due to the following factors:

- Daily, kilometre tariffs and interest earned on finance lease receivables (*R53.9 million*);
- Government grants and other subsidies received (funding received from clients for additional vehicles) (*R1.5 million*); and
- Services in-kind (*R2.7 million*).

The views and resolutions of the Committee, the response, and the current status are presented in Table 16.

Table 15: Views and resolutions of the Committee

Resolution No.	Subject	Details	Response	Resolved (Yes/ No)
4.1	Paragraph 4 – Page 243 Transversal departmental resolutions (Broad-Based Black Economic Empowerment)	The Committee requests that all departments and entities of the WCG report on their compliance with broad-based black economic empowerment in its audited annual financial statements. Some departments and entities including the Auditor-General of South Africa (AGSA), will be requested to brief the Committee on the status of their BBBEE compliance during 2019/20 and 2020/21 financial years.	Noted A letter in this regard was sent to the Deputy Director-General: Finance and the Head: Government Motor Transport on 9 December 2019.	Yes  AGSA engagement was scheduled for 9 April 2020
4.2	Paragraph 4 – Page 244 Transversal departmental resolutions (Predetermined objectives)	That the AGSA briefs the Committee on the scope of the audit of predetermined objectives of departments and entities for the 2019/20 financial year.	Noted A letter in this regard was sent to the AGSA Business Executive: Western Cape on 9 December 2019.	Yes  Engagement was scheduled for 9 April 2020
4.3	Paragraph 4 – Page 244 & 245 Transversal departmental resolutions (Deviations)	That the departments and entities note the risks associated with the deviations raised by the AGSA, adhere to the Treasury instruction and where it is impossible to accommodate the instruction, properly motivate in this regard.	Noted A letter in this regard was sent to the Deputy Director-General: Finance and the Head: Government Motor Transport on 9 December 2019.  A Standard Operating Procedure to procure goods and services by means of limited bidding encompasses Treasury Regulation 16A6.4 and was issued under SCM Instruction 13 of 2011.	Yes

Resolution No.	Subject	Details	Response	Resolved (Yes/ No)
4.4	Paragraph 4 – Page 245 & 246 Transversal departmental resolutions (Procurement of legal services through the State Attorney)	That the departments and entities note the risks associated with the deviations raised by the AGSA, adhere to the risk raised and where it is impossible to accommodate the instruction, properly motivate in this regard.	Noted A letter in this regard was sent to the Deputy Director-General: Finance and the Head: Government Motor Transport on 9 December 2019. A response to the AGSA ComAf was drafted by the Director-General to clarify the procurement of legal services through the State Attorney.	Yes
4.5	Paragraph 4 – Page 247, 248 & 249 Transversal departmental resolutions (Material Irregularities)	That the accounting officers of all departments and entities notes the risks associated with the non-compliance to the Act and put measures in place whereby they will mitigate any non-compliance with, or contravention of, legislation, fraud, theft or a breach of a fiduciary duty.	Noted A letter in this regard was sent to the Deputy Director-General: Finance and the Head: Government Motor Transport on 9 December 2019. Treasury Circular 35 of 2019 provided departments with National Treasury Instruction 3 of 2019-2020 as well as the Fruitless and Wasteful Expenditure (FWE) framework which this Department is utilising to deal with all allegations of FWE. National Treasury Instruction 2 of 2019-2020 inclusive of the Irregular Expenditure (IE) Framework is being utilised to deal with all allegations of IE. Provincial Treasury will be issuing a Treasury Circular once the condonement process as prescribed has been finalised. A standard operating procedure for the management and treatment of irregular, fruitless and wasteful expenditure is also in place which will be amended as soon as Provincial Treasury has issued the circular pertaining to the process of condonement.	Yes

Resolution No.	Subject	Details	Response	Resolved (Yes/ No)
4.6	Paragraph 4 – Page 249 Transversal departmental resolutions (Information and Communication Technologies (ICT))	That the Department of the Premier briefs the Committee on the mechanism which is in place to protect the ICT information of the departments of the WCG including any mechanism which it has in place should a security threat occur through an external threat.	Noted A letter in this regard was sent to Head: ICT services within the Department of the Premier on 9 December 2019.	Yes
4.7	Paragraph 4 – Page 249 Transversal departmental resolutions (Assets)	That the departments of the WCG brief the Committee on the mechanism implemented which allows for the preservation of their heritage assets, where applicable, through amortisation and depreciation.	Noted A letter in this regard was sent to the Deputy Director-General: Finance and Government Motor Transport on 9 December 2019.	Yes
	Paragraph 5 – Page 250 (General Findings)	<p>The PAC would like to bring to the attention of the departments and entities of the WCG the following emerging risks for noting during the 2019/20 financial year:</p> <ul style="list-style-type: none"> <li>• Componentisation of assets: Departments are encouraged to componentise assets in their asset registers as it will become a requirement in future. The effective date to componentise assets has not been determined yet; and</li> <li>• Inventory: Departments are encouraged to develop their inventory management systems as the inventory disclosure note will become a requirement in future. The effective date to disclose inventory is still to be determined by the Accountant-General.</li> </ul> <p>The PAC aims to, in the 2020/21 financial year, engage the AGSA on any performance audits reports on issues, if such reports become available.</p>	Noted A letter in this regard was sent to the Deputy Director-General: Finance and the Head: Government Motor Transport on 9 December 2019.	Yes

## 8.2 List of information required

Table 16: List of information requested

	List of information requested:	Response
22.4	<p>The Committee requested that the Government Motor Transport provide it with Broad-Based Black Economic Empowerment risk as identified by the Auditor-General, as highlighted under Note 4 on page 59 of the Annual Report.</p>	<ul style="list-style-type: none"> <li>Section 13g(1) of the Broad-Based Black Empowerment Act, Act No. 53 of 2003 (B-BBEE Act) (as amended) and the BBBEE Regulations issued in terms thereof require that all spheres of government, public entities and organs of state must report on their compliance with Broad-Based Black Empowerment (BBBEE) in their audited Annual Financial Statements (AFS) and Annual Reports (AR).</li> <li>Regulation 12(2) of the BBBEE Regulations (effective from 6 June 2016) requires that the spheres of government, public entities or organs of state must file the approved audited AFS and AR, compiled in terms of section 13g(1) of the BBBEE Act, with the BBBEE Commission, in the prescribed form, BBBEE 1, within thirty (30) days of the approval of such audited AFS and AR (31 August date AR is submitted in terms of section 40(1)(d) of the Public Finance Management Act (PFMA).</li> <li>Government Motor Transport will be reporting as prescribed for AFS by 31 August 2020 and 30 September 2020 for the Annual Report.</li> </ul>

## 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 with 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 17: Financial Governance work performed

Issues	Work performed
Financial Governance commentary	Provided comments on the following instructions (Consolidated comments provided via the Provincial Treasury): <ul style="list-style-type: none"> <li>• Draft National Treasury Irregular Expenditure Framework;</li> <li>• Irregular Expenditure Disclosure Note; and</li> <li>• Draft National Treasury Fruitless and Wasteful Expenditure Framework.</li> </ul>
Financial delegations	PFMA Accounting Officers Delegations – Delegation Framework 2018 Finance Instruction 1 of 2018: <ul style="list-style-type: none"> <li>• (Amendment 1 of 2019) issued on 15 January 2020.</li> </ul> PFMA Accounting Officers SCM Delegations – Delegation Framework 2014 Finance Instruction 6 of 2006: <ul style="list-style-type: none"> <li>• (Amendment 1 of 2019) issued on 15 April 2019.</li> </ul>
The development, review, and amendment of standard operating procedures and policies to enhance financial governance	Regularity Audit process: <ul style="list-style-type: none"> <li>• Finance Instruction 17 of 2019 issued on 2 March 2020.</li> </ul> ERMCO Terms of Reference 2019-2020: <ul style="list-style-type: none"> <li>• Finance Instruction 6 of 2019 issued on 18 April 2019.</li> </ul> Catering expenditure: <ul style="list-style-type: none"> <li>• Finance Instruction 4 of 2014 (Amendment 1 of 2019) issued on 2 August 2019.</li> </ul> Annual revision of Subsistence and Camping Allowances: <ul style="list-style-type: none"> <li>• Finance Instruction 5 of 2019 issued on 2 April 2019.</li> </ul> Declaration and acceptance of gifts by employees: <ul style="list-style-type: none"> <li>• Finance Instruction 8 of 2019 issued on 15 January 2020.</li> </ul> Standard Operating Procedure relating to the Forensic Investigation: <ul style="list-style-type: none"> <li>• Finance Instruction 9 of 2019 issued on 16 July 2019.</li> </ul> Cost Containment Measures: Tariffs for less than 24 hours absent from normal place of work:

Issues	Work performed	
	<ul style="list-style-type: none"> <li>Finance Instruction 31 of 2016 (Amendment 1 of 2019) issued on 5 August 2019.</li> </ul>	
Provincial Forensic Services reports	Attended to the recommendations in the 3 reports received. The recommendations of one report are in the process of being attended to. One report was received on 20 March 2020 and was still being assessed at year-end.	
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 2019.	
Internal audit process	As at 31 March 2020, 5 new as well as 6 follow-up reports were received, and the implementation of the recommendations are managed through the Departmental Corporate Governance Improvement Plan (DCGIP).	
Retention of financial information	During the 2019–2020 financial year, 20 576 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"> <li>Public Accounts Committee (Resolutions);</li> <li>Public Service Commission (Financial Misconduct);</li> <li>Department of Public Service and Administration (Corruption and Fraud);</li> <li>Top Management (Departmental Corporate Governance Improvement Plan);</li> <li>Audit Committee (Departmental Corporate Governance Improvement Plan);</li> <li>Top Management (Irregular, Fruitless and Wasteful Expenditure);</li> <li>ERMCO (Fraud Prevention Strategy Implementation Plan and Fraud Risk Registers); and</li> <li>IYM (in-year monitoring) (Irregular, Fruitless and Wasteful Expenditure).</li> </ul>	Annually Quarterly Quarterly Monthly Quarterly Monthly Quarterly Monthly
	<u>Reporting done by GMT</u> <ul style="list-style-type: none"> <li>In-Year Monitoring (IYM) (Top Management);</li> <li>IYM (Audit Committee);</li> <li>Interim Financial Statements (Top Management, Audit Committee and Provincial Treasury); and</li> <li>Annual Financial Statements (Top Management, Audit Committee, AGSA and Provincial Treasury).</li> </ul>	Monthly Quarterly 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, 14 projects in this regard were monitored.	
Financial Manual on the Electronic Content Management system	Maintenance of the system and loading of governance documents on an ongoing basis.	

Issues	Work performed
Financial Inspections	<ul style="list-style-type: none"> <li>• 38 compliance inspections and ad-hoc inspections were conducted;</li> <li>• 2 643 BAS and Logical Information System (LOGIS) payment vouchers were post-audited; and</li> <li>• As part of the Inspectorate's Operational Plan, the accruals for the financial year are verified for <u>validity, accuracy and completeness</u> prior to submission into the Annual Financial Statements by inspection of all LOGIS and BAS payments in the months before and after year-end to ensure the amount is fairly stated.</li> </ul>
Loss control case files: Cases relate to claims against and by the state, damages to government motor vehicles and loss off moveable assets	<ul style="list-style-type: none"> <li>• 66 claims against the state received; and</li> <li>• 2 651 accidents and losses cases processed.</li> </ul>
Irregular, fruitless and wasteful case files	<u>DTPW</u> <ul style="list-style-type: none"> <li>• Opening balance 1 April 2019 (0)</li> <li>• New cases registered (4)</li> <li>• Total cases investigated (4)</li> <li>• Cases closed (3)</li> <li>• Balance as at 31 March 2020 (1)</li> </ul>

## 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, reviewing and amendments of procedures to address internal control deficiencies. The Directorate was also responsible for the management of training programmes.

Table 18: SCM work performed

Issues	Work performed
Supply Chain Management commentary	Provided comments on the following instructions (Consolidated comments provided via the Provincial Treasury): <ul style="list-style-type: none"> <li>• Circular on an amended WCBD1 document (Anti-corruption clause);</li> <li>• Draft circulars relating to implementation of Western Cape Supplier Evidence Bank (WCSEB); and</li> <li>• Framework for Infrastructure Delivery and Procurement Management (FIDPM).</li> </ul>
Public Accounts Committee	The Supply Chain Management Unit managed and performed preparation work to respond to request for Standing Committee presentations.
The issuance, development, review, and amendment of standard operating procedures and policies to enhance supply chain management	<ul style="list-style-type: none"> <li>• SCM Instruction 1 of 2019/20: Disclosure of Financial Interest for SCM Practitioners as well as those performing SCM functions when exercising delegatory powers for the financial year 2019/2020;</li> <li>• SCM Instruction 2 of 2019/20: End of Financial Closure 2018/2019 Compilation of LOGIS reports for the compilation of the inputs for the disclosure notes 42 &amp; 43 Annual Financial Statements;</li> <li>• SCM Instruction 3 of 2019/20: Financial year 2019/2020 Asset count and verification program/ schedule;</li> <li>• SCM Instruction 4 of 2019/20: Adjustments to tender value ranges in terms of the Construction Industry Development Regulations, 2004 (as amended);</li> <li>• SCM Instruction 5 of 2019/20: Invitation and evaluation of tenders based on a stipulated minimum threshold for local production and content;</li> <li>• SCM Instruction 6 of 2019/20: Interpretation of Section 8 of the Public Administration Management Act, 2014 (Act 11 of 2014): Conducting business with State;</li> <li>• SCM Instruction 7 of 2019/20: 2019 Year-end advertising dates;</li> <li>• SCM Instruction 8 of 2019/20: Water and energy efficiency, remote metering and other related water/ energy related interventions (S035/17);</li> </ul>

Issues	Work performed			
	<ul style="list-style-type: none"> <li>• SCM Instruction 9 of 2019/20: Professional Service Provider required indemnity;</li> <li>• SCM Instruction 10 of 2019/20: Issuing of the revised Chapter 16A of the Provincial Treasury instructions;</li> <li>• SCM Instruction 11 of 2019/20: Interim financial closure September 2019/2020 Compilation of LOGIS reports for the compilation of the inputs for the disclosure notes 42 &amp; 43 Interim Financial Statements 2019/2020;</li> <li>• SCM Instruction 12 of 2019/20: Issuing of new Framework for Infrastructure Delivery and Procurement Management;</li> <li>• SCM Instruction 13 of 2019/20: Issuing of the new Standard for Uniformity in engineering and construction works contracts;</li> <li>• SCM Instruction 14 of 2019/20: Local content plastic designation;</li> <li>• SCM Instruction 15 of 2019/20: Asset Management Workshop for the creation of portal structures on LOGIS system to be held at Gene Louw College from 19 November 2019 to 21 November 2019;</li> <li>• SCM Instruction 16 of 2019/20: Procurement Plan for 2020/21 Financial year in respect of the procurement of goods and services in excess of R100 000 and all capital as well as maintenance work in excess of R500 000 (All applicable taxes included);</li> <li>• SCM Instruction 17 of 2019/20: COVID-19 Corona Pandemic: Temporary use of computer equipment, printers and accessories for home usage by officials;</li> <li>• SCM Instruction 18 of 2019/20: COVID-19 CORONA virus pandemic: Temporary use of GG [Government Garage] vehicles and private vehicles for abnormal working hours;</li> <li>• SCM Instruction 19 of 2019/20: End of financial Closure 2019/2020: Compilation of LOGIS reports for the compilation of the inputs for the disclosure notes 42 &amp; 43 of the Annual Financial Statements; and</li> <li>• SCM Instruction 20 of 2019/20: Emergency Procurement Policy in response to National State of Disaster (COVID-19).</li> </ul>			
Capacity and skills programme implemented	Date	Description	Type of training	No. of attendees
	8–10 April 2019	Smart Procurement World Summit (Grand West Sun Exhibits Arena)	Conference	10
	16–17 April 2019	Construction Information Session (Worcester)	Supplier Development	21
	17 May 2019	Small Business Expo (Riverside Golf Club)	Expo	2
	21–22 May 2019	Construction Information Session (Mossel Bay)	Supplier Development	28
	21–24 May 2019	Ethics and Risk Management (Robertson)	External	43

Issues	Work performed			
	10 June 2019	EPWP 12-month Contractor Development SCM Introduction (Malmesbury)	Supplier Development	20
	12-14 June 2019	Ethics and Risk Management (Kromme Rhee)	External	25
	19-20 June 2019	Construction Information Session (Vredendal)	Supplier Development	16
	8 July 2019	Procurement Process – Travel Policy (Cape Town)	Internal	30
	10 July 2019	Procurement Process – Travel Policy (Cape Town)	Internal	30
	10–12 July 2019	Ethics and Risk Management (Bellville Health Park)	External	41
	11 July 2019	Procurement Process – Travel Policy (Cape Town)	Internal	30
	12 July 2019	Procurement Process – Travel Policy (Paarl; Bellville; Ceres)	Internal	5
	15 July 2019	Procurement Process – Travel Policy (George; Oudtshoorn)	Internal	5
	15 July 2019	EPWP 12-month Contractor Development 2 <sup>nd</sup> Phase (Malmesbury)	Supplier Development	20
	16–17 July 2019	Construction Information Session (Hout Bay)	Supplier Development	25
	17–19 July 2019	Ethics and Risk Management (Kromme Rhee)	External	28
	18 July 2019	Procurement Process – Travel Policy (Cape Town)	Internal	20
	19 July 2019	Procurement Process – Travel Policy (Cape Town)	Internal	5
	22 July 2019	Procurement Process – Travel Policy (Cape Town)	Internal	10
	25 July 2019	TETA Women in Transport Summit 2019 (Cape Town)	Conference	200
	31 July 2019	Local Content Information Session (Cape Town)	Internal	15
	5 August 2019	Local Content Information Session (GMT)	Internal	18
	6–8 August 2019	Ethics and Risk Management (Bellville Health Park)	External	41
	7 August 2019	Public Sector Ethics Committee workshop (Centurion)	External Workshop	2
	7 August 2019	Local Content Information Session (Ceres)	Internal	6
	14–15 August 2019	Ethics and Risk Management (Robertson)	External	11
	20 August 2019	POPI Act (George)	Internal	20

Issues	Work performed			
	21 August 2019	POPI Act (George)	Internal	28
	4 September 2019	Local Content Information Session (Oudtshoorn)	Internal	12
	10–12 September 2019	Ethics and Risk Management (Robertson)	External	26
	11–12 September 2019	Cape Construction Expo 2019 (Grand West)	Expo	55
	15–17 September 2019	ACFE [Association of Certified Fraud Examiners] 12th Annual Summit (Sandton)	Conference	10
	16–20 September 2019	Project Management – Construction (George)	Short course	21
	28–30 September 2019	Ethics and Risk Management (Robertson)	External	40
	9–10 October 2019	Ethics and Risk Management (Bellville Health Park)	External	19
	16–17 October 2019	Finance Indaba (Sandton)	Conference	5
	16–18 October 2019	Ethics and Risk Management (Gene Louw Traffic College)	External	27
	23–24 October 2019	Ethics and Risk Management (Bellville Health Park)	External	25
	25 October 2019	Anti-Fraud Breakfast Seminar (Cape Town)	Seminar	22
	4–5 November 2019	Ethics and Risk Management (Oudtshoorn)	External	16
	6–7 November 2019	Ethics and Risk Management (Oudtshoorn)	External	14
	29 November 2019	Standards for Contractor Performance Reports (Cape Town)	External	69
	3–4 February 2020	Ethics and Risk Management (Gene Louw Traffic College)	External	25
	5–6 February 2020	Ethics and Risk Management (Bellville)	External	17
	10–11 February 2020	Ethics and Risk Management (Ceres)	External	25
	12 February 2020	Changes to Provincial Treasury Instructions 16A (Bellville)	Internal	6
	12–13 February 2020	Ethics and Risk Management (Paarl)	External	20
	14 February 2020	Changes to Provincial Treasury Instructions 16A (Ceres)	Internal	6
	17 February 2020	Changes to Provincial Treasury Instructions 16A (Oudtshoorn)	Internal	19
	17–18 February 2020	Ethics and Risk Management (Vredendal)	External	30
	18 February 2020	Changes to Provincial Treasury Instructions 16A (GMT)	Internal	7

Issues	Work performed			
	19–20 February 2020	Ethics and Risk Management (Vredenburg)	External	17
	20 February 2020	Changes to Provincial Treasury Instructions 16A (Vangate)	Internal	14
	21 February 2020	Changes to Provincial Treasury Instructions 16A (Head Office)	Internal	17
	24–25 February 2020	Ethics and Risk Management (Beaufort West)	External	39
	25 February 2020	Changes to Provincial Treasury Instructions 16A (Gene Louw Traffic Centre)	Internal	6
	26 February 2020	Changes to Provincial Treasury Instructions 16A (Head Office)	Internal	10
	26–27 February 2020	Ethics and Risk Management (Laingsburg)	External	25
	27 February 2020	Changes to Provincial Treasury Instructions 16A (Paarl)	Internal	7
	28 February 2020	Changes to Provincial Treasury Instructions 16A (Head Office)	Internal	14
	2 March 2020	Changes to Provincial Treasury Instructions 16A (GMT)	Internal	13
	2–3 March 2020	Ethics and Risk Management (Worcester)	External	22
	4–5 March 2020	Ethics and Risk Management (Gene Louw Traffic College)	External	46
	5 March 2020	Supplier Information Session on CSD (Hugo Lamprechts Music School, Parow)	Supplier Development	82
	9–10 March 2020	Ethics and Risk Management (Brackenfell)	External	68
	11–12 March 2020	Ethics and Risk Management (Somerset West; Vangate)	External	38
	16–17 March 2020	Ethics and Risk Management (Caledon)	External	20
	18–19 March 2020	Ethics and Risk Management (Swellendam)	External	27
Collaboration initiatives with Line Function	<ul style="list-style-type: none"> <li>Weekly engagements with the line-function on the implementation of the Accounting Officer's Supply Chain Management System;</li> <li>Weekly engagements with the line-function regarding Supply Chain Management Programme Delivery; and</li> <li>Monthly engagements with the Centre for E-Innovation on the visualisation of the Supply Chain Management System.</li> </ul>			
Reporting	<ul style="list-style-type: none"> <li>Procurement Statistics;</li> </ul>			

Issues	Work performed						
	<ul style="list-style-type: none"> <li>o Head of Department</li> <li>o Chief Financial Officer</li> <li>o Provincial Treasury</li> <li>o National Treasury</li> <li>o Auditor-General</li> <li>• Monitoring of the Procurement Plan;</li> <li>• Awarded contracts;</li> <li>o CIDB register of contracts (I-Tender)</li> <li>• Departmental Corporate Governance Improvement Plan;</li> <li>• Top Management;</li> <li>• Infrastructure Delivery Management Committee;</li> <li>• Public Accounts Committee;</li> <li>• Audit Committee;</li> <li>• Standing Committee on Transport and Public Works; and</li> <li>• Ethics.</li> </ul>						
Procurement through bidding processes	<p>Formal bids:</p> <table border="1" data-bbox="656 874 1292 999"> <thead> <tr> <th colspan="2" data-bbox="656 874 1292 916">2019–20 financial year</th> </tr> </thead> <tbody> <tr> <td data-bbox="656 916 1050 957">Number of contracts awarded</td> <td data-bbox="1050 916 1292 957">2 790</td> </tr> <tr> <td data-bbox="656 957 1050 999">Value of contracts awarded</td> <td data-bbox="1050 957 1292 999">R1 592 679 690</td> </tr> </tbody> </table> <p>*Including framework packages in the main focussed on construction procurement.</p>	2019–20 financial year		Number of contracts awarded	2 790	Value of contracts awarded	R1 592 679 690
2019–20 financial year							
Number of contracts awarded	2 790						
Value of contracts awarded	R1 592 679 690						

Issues	Work performed																																							
	<p>Value per BBBEE Level Contributor:</p> <table border="1" data-bbox="656 344 1292 837"> <thead> <tr> <th>BBBEE Level Contributor</th> <th>Contract Value R</th> <th>Number of Records</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>69 506 830</td> <td>146</td> </tr> <tr> <td>1</td> <td>1 130 131 726</td> <td>1 950</td> </tr> <tr> <td>2</td> <td>172 075 302</td> <td>220</td> </tr> <tr> <td>3</td> <td>64 761 452</td> <td>11</td> </tr> <tr> <td>4</td> <td>102 943 271</td> <td>410</td> </tr> <tr> <td>5</td> <td>2 116 919</td> <td>2</td> </tr> <tr> <td>6</td> <td>25 047 092</td> <td>24</td> </tr> <tr> <td>7</td> <td>1 050 006</td> <td>3</td> </tr> <tr> <td>8</td> <td>25 047 092</td> <td>24</td> </tr> <tr> <td>Total</td> <td>1 592 679 690</td> <td>2 790</td> </tr> </tbody> </table> <p>Informal bids:</p> <table border="1" data-bbox="656 879 1292 1002"> <thead> <tr> <th colspan="2">2019–20 financial year</th> </tr> </thead> <tbody> <tr> <td>Number of contracts awarded</td> <td>388</td> </tr> <tr> <td>Value of contracts awarded</td> <td>R32 334 712</td> </tr> </tbody> </table>	BBBEE Level Contributor	Contract Value R	Number of Records	0	69 506 830	146	1	1 130 131 726	1 950	2	172 075 302	220	3	64 761 452	11	4	102 943 271	410	5	2 116 919	2	6	25 047 092	24	7	1 050 006	3	8	25 047 092	24	Total	1 592 679 690	2 790	2019–20 financial year		Number of contracts awarded	388	Value of contracts awarded	R32 334 712
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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:                      (4 Compliance Assessments were performed for the year under review):</p> <ul style="list-style-type: none"> <li>• Formal assessment with defined methodology;</li> <li>• Plan;</li> <li>• Engage;</li> <li>• Prepare;</li> <li>• Assess;</li> <li>• Report;</li> <li>• Monitoring and evaluation;</li> <li>• Identify weakness;</li> </ul>																																							

Issues	Work performed
	<ul style="list-style-type: none"> <li>• Mutual agreement to address weaknesses;</li> <li>• Continuous one-on-one guidance; and</li> <li>• Asset verification.</li> </ul>
Supply Chain Management Complaints Mechanism	Investigate complaints and report all instances where the possibility of fraud, corruption, bid-rigging is evident (17 incidents investigated)
Bidder and Staff Verification	<ul style="list-style-type: none"> <li>• Monthly Compliance Report obtained from Provincial Treasury to identify and verify the potential conflict of interest of employees;</li> <li>• SCM Instruction 5 of 2013/14 – bidder and staff verification standard operating procedure which facilitates the profiling of potential and current service providers as well as SCM practitioners in relation to private interest and the potential of conflict of interest between private interest and their obligation by public office;</li> <li>• WCBD4 – combined SBD 4, 8 and 9 – <b>declaration of interest, bidders' past SCM practices, and independent bid determination</b> is applied;</li> <li>• Declaration of Interest by SCM practitioners is adhered to and the SCM Code of Conduct is applied; and</li> <li>• Declarations of interest of bid committee members.</li> </ul>
Compulsory registration on the Western Cape Supplier Database (WCSD) (Western Cape Supplier Evidence Bank – WCSEB – from 1 October 2019) – central repository of all governance documents for the Western Cape Government, as well as registration on the National Treasury Central Supplier Database	<ul style="list-style-type: none"> <li>• Ongoing facilitation of registering suppliers on the WCSD (Western Cape Supplier Evidence Bank from 1 October 2019) by participating in Contractor Development Programme with EPWP at construction information sessions (CIS), as well as supplier development sessions (in collaboration with the Department of Economic Development and Tourism as well as various municipalities); mini workshops with suppliers, scrutinising registration documents for completeness and following-up on the status of submitted registration documents;</li> <li>• CSD Roadshow in collaboration with the Provincial Treasury as well as to register suppliers on the CSD;</li> <li>• Monitoring the WCSD/ WCSEB and CSD to ensure that suppliers are still active; and</li> <li>• Checklists that informs and enforces compliance to with compulsory registration requirements.</li> </ul>
Departmental Corporate Governance Improvement Plan	<ul style="list-style-type: none"> <li>• Address any findings emanating from the AGSA Management Report, Internal Audit reports, Provincial Treasury GAP analysis and Standing Committee on Public Accounts (SCOPA) resolutions in respect of SCM to close control gaps, review inefficiencies in the process, do skills transfers where necessary or any other relevant consequence management.</li> </ul>

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## 12 Internal Audit and Audit Committees

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Internal Audit provides management with independent, objective assurance and consulting services designed to add value and to continually improve the operations of the trading entity. It assists the trading entity 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 respect of achieving the trading entity's objectives;
- Evaluate the adequacy and effectiveness and contribute to the improvement of the risk management process;
- 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.

An amendment to the Internal Audit Plan for 2019/20 was approved by the Audit Committee. The audit area relating to GMT was removed after proper consideration of resource availability, the broader risk profile of the Department and the trading entity, as well as work performed by other assurance providers, and after consultation with the Accounting Officer of the Department.

The Audit Committee is established as an oversight body, providing independent oversight over governance, risk management and control processes in the trading entity, which includes 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 20 provides information on the audit committee members:

Table 19: Audit Committee members

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date resigned	No. of meetings attended
Ms Judy Gunther (Chairperson)	B.Compt; CRMA; CIA; AGA; Masters in Cost Accounting	External	n/a	1 January 2019 (2 <sup>nd</sup> term)	n/a	7
Mr Johannes Kleyn	Finance and Business Systems, Risk Management and Compliance	External	n/a	1 January 2018 (2 <sup>nd</sup> term)	n/a	7
Mr Mervyn Burton	B.Compt; B.Compt (Hons); CA (SA)	External	n/a	1 January 2018 (1 <sup>st</sup> term)	n/a	7
Mr Ebrahim Abrahams	B.Com (Accounting)	External	n/a	1 January 2019 (1 <sup>st</sup> term)	n/a	7

## 13 Audit Committee Report

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We are pleased to present our report for the financial year ended 31 March 2020.

### 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

An amendment to the Internal Audit Plan for 2019/20 was approved by the Audit Committee. The audit area relating to GMT was removed after proper consideration of resource availability, the broader risk profile of the Department and the trading entity, as well as work performed by other assurance providers, and after consultation with the Accounting Officer of the Department.

### In-Year Management and Monthly/Quarterly Report

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 where applicable; and
- Reviewed material adjustments resulting from the audit of the entity where applicable.

### Compliance

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

### Performance information

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

## Report of the Auditor-General of South Africa

The Audit Committee has:

- Reviewed the AGSA's Management report and management's responses thereto;
- 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 the 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 material findings.



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Ms J Gunther  
Chairperson of the Audit Committee  
Government Motor Transport  
Date: 2 October 2020

## 14 BBBEE compliance performance information

The following table has been completed in compliance with the BBBEE requirements of the BBBEE Act of 2003 (amended in 2013) and as determined by the Department of Trade, Industry and Competition.

Has the trading entity applied any relevant Code of Good Practice (BBBEE Certificate Levels 1–8) with regards to the following:		
Criteria	Response Yes/ No	Attachment <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	n/a	No licences, concessions or other authorisations in respect of economic activity.

Has the trading entity applied any relevant Code of Good Practice (BBBEE Certificate Levels 1–8) with regards to the following:		
Criteria	Response Yes/ No	Attachment (include a discussion on your response and indicate what measures have been taken to comply)
Developing and implementing a preferential procurement policy	No	<ol style="list-style-type: none"> <li>1. When the 2017 Regulations were issued, the Provincial Treasury presented to Cabinet the implementation challenges which inter alia included the raising of the threshold of the 80/20 point scoring system from a threshold of R1 million to R50 million will result in a <b>“premium” increase for preferencing; introduction of pre-qualification criteria; introduction of a negotiation process and a passing over provision as a corrective measure for procuring entities to deal with the potential distortion of market-related prices as a result of the introduction of prequalification criteria; contradiction in terms of where it speaks to “if feasible [own emphasis] to sub-contract for a contract above R30 million, an organ of state must [own emphasis] apply subcontracting to advance designated group” and local production and content challenges.</b></li> <li>2. Cabinet approved the following strategy for WCG: <ol style="list-style-type: none"> <li>2.1. The issuance of an interim strategy to deal with the requirements of the PPRs [Preferential Procurement Regulations], as well as supply chain management governance requirements</li> <li>2.2. The development and implementation of an Economic Procurement Policy, in partnership with the Department of Economic Development and Tourism and the Department of the Premier</li> <li>2.3. The development and implementation of a broader economic transformation policy</li> <li>2.4. Specific commodity-focused strategies that target economic transformation</li> <li>2.5. Leveraging the economies of scale principle by packaging projects into longer-term contracts</li> <li>2.6. The roll-out of the framework agreement model for goods and services and investigate contractor development in the context of goods and services.</li> </ol> </li> </ol> <p>Refer to Part C, section 11 (Supply Chain Management: Governance) of the Annual Report for the value and number of contracts awarded per BBBEE level contributor for formal bids.</p>
Determining qualification criteria for the sale of state-owned enterprises	n/a	This is not applicable as there has not been such a sale.
Developing criteria for entering into partnerships with the private sector	n/a	No partnerships entered with the private sector.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment	n/a	No incentives and investment schemes in support of broad-based black economic empowerment.

### Management control element

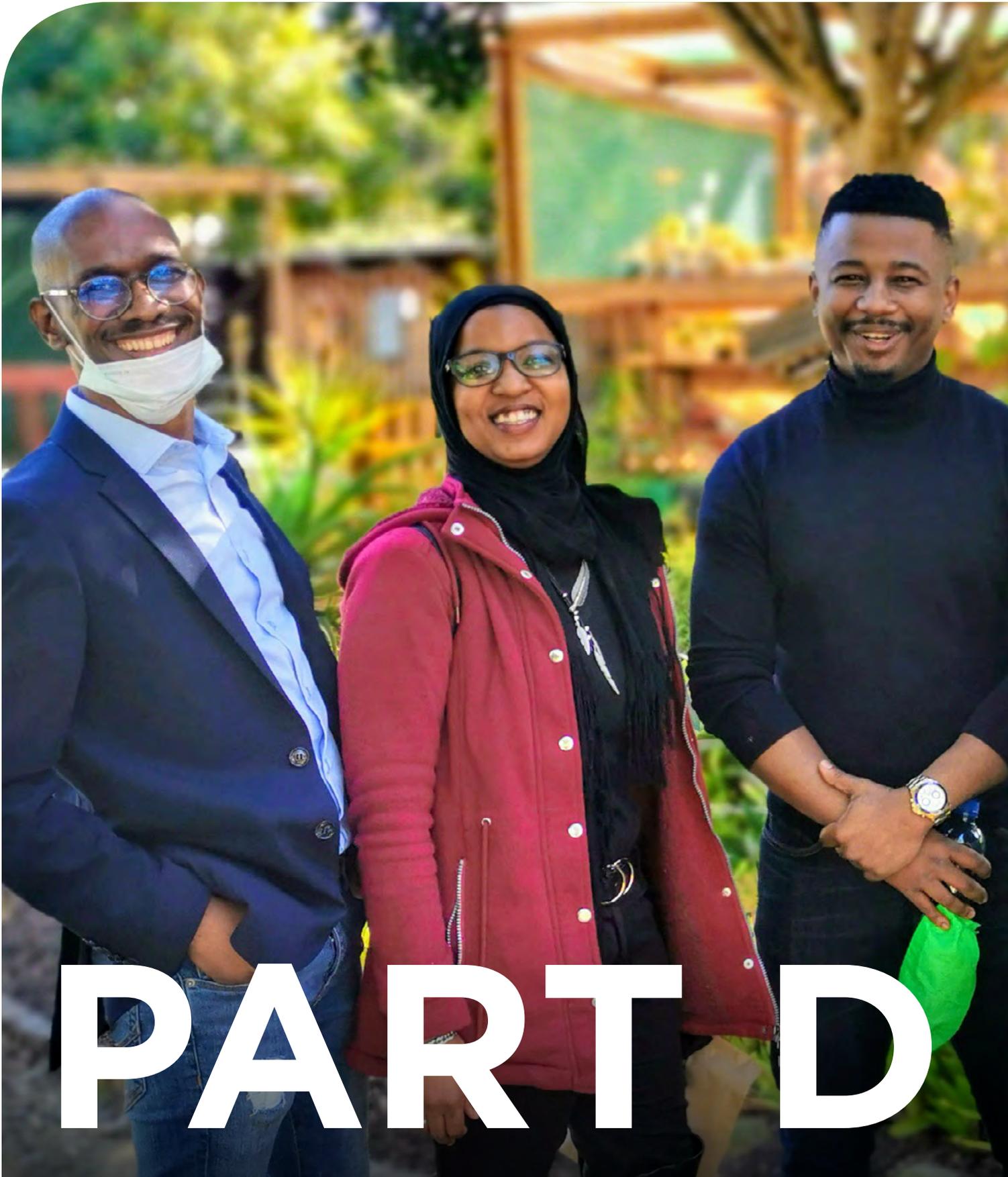
Refer to Part D: Human Resource Management – Table 3.5.1.

### Skills development element

Refer to Part D: Human Resource Management – Table 3.5.7.

### Enterprise and supplier development element

Refer to Part C: SCM Governance and Demand Management – Procurement through bidding processes for the procurement spend on all suppliers.



# PART D

Human Resource  
Management

# Part D: Human resource management

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## 1 Introduction

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Our contribution to the work of the WCG 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.

Consistently delivering improved services to the citizens of the Western Cape is not without 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 in respect of 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. Furthermore, the Department is required to function within an austerity environment, which demands that managers consider the impact of “doing more with less”.

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

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## 2 Status of people management at the Department

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### 2.1 Departmental workforce planning

The role of workforce planning is important to ensure that the Department and GMT has the required number of people with the requisite 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 to 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 the following 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 model **the behaviours associated with the organisation's values**;
- Motivated employees who are in tune with the culture of the organisation;
- Improved ethical conduct and a 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 2019/20 financial year. The current Workforce Plan expired 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 WCG 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 that a mid-year review and an annual assessment are conducted, but that the operational targets and achievements linked to the performance agreement are monitored and communicated on an ongoing basis. In instances where targets or performance expectations are not met, the gaps are addressed through the management of poor performance. 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 developmental. However, 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, alternatively, to disciplinary action.

## 2.3 Employee wellness

The WCG's transversal Employee Health and Wellness Programme (EHWP) 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 incident counselling, 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 DPSA is a requirement, and such reporting focuses on four areas: Human Immunodeficiency Virus (HIV)/ Acquired Immune Deficiency Syndrome (AIDS), Health and Productivity, Wellness Management, and SHERQ (Safety, Health, Environment, Risk and Quality).

## 2.4 People management monitoring

In collaboration with the CSC, the DTPW monitors the implementation of a range of people management compliance indicators. The monthly management information that is developed by the Chief-Directorate: People Management Practices in the CSC provides the Department with regular updates on the workforce profile and other relevant people management data to facilitate 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.

## 3 People management oversight statistics

### 3.1 Personnel related expenditure

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

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

The key in the table below is a description of the entity within the Department. This report only covers GMT.

Entity	Entity designation
Trading entity	Government Motor Transport (GMT)

Table 3.1.1: Personnel expenditure by entity, 2019/20

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	601 357	43 760	58	557 539	7.3%	334 046	131

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

Table 3.1.2: Personnel expenditure by salary band, 2019/20

Salary band	Personnel expenditure (R'000)	% of total personnel expenditure	Average personnel expenditure per employee (R'000)	Number of employees
Interns	0	-	0	0
Lower skilled (Levels 1-2)	770	1.7	154	5
Skilled (Levels 3-5)	14 796	33.6	243	61
Highly skilled production (Levels 6-8)	18 843	42.7	370	51
Highly skilled supervision (Levels 9-12)	7 468	16.9	622	12
Senior management (Levels 13-16)	2 207	5.0	1 104	2
<b>Total</b>	<b>44 083</b>	<b>100.0</b>	<b>337</b>	<b>131</b>

Note: The number of employees refers to all individuals remunerated during the reporting period, including interns, but excluding the Provincial Minister. The number is cumulative 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, 2019/20

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	30 644	69.5	79	0.2	1 567	3.6	2 746	6.2

Table 3.1.4: Salaries, overtime, housing allowance and medical assistance by salary band, 2019/20

Salary band	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
Interns	-	-	-	-	-	-	-	-

Salary band	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)	466	1.1	29	0.1	66	0.1	106	0.2
Skilled (Levels 3-5)	10 060	22.8	33	0.1	823	1.9	1 380	3.1
Highly skilled production (Levels 6-8)	13 416	30.4	15	0.0	600	1.4	1 141	2.6
Highly skilled supervision (Levels 9-12)	5 288	12.0	2	0.0	77	0.2	103	0.2
Senior management (Levels 13-16)	1 414	3.2	-	-	-	-	16	0.0
<b>Total</b>	<b>30 644</b>	<b>69.5</b>	<b>79</b>	<b>0.2</b>	<b>1 567</b>	<b>3.6</b>	<b>2 746</b>	<b>6.2</b>

### 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 Provincial 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 occupation (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 2020

Entity	Number of active posts	Number of posts filled	Vacancy rate %
GMT	129	118	8.5

Table 3.2.2: Employment and vacancies by salary band, as at 31 March 2020

Salary band	Number of funded posts	Number of posts filled	Vacancy rate %
Lower skilled (Levels 1-2)	14	14	-
Skilled (Levels 3-5)	58	58	-
Highly skilled production (Levels 6-8)	39	34	12.8
Highly skilled supervision (Levels 9-12)	15	10	33.3
Senior management (Levels 13-16)	3	2	33.3
<b>Total</b>	<b>129</b>	<b>118</b>	<b>8.5</b>

Table 3.2.3: Employment and vacancies by critical occupation, as at 31 March 2020

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

### 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, executing 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 2019 to 31 March 2020

Salary band	Total number of active posts as at 31 March 2020	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)	58	0	0.0	0	0.0	0	0.0
Highly skilled production (Levels 6-8)	39	0	0.0	0	0.0	0	0.0
Highly skilled supervision (Levels 9-12)	15	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
Senior Management Service Band B (Level 14)	1	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>129</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>

Note: The "Number of posts evaluated" per salary band reflects the final approved post level after job evaluation.

Posts have been upgraded or downgraded in this financial year as a result of national benchmarking/ job evaluation processes which have taken place during previous financial years and implemented during the period under review.

Table 3.3.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2019 to 31 March 2020

Beneficiaries	African	Coloured	Indian	White	Total
Female	0	0	0	0	0
Male	0	0	0	1	1
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
Employees with a disability					0

Note: Table 3.3.2 is a breakdown of posts upgraded in table 3.3.1. The post was evaluated in the previous financial year and the upgrade was implemented in this financial year.

Table 3.3.3 summarises the number of cases where salary levels exceeded the grade determined by job evaluation or where higher notches awarded to employees within a particular grade. Each salary level consists of 12 notches. Reasons for the deviation are provided in each case.

Table 3.3.3: Employees who have been granted higher salaries than those determined by job evaluation per major occupation, 1 April 2019 to 31 March 2020

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 2019 to 31 March 2020

Beneficiaries	African	Coloured	Indian	White	Total
None					

### 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 2019 to 31 March 2020

Salary Band	Number of employees as at 31 March 2019	Turnover rate % 2018/19	Appointments into the entity	Transfers into the entity	Terminations out of the entity	Transfers out of the entity	Turnover rate % 2019/20
Lower skilled (Levels 1-2)	15	0.0	1	0	1	0	6.7
Skilled (Levels 3-5)	65	6.6	3	0	5	1	9.2
Highly skilled production (Levels 6-8)	28	4.9	6	0	5	0	17.9

Salary Band	Number of employees as at 31 March 2019	Turnover rate % 2018/19	Appointments into the entity	Transfers into the entity	Terminations out of the entity	Transfers out of the entity	Turnover rate % 2019/20
Highly skilled supervision (Levels 9-12)	10	0.0	0	1	2	0	20.0
Senior Management Service Band A (Level 13)	1	0.0	0	0	0	0	0.0
Senior Management Service Band B (Level 14)	0	0.0	0	1	0	0	0.0
<b>Total</b>	<b>119</b>	<b>5.2</b>	<b>10</b>	<b>2</b>	<b>13</b>	<b>1</b>	<b>11.8</b>
			12		14		

Note: "Transfers" refer to the lateral movement of employees from one public service department to another (both provincially and nationally).

Table 3.4.2: Annual turnover rates by critical occupation, 1 April 2019 to 31 March 2020

Critical occupation	Number of employees as at 31 March 2019	Turnover rate % 2018/19	Appointments into the entity	Transfers into the entity	Terminations out of the entity	Transfers out of the entity	Turnover rate % 2019/20
None							

Table 3.4.3: Staff leaving the employ of the Entity, 1 April 2019 to 31 March 2020

Exit category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2019
Death	0	0.0	0.0
Resignation*	5	35.7	4.2
Expiry of contract	0	0.0	0.0
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	5	35.7	4.2
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	7.1	0.8
Promotion to another WCG department	3	21.4	2.5
<b>Total</b>	<b>14</b>	<b>100.0</b>	<b>11.8</b>

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

Resignations are further discussed in Table 3.4.4 and Table 3.4.5.

Table 3.4.4: Reasons why staff resigned, 1 April 2019 to 31 March 2020

Resignation reasons	Number	% of total resignations
No reason provided	3	60.0
Own business	1	20.0
Need for a career change	1	20.0
<b>Total</b>	<b>5</b>	<b>100.0</b>

Table 3.4.5: Different age groups of staff who resigned, 1 April 2019 to 31 March 2020

Age group	Number	% of total resignations
Ages <19	0	0.0
Ages 20 to 24	0	0.0
Ages 25 to 29	2	40.0
Ages 30 to 34	1	20.0
Ages 35 to 39	1	20.0
Ages 40 to 44	0	0.0
Ages 45 to 49	1	20.0
Ages 50 to 54	0	0.0
Ages 55 to 59	0	0.0
Ages 60 to 64	0	0.0
Ages 65 >	0	0.0
<b>Total</b>	<b>5</b>	<b>100.0</b>

Table 3.4.6: Employee-initiated severance packages

Total number of employee-initiated severance packages offered in 2019/2020	None
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Table 3.4.7: Promotions by salary band, 1 April 2019 to 31 March 2020

Salary Band	Employees as at 31 March 2019	Promotions to another salary level	Promotions as a % of total employees	Progressions to another notch within a salary band	Notch progressions as a % of total employees within a salary band
Lower skilled (Levels 1-2)	15	0	0.0	2	13.3
Skilled (Levels 3-5)	65	0	0.0	41	63.1
Highly skilled production (Levels 6-8)	28	4	14.3	17	60.7
Highly skilled supervision (Levels 9-12)	10	0	0.0	3	30.0
Senior management (Levels 13-16)	1	0	0.0	0	0.0
<b>Total</b>	<b>119</b>	<b>4</b>	<b>3.4</b>	<b>63</b>	<b>52.9</b>

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

Table 3.4.8: Promotions by critical occupation, 1 April 2019 to 31 March 2020

Critical occupation	Employees as at 31 March 2019	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					

### 3.5 Employment equity

Table 3.5.1: Total number of employees (including employees with disabilities) in each occupational level, as at 31 March 2020

Occupational level	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management (Levels 13-14)	0	1	0	1	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	4	0	3	0	2	0	1	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	2	12	0	13	1	14	0	3	0	0	45
Semi-skilled and discretionary decision making (Levels 3-5)	3	22	0	1	11	18	0	1	0	0	56
Unskilled and defined decision making (Levels 1-2)	1	2	0	1	1	0	0	0	0	0	5
<b>Total</b>	<b>6</b>	<b>41</b>	<b>0</b>	<b>19</b>	<b>13</b>	<b>34</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>118</b>
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
<b>Grand total</b>	<b>6</b>	<b>41</b>	<b>0</b>	<b>19</b>	<b>13</b>	<b>34</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>118</b>

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. Furthermore, the information is presented by salary level and not post level. For the number of employees with disabilities, refer to Table 3.5.2.

Table 3.5.2: Total number of employees (with disabilities only) in each of the following occupational level, as at 31 March 2020

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

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	0	0	2	0	0	0	0	0	0	2
Semi-skilled and discretionary decision making (Levels 3-5)	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
<b>Grand total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

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. Furthermore, the information is presented by salary level and not post level.

Table 3.5.3: Recruitment, 1 April 2019 to 31 March 2020

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management (Levels 13-14)	0	1	0	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	1	0	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	1	2	0	0	0	2	1	0	0	0	6
Semi-skilled and discretionary decision making (Levels 3-5)	0	1	0	0	0	1	0	1	0	0	3
Unskilled and defined decision making (Levels 1-2)	0	1	0	0	0	0	0	0	0	0	1
<b>Total</b>	<b>1</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>12</b>
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
<b>Grand total</b>	<b>1</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>12</b>

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 excludes 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 2019 to 31 March 2020

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	1	0	0	1	1	0	1	0	0	4
Semi-skilled and discretionary decision making (Levels 3-5)	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>4</b>
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
<b>Grand total</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>4</b>

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 2019 to 31 March 2020

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	1	0	0	0	0	0	1	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	1	0	3	0	0	1	0	0	0	5
Semi-skilled and discretionary decision making (Levels 3-5)	2	3	0	0	0	1	0	0	0	0	6

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	1	0	0	0	0	0	0	0	0	1
<b>Total</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>14</b>
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
<b>Grand total</b>	<b>2</b>	<b>6</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>14</b>

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 2019 to 31 March 2020

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

Table 3.5.7: Skills development, 1 April 2019 to 31 March 2020

Occupational level	Male				Female				Total
	A	C	I	W	A	C	I	W	
Senior management (Levels 13-14)	0	1	0	1	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	3	0	2	0	2	0	1	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	2	10	0	2	1	9	1	2	27
Semi-skilled and discretionary decision making (Levels 3-5)	1	8	0	1	6	11	0	1	28
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	1	0	1
<b>Total</b>	<b>3</b>	<b>22</b>	<b>0</b>	<b>6</b>	<b>7</b>	<b>22</b>	<b>2</b>	<b>4</b>	<b>66</b>
Temporary employees	0	0	0	0	0	0	0	0	0
<b>Grand total</b>	<b>3</b>	<b>22</b>	<b>0</b>	<b>6</b>	<b>7</b>	<b>22</b>	<b>2</b>	<b>4</b>	<b>66</b>

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 2019

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 14	0	0	0	0.0
Salary Level 13	2	1	1	100.0
<b>Total</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>100.0</b>

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

Table 3.6.2: Reasons for not having concluded performance agreements with all SMS members on 31 May 2019

Reasons for not concluding performance agreements with all SMS
Not applicable

Table 3.6.3: Disciplinary steps taken against SMS members for not having concluded performance agreements on 31 May 2019

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 2019

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 14	1	1	100.0	0	-
Salary Level 13	2	1	50.0	1	50.0
<b>Total</b>	<b>3</b>	<b>2</b>	<b>66.7</b>	<b>1</b>	<b>33.3</b>

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 2020

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 14	1	1	100.0	0	-

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	2	1	50.0	1	50.0
Total	3	2	66.7	1	33.3

Table 3.7.3: Advertising and filling of SMS posts, as at 31 March 2020

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 14	0	1	0
Salary Level 13	0	0	0
Total	0	1	0

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

SMS level	Reasons for non-compliance
Salary Level 14	None required
Salary Level 13	None required

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 occupation (3.8.2) who received a notch progression as a result of performance management. (i.e. qualifying employees who scored between 3 and 4 in their performance ratings).

Table 3.8.1: Notch progressions by salary band, 1 April 2019 to 31 March 2020

Salary band	Employees as at 31 March 2019	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)	65	41	63.1
Highly skilled production (Levels 6-8)	28	17	60.7
Highly skilled supervision (Levels 9-12)	10	3	30.0

Salary band	Employees as at 31 March 2019	Progressions to another notch within a salary band	Notch progressions as a % of total employees within a salary band
Senior management (Levels 13-16)	1	0	0.0
<b>Total</b>	<b>119</b>	<b>63</b>	<b>52.9</b>

Table 3.8.2: Notch progressions by critical occupation, 1 April 2019 to 31 March 2020

Critical occupation	Employees as at 31 March 2019	Progressions to another notch within a critical occupation	Notch progressions as a % of total employees within a critical occupation
None			

To encourage good performance, the entity has granted the following performance rewards to employees for the performance period 2018/19, but paid these in the financial year 2019/20. 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 2019 to 31 March 2020

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2019	% of total within group	Cost (R'000)	Average cost per beneficiary (R)
African	7	20	35.0	17	2 413
Male	2	6	33.3	4	2 102
Female	5	14	35.7	13	2 538
Coloured	27	72	37.5	116	4 307
Male	14	41	34.1	72	5 110
Female	13	31	41.9	45	3 443
Indian	0	0	0.0	0	0
Male	0	0	0.0	0	0
Female	0	0	0.0	0	0
White	10	25	40.0	70	6 968
Male	6	20	30.0	49	8 217
Female	4	5	80.0	20	5 094
Employees with a disability	1	2	50.0	3	3 081
<b>Total</b>	<b>45</b>	<b>119</b>	<b>37.8</b>	<b>206</b>	<b>4 577</b>

Table 3.8.4: Performance rewards (cash bonus), by salary band for personnel below Senior Management Service level, 1 April 2019 to 31 March 2020

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2019	% 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)	2	15	13.3	3	1 504	0.0

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2019	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of the total personnel expenditure
Skilled (Levels 3-5)	16	65	24.6	43	2 706	0.1
Highly skilled production (Levels 6-8)	19	28	67.9	80	4 196	0.2
Highly skilled supervision (Levels 9-12)	6	10	60.0	56	9 283	0.1
<b>Total</b>	<b>43</b>	<b>118</b>	<b>36.4</b>	<b>182</b>	<b>4 226</b>	<b>0.4</b>

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.

Table 3.8.5: Performance rewards (cash bonus), by salary band, for Senior Management Service level, 1 April 2019 to 31 March 2020

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2019	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of the total personnel expenditure
Senior Management Service Band A (Level 13)	1	1	100.0	14	14 423	0.6
Senior Management Service Band B (Level 14)	1	0	0.0	10	9 807	0.5
<b>Total</b>	<b>2</b>	<b>1</b>	<b>200.0</b>	<b>24</b>	<b>12 115</b>	<b>1.1</b>

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

The employee at SL14 received a merit award for performance in the 2018/19 financial year (while at DTPW), and paid out during the 2019/20 financial year.

Table 3.8.6: Performance rewards (cash bonus) by critical occupation, 1 April 2019 to 31 March 2020

Critical occupation	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2019	% 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 band (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 2019 to 31 March 2020

Salary band	1 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% change
None						

Table 3.9.2: Foreign workers by major occupation, 1 April 2019 to 31 March 2020

Major occupation	1 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% change
None						

### 3.10 Leave utilisation for the period 1 January 2019 to 31 December 2019

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 2019 to 31 December 2019

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)
Interns	0	0.0	0	1	0.0	0	0
Lower skilled (Levels 1-2)	28	92.9	4	5	80.0	7	12
Skilled (Levels 3-5)	754	88.7	56	66	84.8	13	512
Highly skilled production (Levels 6-8)	417	81.3	44	43	102.3	9	466
Highly skilled supervision (Levels 9-12)	42	83.3	7	9	77.8	6	81
Senior management (Levels 13-16)	3	100.0	1	1	100.0	3	9
<b>Total</b>	<b>1 244</b>	<b>86.2</b>	<b>112</b>	<b>125</b>	<b>89.6</b>	<b>11</b>	<b>1 080</b>

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 2019 and ends in December 2021. 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 2019 to 31 December 2019

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)
Interns	0	0.0	0	1	0.0	0	0
Lower skilled (Levels 1-2)	0	0.0	0	5	0.0	0	0

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)
Skilled (Levels 3-5)	120	100.0	2	66	3.0	60	71
Highly skilled production (Levels 6-8)	15	100.0	1	43	2.3	15	14
Highly skilled supervision (Levels 9-12)	0	00.0	0	9	0.0	0	0
Senior management (Levels 13-16)	0	0.0	0	1	0.0	0	0
<b>Total</b>	<b>135</b>	<b>100.0</b>	<b>3</b>	<b>125</b>	<b>2.4</b>	<b>45</b>	<b>85</b>

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 2019 to 31 December 2019

Salary band	Total days taken	Total number employees using annual leave	Average number of days taken per employee
Interns	0	0	0
Lower skilled (Levels 1-2)	92	4	23
Skilled (Levels 3-5)	1 397	57	25
Highly skilled production (Levels 6-8)	1 133	49	23
Highly skilled supervision (Levels 9-12)	235	10	24
Senior management (Levels 13-16)	54	2	27
<b>Total</b>	<b>2 911</b>	<b>122</b>	<b>24</b>

Table 3.10.4: Capped leave, 1 January 2019 to 31 December 2019

Salary band	Total capped leave available as at 31 Dec 2018	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 2019	Total capped leave available as at 31 Dec 2019
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	428	23	3	8	11	372

Salary band	Total capped leave available as at 31 Dec 2018	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 2019	Total capped leave available as at 31 Dec 2019
Highly skilled production (Levels 6-8)	939	160	4	40	25	807
Highly skilled supervision (Levels 9-12)	264	1	1	1	5	240
Senior management (Levels 13-16)	0	0	0	0	0	0
<b>Total</b>	<b>1 632</b>	<b>184</b>	<b>8</b>	<b>23</b>	<b>41</b>	<b>1 419</b>

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 2019 to 31 March 2020

Reason	Total amount (R'000)	Number of employees	Average payment per employee
Leave pay-outs during 2019/20 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service	242	4	60 403
Current leave pay-outs on termination of service	140	5	28 070
<b>Total</b>	<b>382</b>	<b>9</b>	<b>42 440</b>

### 3.11 Health promotion programmes, including HIV and AIDS

Table 3.11.1: Health promotion programmes, including HIV and AIDS

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
<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 in health promotion programmes.</p>	<p>General HIV and AIDS counselling and testing (HCT) and wellness screenings were conducted in the year under review. Employee Health and Wellness Services are rendered to all employees in need and include the following:</p> <ul style="list-style-type: none"> <li>• 24/7/365 telephone counselling;</li> <li>• Face to face counselling (4-session model);</li> <li>• Trauma and critical incident counselling;</li> <li>• Advocacy on HIV and AIDS awareness, including online E-Care services; and</li> <li>• Coaching and targeted interventions where these were required.</li> </ul>

Table 3.11.2: Details of health promotion including HIV and AIDS Programmes, 1 April 2019 to 31 March 2020

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, 2016? If so, provide her/his name and position.</p>	√		<p>Maria van der Merwe, Acting Director: Organisational Behaviour, (Department of the Premier).</p>
<p>2. Does the trading entity have a dedicated unit or does it have designated specific staff members to promote the health and well-being of 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, 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 well-being of employees in the 11 client institutions.</p> <p>The unit consists of a Deputy Director, three Assistant Directors, and two 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) until 31 January 2020 and Metropolitan Health from 1 February 2020. The external service providers rendered an employee health and wellness service to the 11 departments of the Corporate Services Centre, including GMT.</p> <p>The following intervention sessions were conducted in 2019/20: mental health, substance abuse, diversity management, financial management, self-development, managerial referral, relationship enhancement, juicy parenting, empowering women from within, building optimal relationship, positive thinking, TB/HIV awareness, screening and testing sessions. A mental health survey was also conducted in the year under review.</p> <p>These interventions are based on trends reflected in the quarterly reports and implemented to address employee needs.</p> <p>The targeted interventions for both employees and managers were aimed at personal development; promotion of healthy lifestyles; and improving coping skills. This involved presentations and group discussions to create awareness and encourage employees to have a proactive approach to limit the impact of these problems in the workplace. Targeted Interventions were also implemented to equip managers with tools to engage more effectively with employees in the workplace.</p> <p>Information sessions were also provided to inform employees of the EHW service and how to access the Employee Health and Wellness (EHW) Programme. 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 Carl Marx.</p>

Question	Yes	No	Details, if yes
<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 Coordinating Chamber of the Public Service Coordinating Bargaining Council (PSCBC) for the Western Cape Province in December 2016.</p> <p>In this regard, all employment policies make provision for fair practices, regardless of the HIV status of staff or applicants. Workplace practices are continually monitored to ensure policy compliance and fairness.</p> <p>Under the EHW banner, four EHW policies were approved which includes HIV and AIDS and TB (tuberculosis) management that responds to the prevention of discrimination against employees affected and infected by HIV and AIDS and TB in the workplace. The policy is in line with the amended National EHW Strategic Framework 2019.</p> <p>Further to this, the Department of Health, the lead department for HIV and AIDS, has approved the Transversal HIV and AIDS/STI Workplace Policy and Programme that is applicable to all departments of the Western Cape Government.</p> <p>During the reporting period, the transversal EHW policies including the HIV, AIDS and TB management policy have been audited by DPSA against the DPSA policies as well as the National Strategic Plan for HIV, TB and STIs (2017-2022) which ensures inclusivity and elimination of discrimination and stigma against employees with HIV.</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 &amp; AIDS, STIs and TB 2017–2022 has been implemented to mainstream HIV and TB and its gender and rights-based dimensions into <b>departments'</b> core mandates to reduce HIV-related stigma.</p> <p>The aim is to:</p> <ul style="list-style-type: none"> <li>• Reduce HIV and TB discrimination in the workplace. This included campaigns against unfair discrimination and empowerment of employees; and</li> <li>• 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.</li> </ul> <p>The Department implemented the following measures to address the stigma and discrimination against those infected or perceived to be infective with HIV:</p> <ul style="list-style-type: none"> <li>• Wellness screenings (blood pressure, glucose, cholesterol, TB, Body Mass Index);</li> <li>• HCT screenings;</li> <li>• Distributing posters and pamphlets;</li> <li>• Condom distribution;</li> <li>• Commemoration of World AIDS Day; and</li> <li>• Wellness events.</li> </ul>

Question	Yes	No	Details, if yes
7. Does the trading entity encourage its employees to undergo HIV counselling and testing? If so, list the results that you have achieved.	√		The following wellness and HCT screening sessions were conducted: <ul style="list-style-type: none"> <li>• The department participated in three (3) HCT and wellness screening sessions; and</li> <li>• 124 employees were tested and counselled for HIV, TB and STIs.</li> </ul> There was one (1) clinical referral for further management for TB, HIV or STIs.
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.	√		The impact of health promotion programmes is indicated through information provided through the EHW quarterly reports. The EHWP is monitored through quarterly and annual reporting and trend analysis can be derived through comparison of departmental utilisation and demographics i.e. age, gender, problem profiling, employee vs. manager utilisation, number of cases. Themes and trends also provide a picture of the risks and impact the EHW issues have on individual and the workplace.

### 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 2019 to 31 March 2020

Total collective agreements	None
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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 2019 to 31 March 2020

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

Table 3.12.3: Types of misconduct addressed at disciplinary hearings, 1 April 2019 to 31 March 2020

Type of misconduct	Number	% of total
	None	

Table 3.12.4: Grievances lodged, 1 April 2019 to 31 March 2020

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

Note: Grievances lodged refer to cases that were finalised within the reporting period. Grievances not resolved refers to cases where the outcome was not in favour of the aggrieved. All cases, resolved and not resolved, have been finalised.

Table 3.12.5: Disputes lodged with councils, 1 April 2019 to 31 March 2020

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 PSCBC and General Public Service Sector Bargaining Council. When a dispute is "upheld", it means that the Council endorses the appeal as legitimate and credible in favour of the complainant. When a dispute is "dismissed", it means that the Council has not ruled in favour of the complainant.

Table 3.12.6: Strike actions, 1 April 2019 to 31 March 2020

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

Table 3.12.7: Precautionary suspensions, 1 April 2019 to 31 March 2020

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

Note: Precautionary suspensions refer to staff who were suspended with full pay while the case was being investigated.

### 3.13 Skills development

This section highlights the efforts of the Department with regard 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 2019 to 31 March 2020

Occupational category	Gender	Number of employees as at 1 April 2019	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 (Salary Band 13-16)	Female	0	0	0	0	0
	Male	1	0	3	0	3
Professionals (Salary Band 9-12)	Female	4	0	2	0	2
	Male	6	0	7	0	7
Technicians and associate professionals (Salary Band 6-8)	Female	12	0	9	0	9
	Male	26	0	20	0	20
Clerks (Salary Band 3-5)	Female	33	0	38	0	38
	Male	30	0	33	0	33
Elementary occupations (Salary Band 1-2)	Female	1	0	2	0	2
	Male	4	0	4	0	4
Sub Total	Female	50	0	52	0	52
	Male	69	0	70	0	70
<b>Total</b>		<b>119</b>	<b>0</b>	<b>122</b>	<b>0</b>	<b>122</b>
Employees with disabilities	Female	0	0	1	0	1
	Male	2	0	3	0	3

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 2019 to 31 March 2020

Occupational category	Gender	Number of employees as at 31 March 2020	Training provided within the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
	Female	0	0	0	0	0

Occupational category	Gender	Number of employees as at 31 March 2020	Training provided within the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers (Salary Band 13-16)	Male	2	0	6	0	6
Professionals (Salary Band 9-12)	Female	3	0	6	0	6
	Male	7	0	8	0	8
Technicians and associate professionals (Salary Band 6-8)	Female	18	0	22	0	22
	Male	25	0	25	0	25
Clerks (Salary Band 3-5)	Female	30	0	25	0	25
	Male	26	0	11	0	11
Elementary occupations (Salary Band 1-2)	Female	1	0	1	0	1
	Male	4	0	0	0	0
Sub Total	Female	52	0	54	0	54
	Male	66	0	50	0	50
<b>Total</b>		<b>118</b>	<b>0</b>	<b>104</b>	<b>0</b>	<b>104</b>
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 2019 to 31 March 2020

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	50.0
Temporary disablement	1	50.0
Permanent disablement	0	0.0
Fatal	0	0.0
<b>Total</b>	<b>2</b>	<b>100.0</b>
Percentage of total employment		1.5

### 3.15 Utilisation of consultants

Table 3.15.1: Report on consultant appointments using appropriated funds for the period 1 April 2019 to 31 March 2020

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	BBBEE level
GMT	Ducharme Consulting – Coastal (Pty) Ltd	Rendering of accounting services	Accounting Services	1	102 days	1 509 000	1	4
	Dimension Data (Pty) Ltd	Rendering of Information Communication Services	Information Communication Services	38	262 days	30 011 000	4	2
	Datacentrix	Rendering of Information Communication Services	Information Communication Services	8	204 days	1 318 000	2	1
Total				47	568 days	32 838 000	7	



# PART E

Financial  
Information

## Part E: Financial information

### 1 Report of the Auditor-General of South Africa to the Western Cape Provincial Parliament on Government Motor Transport

#### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of Government Motor Transport set out on pages 124 to 210, which comprise the statement of financial position as at 31 March 2020, the statement of financial performance, statement of changes in total 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 Government Motor Transport as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the trading entity in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International code of ethics for professional accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes), as well as 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Restatement of corresponding figures

7. As disclosed in note 39 to the financial statements, the corresponding figures for 31 March 2019 were restated, as a result of errors, in the financial statements of the trading entity at, and for the year ended, 31 March 2020.

### Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for **assessing Government Motor Transport's ability to continue as a going concern**, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the 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

10. 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.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

12. In accordance with the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the trading entity. I have not evaluated the completeness and

appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the trading entity enabled service delivery. 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.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the annual performance report of the trading entity for the year ended 31 March 2020:

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	48–49, 50

15. 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.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective:
- Objective 1 – improve efficiency of the government vehicle fleet through efficient utilisation, effective fleet management and provision of quality services.

#### Other matter

17. I draw attention to the matter below.

#### Achievement of planned targets

18. Refer to the annual performance report on pages 48–49 and 50 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of a number of targets.

### Report on the audit of compliance with legislation

#### Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the trading entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

20. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

#### Other information

21. 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** and the selected objective presented in the annual performance report that has been specifically reported in **this auditor's report**.
22. 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.
23. 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 objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
24. 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.
25. I have nothing to report in this regard.

#### Internal control deficiencies

26. 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.



Cape Town

31 September 2020



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 this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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'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 this 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 determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

3. I communicate with the accounting 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, actions taken to eliminate threats or safeguards applied.

## 2 Annual Financial Statements for the year ended 31 March 2020

### General information

Country of incorporation and domicile	South Africa
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 2020

### Accounting Officer's Responsibility and Approval

The Accounting Officer is required by the Public Finance Management Act, 1999 (Act 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 reporting period and the results of its operations and cash flows for the period that ended.

The Annual Financial Statements have been prepared in accordance with the Standards of GRAP including any interpretations, guidelines and directives issued by the Accounting Standards Board. The Standards of GRAP which became effective on or after 1 April 2019 for trading entities are:

- a) GRAP 18 on Segment Reporting;
- b) GRAP 105 on Transfer of Functions between Entities under common control;
- c) GRAP 106 on Transfer of Functions between Entities not under common control;  
and
- d) GRAP 107 on Mergers.

Interpretations of the Standards of GRAP (IGRAP) effective for periods commencing on or after 1 April 2019 for all entities, including trading entities, are:

- a) IGRAP 18 on Recognition and Derecognition of Land; and
- b) IGRAP 19 on Liabilities to Pay Levies.

In addition, pronouncements that are not yet effective, but which trading entities may consider in formulating an accounting policy are:

- a) GRAP 34 on Separate Financial Statements;
- b) GRAP 35 on Consolidated Financial Statements;
- c) GRAP 36 on Investments in Associates and Joint Ventures;
- d) GRAP 37 on Joint Arrangements;
- e) GRAP 38 on Disclosure of Interests in Other Entities; and
- f) GRAP 110 on Living and Non-living Resources.

The accounting standards, interpretations and pronouncements listed above were evaluated by management and are considered irrelevant to the financial reporting of GMT for the 2019/20 financial year. 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 risks of errors in a cost-effective manner. The standards include the proper

delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards to ensure that **the entity's business is conducted** in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour is applied and managed within predetermined procedures and constraints.

The Annual Financial Statements were prepared during the National State of Disaster and subsequent "lockdown" declared in response to the COVID-19 pandemic. The extent of the impact of the pandemic is unknown at the date of signature of this approval. However, it is expected to have far-reaching impacts on the macro- and micro-environments. The GMT trading entity has also felt the impact of COVID-19 and management has had to assess various areas of impact during the preparation of the financial statements. These are **disclosed under the "Events after the reporting date"** heading and must be read in conjunction with the going concern assessment. Based on the information and explanations given by management, the Accounting Officer is of the opinion 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 only provide reasonable, not absolute, assurance against material misstatement.

The Annual Financial Statements have been prepared on the going concern basis. The going concern assessment was done in the context of the COVID-19 pandemic by evaluating all available information for a period up to 18 months after the reporting date, that is, up to 30 September 2021. The evaluation was done on the following areas:

- a) Stable and expanding client base;
- b) Sound financial standing;
- c) Budget availability which allocates funding to operations;
- d) Effective, efficient and economic revenue, cost base and working capital management;
- e) Alignment to the GMT Strategic Plan 2020/21–2024/25;
- f) Tariff structures; and
- g) Alternative revenue sources.

In the light of the above, the current financial position and the expected future cash flows for the 18 months ending 30 September 2021, the Accounting Officer is satisfied that the entity has, or has access to, adequate resources and the entity intends to continue its operations in the fleet management environment for the foreseeable future.



J Gooch  
Accounting Officer  
Date: 23-09-2020

GOVERNMENT MOTOR TRANSPORT  
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2019/20 R'000	Restated 2018/19 R'000
<b>NET ASSETS AND LIABILITIES</b>			
Net Assets			
Accumulated surplus		2,797,755	2,566,028
Total Net Assets		<u>2,797,755</u>	<u>2,566,028</u>
Non-current liabilities			
Employee benefit liability	1	543	616
Provisions	2	1,508	1,611
Total Non-current liabilities		<u>2,051</u>	<u>2,227</u>
Current liabilities			
Payables from exchange transactions	3	37,250	58,512
Payables from non-exchange transactions	4	2,799	2,909
Unspent conditional grants and receipts	5	19,693	22,631
Provisions	6	555	1,179
Total current liabilities		<u>60,295</u>	<u>85,231</u>
Total liabilities		<u>62,346</u>	<u>87,459</u>
Total Net Assets and Liabilities		<u>2,860,101</u>	<u>2,653,487</u>
<b>ASSETS</b>			
Non-current Assets			
Property, plant and equipment	7	242,118	265,331
Intangible assets	8	85,894	92,455
Heritage assets	9	140	140
Finance lease receivables	10	722,110	590,057
Total Non-current assets		<u>1,050,262</u>	<u>947,983</u>
Current Assets			
Inventory	11	180	198
Receivables from exchange transactions	12	31,228	27,845
Receivables from non-exchange transactions	13	17,961	32,270
Cash and cash equivalents	14	1,628,686	1,394,244
Finance lease receivables	10	131,785	250,948
Total current assets		<u>1,809,840</u>	<u>1,705,505</u>
Total Assets		<u>2,860,101</u>	<u>2,653,487</u>

GOVERNMENT MOTOR TRANSPORT  
 STATEMENT OF FINANCIAL PERFORMANCE  
 FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2019/20 R'000	Restated 2018/19 R'000
<b>REVENUE</b>			
Revenue from Exchange Transactions			
Revenue	15	692,722	630,986
Other income	16	9,731	3,487
Interest earned	17	113,387	94,896
Government grants and subsidies received	18	8,978	12,717
Revenue from Non-exchange Transactions			
Services in-kind	19	8,267	6,853
<b>Total Revenue</b>		<b>833,084</b>	<b>748,939</b>
<b>EXPENDITURE</b>			
Administrative expenses	20	(24,627)	(24,252)
Employee costs	21	(43,760)	(39,013)
Operating expenditure	22	(326,936)	(311,012)
Depreciation	23	(12,328)	(13,737)
Amortisation	24	(9,045)	(13,207)
Finance costs	25	(5)	-
Accidents and Impairment losses	26	(1,913)	(2,440)
Grants and subsidies paid	27	(150,000)	(150,000)
Operating leases	34	(32,744)	(33,092)
<b>Total Expenditure</b>		<b>(601,357)</b>	<b>(586,753)</b>
<b>SURPLUS FOR THE YEAR</b>		<b>231,727</b>	<b>162,186</b>

GOVERNMENT MOTOR TRANSPORT  
 STATEMENT OF CHANGES IN TOTAL NET ASSETS  
 FOR THE YEAR ENDED 31 MARCH 2020

Description	Accumulated Surplus Restated	Total Net Assets Restated
	R'000	R'000
Accumulated surplus previously reported	2,412,033	2,412,033
Correction of error (note 39)	(8,191)	(8,191)
Balance at 31 March 2018	2,403,842	2,403,842
Changes in net assets for the year ended 31 March 2019		
Surplus for the year ended 31 March 2019	162,186	162,186
Surplus previously reported	162,069	162,069
Correction of error (note 39)	117	117
Balance at 31 March 2019	2,566,028	2,566,028
Changes in net assets for the year ended 31 March 2020		
Surplus for the year ended 31 March 2020	231,727	231,727
Balance at 31 March 2020	2,797,755	2,797,755

GOVERNMENT MOTOR TRANSPORT  
 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2019/20 R'000	Restated 2018/19 R'000
<b>CASH FROM OPERATING ACTIVITIES</b>			
Receipts			
Charges for services provided	28.1	689,339	656,462
Other receipts	28.2	81	(561)
Interest earned	28.3	113,387	94,896
Government grants and subsidies received	28.4	15,344	3,474
Transactions entered into by GMT on behalf of client institutions	28.5	14,339	-
Payments			
Employee costs	28.6	(44,162)	(38,617)
Suppliers paid	28.7	(290,675)	(255,649)
Other payments	28.8	(207,998)	(211,844)
Finance cost		(5)	-
Vehicles and equipment procured as procuring agent	28.9	(9,305)	(36,613)
Transactions entered into by GMT on behalf of client institutions	28.5	-	(22,587)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>28.10</b>	<b>280,345</b>	<b>188,960</b>
<b>CASH FROM INVESTING ACTIVITIES</b>			
Proceeds on disposal of property, plant and equipment	28.11	42,716	13,276
Acquisition of property, plant and equipment	28.12	(73,220)	(118,916)
Intangible Assets - development cost capitalised	28.13	(2,507)	(10,989)
Increase in finance lease receivables	28.14	(12,890)	(22,618)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(45,902)</b>	<b>(139,248)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>234,443</b>	<b>49,713</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR</b>		<b>1,394,244</b>	<b>1,344,531</b>
<b>CASH AND CASH EQUIVALENTS - END OF THE YEAR</b>	<b>29</b>	<b>1,628,686</b>	<b>1,394,244</b>

GOVERNMENT MOTOR TRANSPORT  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2020

31 March 2020

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	-	-	-	-	-	-	-	180	-	180	-	-
Receivables from exchange transactions	-	-	-	-	-	-	-	31,228	-	31,228	-	-
Receivables from non-exchange transactions	-	-	-	-	-	-	-	17,961	-	17,961	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	1,628,686	-	1,628,686	-	-
Finance lease receivables	-	-	-	-	-	-	-	131,785	-	131,785	-	-
Non-current assets												
Property, plant and equipment	185,573	46,562	-	232,134	-	30,776	262,910	242,118	-	(20,793)	92	130
Intangible assets	18,753	-	-	18,753	-	(1,200)	17,553	85,894	-	68,341	489	458
Heritage assets	-	-	-	-	-	-	-	140	-	140	-	-
Finance lease receivables	-	-	-	-	-	-	-	722,110	-	722,110	-	-
Total assets	204,325	46,562	-	250,887	-	29,576	280,463	2,860,100	-	2,579,638	1,020	1,400
Current liabilities												
Payables from exchange transactions	-	-	-	-	-	-	-	37,250	-	37,250	-	-
Payables from non-exchange transactions	-	-	-	-	-	-	-	2,799	-	2,799	-	-
Unspent conditional grants and receipts	-	-	-	-	-	-	-	19,693	-	19,693	-	-
Provisions	-	-	-	-	-	-	-	555	-	555	-	-
Non-current liabilities												
Employee benefit liability	-	-	-	-	-	-	-	543	-	543	-	-
Provisions	-	-	-	-	-	-	-	1,508	-	1,508	-	-
Total liabilities	-	-	-	-	-	-	-	62,346	-	62,346	-	-
Total assets and liabilities	204,325	46,562	-	250,887	-	29,576	280,463	2,797,754	-	2,517,291	-	-
Net assets												
Accumulated surplus	-	-	-	-	-	-	-	2,797,755	-	2,797,755	-	-
Total Net assets	-	-	-	-	-	-	-	2,797,755	-	2,797,755	-	-

GOVERNMENT MOTOR TRANSPORT  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2020

31 March 2020

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	(615,925)	-	-	(615,925)	-	-	(615,925)	(692,722)	-	(76,798)	112	112
Other income	(24,837)	-	-	(24,837)	-	-	(24,837)	(9,731)	-	15,107	39	39
Interest earned	(89,533)	-	-	(89,533)	-	-	(89,533)	(113,387)	-	(23,854)	127	127
Government grants and subsidies received	-	-	-	-	-	-	-	(8,978)	-	(8,978)	-	-
Revenue from non-exchange transactions												
Services in-kind	(5,362)	-	-	(5,362)	-	-	(5,362)	(8,267)	-	(2,905)	154	154
Financing through own funds	(150,000)	-	-	(150,000)	-	-	(150,000)	-	-	-	-	-
Total revenue	(885,657)	-	-	(885,657)	-	-	(885,657)	(833,084)	-	(97,428)	94	94
Expenditure												
Administrative expenses	26,843	76	-	26,918	-	(111)	26,807	24,627	-	(2,180)	92	92
Employee costs	55,025	-	-	55,025	-	-	55,025	43,760	-	(11,266)	80	80
Operating expenditure	389,917	-	-	389,917	-	(30,533)	359,384	326,936	-	(32,448)	91	84
Depreciation	17,231	-	-	17,231	-	(3,812)	13,419	12,328	-	(1,091)	92	72
Amortisation	16,204	-	-	16,204	-	(6,380)	9,824	9,045	-	(779)	92	56
Finance costs	-	-	-	-	-	6	6	5	-	(1)	94	-
Accidents and Impairment losses	1,494	-	-	1,494	-	496	1,990	1,913	-	(77)	96	128
Grants and subsidies paid	150,000	-	-	150,000	-	-	150,000	150,000	-	-	100	100
Operating leases	24,618	1	-	24,618	-	10,759	35,378	32,744	-	(2,634)	93	133
Total expenditure	681,331	76	-	681,408	-	(29,576)	651,831	601,357	-	(50,475)	92	88
Surplus for the year	-	76	-	(204,249)	-	(29,576)	(233,825)	(231,727)	-	(147,903)	-	-

## GOVERNMENT MOTOR TRANSPORT

### NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2020

#### *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 R76 000 between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds decrease of R111 000 between the Final Adjustments Budget to the Final Budget. The budget commitments of R76 000 were for purchase orders raised during the 2018/19 financial year for expenditure which were not yet invoiced by 31 March 2019. The shifting of funds decrease of R111 000 was due to the requirement to re-allocate funds for repairs and maintenance of vehicles.

##### Operating expenditure

A budget shifting of funds decrease of R30,533 million between the Final Adjustments Budget and Final Budget. The shifting of funds decrease of R30,533 million was done for the settlement of operating lease costs and impairment losses incurred on vehicles.

##### Depreciation

A shifting of funds decrease of R3,812 million between the Final Adjustments Budget and the Final Budget was done. The shifting of funds decrease of R3,812 million was due to the requirement to allocate funds to operating expenditure.

##### Amortisation

A shifting of funds decrease of R6,38 million between the Final Adjustments Budget and the Final Budget was done. The shifting of funds decrease of R6,38 million was due to the requirement to allocate funds to operating expenditure.

##### Finance costs

A shifting of funds increase of R6 000 between the Final Adjustments Budget and the Final Budget was done. The shifting of funds increase of R6 000 was done to accommodate the payment of interest charges on telecommunication accounts.

##### Accidents and impairment losses

A shifting of funds increase of R496 000 between the Final Adjustments Budget and the Final Budget was done. The shifting of funds increase of R496 000 was done as impairment losses were recognised on vehicles in the financial statements for the period ended 31 March 2020.

##### Operating leases

A shifting of funds increase of R10,759 million between the Final Adjustments Budget and the Final Budget. The budget commitments increase of R1 000 was due to purchase orders raised during the 2018/19 financial year which were not yet invoiced by 31 March 2019. The shift increase of R10,759 million was done for the settlement of operating lease expenditure.

#### STATEMENT OF FINANCIAL POSITION

##### Non-current assets

##### Property, plant and equipment

A budget commitment increase of R46,562 million between the Original Budget and Final Adjustments Budget as well as a shifting of funds increase of R30,776 million between the Final Adjustments Budget and Final Budget was done. The budget commitments increase of R46,562 million were primarily for vehicle related purchase orders raised during the 2018/19 financial year which were not yet invoiced by 31 March 2019. The shifting of funds increase of R30,776 million was done for the issuing of purchase orders for Vehicle Replacement.

## GOVERNMENT MOTOR TRANSPORT

### NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2020

#### *Explanation of variances between the Original and Final Budget*

##### Intangible assets

A shifting of funds decrease of R1,2 million between the Final Adjustments Budget and Final Budget was done. The shifting of funds decrease of R1,2 million was done to IT equipment for the purchase of laptops for staff.

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

##### Revenue

The actual revenue earned is R76,798 million over the Final Budget. The culmination of the following factors resulted in the total revenue earned being higher than anticipated:

- Fleet composition;
- Vehicle activity;
- Changes in the capital costs of vehicles; and
- Fleet condition.

##### Other income

The actual other income earned is R15,107 million under the Final Budget. This line item includes reimbursive income, profit on the sale of vehicles, parking income and donations received. The reimbursive income was offsetted against the expenditure to which it relates, thus the total of other income is lower than the budget.

##### Interest earned

The actual interest earned is R23,854 million over the Final Budget due to investment options which were pursued which yielded higher interest yields than expected during the budget preparation. The capital balances on which these yields were earned were also above the levels anticipated during budget estimates.

##### Government grants and subsidies received

The Government Grants and Subsidies received is R8,978 million over the Final Budget. The variance is due revenue meeting the recognition criteria as determined in the accounting policy for asset allocations to the Departments of Health, Transport and Public Works and Economic Development and Tourism during 2019/20.

##### Services in-kind

The services in-kind is R2,905 million over the Final Budget. The increase in the revenue is due to the occupation by GMT of the leased site adjacent to the 3 Rusper Street, Maitland, Cape Town site and Erf 3472, George during the 2019/20 financial year. The occupation dates of these sites were:

Leased site adjacent to the 3 Rusper Street, Maitland, Cape Town - 1 December 2019

Erf 3472, George - 8 November 2019

##### Financing of Capital Budget

The variance of R150 million under budget between the Final Budget and Actual is due to the transfer of the funds from GMT to the Asset Finance Reserve held by the Provincial Treasury. The transfer amount is done from GMT's own resources and derecognised as an asset from the chart of accounts from GMT. This was completed during March 2020.

##### EXPENDITURE

##### Staff costs

The variance of R11,266 million under budget between the Final Budget and the Actual is due to GMT having a number of staff vacancies.

## GOVERNMENT MOTOR TRANSPORT

### NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2020

#### FINANCIAL POSITION

The Final Budget is the total of the expected revenue earned and expenditure incurred during the year ended 31 March 2020. The actual balances of the Statement of Financial Position is the carrying value of the line item which has accrued since its recognition until 31 March 2020.

#### Current assets

##### Inventories

The variance of R180 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 R31,228 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 R17,961 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 the period vests to which it relates and amounts receivable from auctioneers for vehicles disposed.

##### Cash and cash equivalents

The variance of R1,63 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 R131,785 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

##### Intangible assets

The variance of R68,341 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 the year ended 31 March 2020, while the balance of R85,894 million is the carrying value of the line item which has accrued since its recognition until 31 March 2020.

##### Heritage assets

The variance of R140 000 over budget is due to the budget being prepared on the cash basis. No expenditure was incurred during the year ended 31 March 2020. 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 R722,11 million over budget is due to the budget being prepared on the cash basis. The revenue is budgeted 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 R37,250 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 R2,799 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 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED  
31 MARCH 2020

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

Unspent conditional grants and receipts

The variance of R19,693 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 R555 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 R543 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 R1,508 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 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20	2018/19
	R'000	R'000
1 EMPLOYEE BENEFIT LIABILITY		
Provision for Long Service Awards	543	616
The movement in the Employee Benefit Liability is reconciled as follows:		
Balance at beginning of the year	616	820
Contributions/(reduction) to provision	62	(29)
	679	791
Transfer to current provisions	(136)	(174)
	(136)	(174)
Balance at end of the year	543	616

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 2020 by Mr. Chanan Weiss, a Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service and past service cost, were measured using the Projected Unit Credit Method.

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

On 31 March 2020, 118 (31 March 2019: 117) employees were eligible for long service awards.

The current service cost for the year ended 31 March 2020 is estimated to be R37,865, whereas the cost for the year ending 31 March 2021 is estimated to be R34,285 (31 March 2019: R40,505).

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

Discount Rate	9.12%	8.52%
CPI (Consumer Price Inflation)	4.42%	4.64%
Normal Salary Increase Rate	4.70%	5.30%
Net Effective Discount Rate	4.50%	3.71%
Expected Retirement Age - Females	60	60
Expected Retirement Age - Males	62	64

Mortality rates:

Pre-Retirement SA 85 - 90 mortality tables

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	2018/19 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	791	1,002	
Current service costs	38	41	
Interest cost	60	77	
Benefits paid	(213)	(204)	
Actuarial losses / (gains)	3	(125)	
Present Value of Fund Obligation at the end of the year	<u>679</u>	<u>791</u>	
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations	679	791	
Fair value of plan assets	-	-	
Total Benefit Liability	<u>679</u>	<u>791</u>	
The amounts recognised in the Statement of Financial Performance are as follows:			
Current service cost	38	41	
Interest cost	60	77	
Actuarial losses / (gains)	3	(125)	
Total Post-retirement Benefit included in Employee costs	<u>101</u>	<u>(8)</u>	
The history of experienced adjustments is as follows:			
	2019/20 R'000	2018/19 R'000	2017/18 R'000
Present Value of Defined Benefit Obligation	679	791	1,002
Fair Value of Plan Assets	-	-	-
Deficit	<u>679</u>	<u>791</u>	<u>1,002</u>
		2019/20 R'000	2018/19 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		105	127
Effect on the defined benefit obligation		487	663
Decrease:			
Effect on the aggregate of the current service cost and the interest cost		92	108
Effect on the defined benefit obligation		437	592

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

		2019/20 R'000	Restated 2018/19 R'000
2	PROVISIONS		
	Capped leave pay:		
	Opening balance	1,611	1,441
	Increase/(decrease) in provisions during the year	57	19
	Current portion transferred (to)/from current liabilities	(160)	151
		1,508	1,611

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.

Uncertainty exists at the reporting date on whether the unused capped leave entitlement will be utilised or when the settlement of the capped leave liability will occur. The adjustment of the cost of employment for employees will affect the amount required to settle the liabilities.

3 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors	4,800	14,920
Accrued expenditure	26,625	43,480
Sundry creditors	19	112
Payments received in advance	5,804	-
	37,250	58,512

Sundry creditors are liabilities due to third party claims.

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.

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 facilitate the process of having amounts 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	1,662	1,346
Staff bonuses	1,131	1,048
Other creditors	6	515
	2,799	2,909

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

4 PAYABLES FROM NON-EXCHANGE TRANSACTIONS (continued)

	2019/20 R'000	2018/19 R'000
4.1 Other creditors		
Other creditors include amounts refundable to client institutions and accruals for overtime payable to employees. An analysis of this balance is:		
Amounts refundable to client institutions	-	510
Overtime payable	6	5
Other creditors liability	6	515

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.

5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	19,693	22,631
Grants from Provincial Departments		
Department of Community Safety	3,654	4,043
Department of Economic Development and Tourism	166	1,150
Department of Health	11,109	10,878
Department of Social Development	3,491	-
Department of Transport and Public Works	1,273	595
Department of Education	-	5,965
Total Conditional Grants and Receipts	19,693	22,631

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	4,043	-
Current year receipts	3,686	4,043
Vehicles procured as procuring agent	(4,075)	-
	3,654	4,043

5.1.2 Department of Cultural Affairs and Sport

Balance at the beginning of the year	-	417
Current year receipts	-	3
Conditions met - transferred to revenue	-	(420)
	-	-

5.1.3 Department of Economic Development and Tourism

Balance at the beginning of the year	1,150	500
Current year receipts	-	650
Conditions met - transferred to revenue	(984)	-
	166	1,150

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	2018/19 R'000
5.1.4 Department of Health		
Balance at the beginning of the year	10,878	13,862
Current year receipts	8,125	9,759
Conditions met - transferred to revenue	(7,792)	(12,297)
Unspent grants refunded to the department	(102)	(446)
	11,109	10,878
5.1.5 Department of Social Development		
Current period receipts	3,491	-
	3,491	-
5.1.6 Department of Transport and Public Works		
Balance at the beginning of the year	595	18,089
Current year receipts	12,028	250
Conditions met - transferred to revenue	(203)	-
Conditions met - payment against finance lease receivables	(7,753)	(10,845)
Equipment procured as procuring agent	(3,340)	(6,899)
Unspent grants refunded to the department	(258)	-
Prior year reversals	203	-
	1,273	595
5.1.7 Department of Education		
Balance at the beginning of the year	5,965	35,576
Current year receipts	-	412
Vehicles procured as procuring agent	(5,965)	(29,714)
Unspent grants refunded to the department	-	(309)
	-	5,965
5.2 Grants from National Departments:		
5.2.1 Department of Justice and Constitutional Development		
Current year receipts	-	43
Unspent grants refunded to department	-	(43)
	-	-
6 PROVISIONS		
Personnel expense related commitments:		
Performance bonuses	259	788
Employee benefit liability	136	174
Capped leave	160	217
	555	1,179

Performance bonuses accrue to employees on an annual basis, subject to their performance during the 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 and amount of the outflow of these provisions are uncertain due to the nature of the specific provisions.

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

6 PROVISIONS (continued)

The movement on current provisions are reconciled as follows:

31 March 2020:	Performance bonuses R'000	Employee benefit liability R'000	Capped leave provision R'000	Total R'000
Balance at the beginning of the year	787	174	217	1,179
Contributions/(reductions) to provision	(347)	39	165	(143)
Transfer from non-current	-	136	160	296
Expenditure incurred	(182)	(213)	(382)	(777)
Balance at the end of the year	259	136	160	555
<hr/>				
31 March 2019:	Performance bonuses R'000	Employee benefit liability R'000	Capped leave provision R'000	Total R'000
Balance at the beginning of the year	437	183	369	988
Contributions/(reductions) to provision	624	21	-	645
Transfer from/(to) non-current	-	174	(151)	23
Expenditure incurred	(273)	(204)	-	(477)
Balance at the end of the year	787	174	217	1,179

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

7 PROPERTY, PLANT AND EQUIPMENT

31 MARCH 2020

Reconciliation of Carrying Value

Description	Plant and Equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2019	2,337	262,994	265,331
Gross carrying amount	10,292	404,262	414,555
Accumulated depreciation	(7,951)	(139,174)	(147,126)
Accumulated impairment losses	(4)	(2,094)	(2,098)
Additions at cost (for vehicles refer to note 7.3.1)	1,694	71,526	73,220
Depreciation	(1,001)	(11,328)	(12,329)
Impairment losses	-	(1,771)	(1,771)
Stolen vehicles - recovered	-	415	415
Cost	-	415	415
Disposals	(3)	(35,062)	(35,065)
Cost (for vehicles refer to note 7.3.2)	(128)	(95,326)	(95,453)
Accumulated depreciation	125	57,452	57,576
Accumulated impairment	-	2,812	2,812
Vehicles moved from client institutions to GMT	-	34,992	34,992
Cost (for vehicles refer to note 7.3.3)	-	69,243	69,243
Accumulated depreciation	-	(34,251)	(34,251)
Vehicles moved from GMT to client institutions	-	(82,488)	(82,488)
Cost (for vehicles refer to note 7.3.4)	-	(85,194)	(85,194)
Accumulated depreciation	-	2,706	2,706
Stolen/Scrapped	-	(191)	(191)
Cost	-	(437)	(437)
Accumulated depreciation	-	247	247
Transfers	4	-	4
Cost	4	-	4
Accumulated depreciation	-	-	-
Net Carrying amount - 31 March 2020	3,029	239,088	242,118
Cost	11,863	364,490	376,352
Accumulated depreciation	(8,828)	(124,349)	(133,177)
Accumulated impairment losses	(4)	(1,053)	(1,057)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

7 PROPERTY, PLANT AND EQUIPMENT (continued)

31 MARCH 2019

Reconciliation of Carrying Value

Description	Plant and Equipment	Vehicles	Restated Total
	R'000	R'000	R'000
Carrying amount at 1 April 2018	1,398	181,496	182,893
Gross carrying amount	17,952	265,136	283,087
Accumulated depreciation	(16,550)	(82,795)	(99,345)
Accumulated impairment losses	(4)	(845)	(850)
Additions at cost (for vehicles refer to note 7.3.1)	1,423	117,492	118,916
Depreciation	(484)	(13,253)	(13,738)
Impairment losses	-	(2,335)	(2,335)
Disposals	-	(9,867)	(9,867)
Cost (for vehicles refer to note 7.3.2)	(9,083)	(20,685)	(29,768)
Accumulated depreciation	9,083	9,733	18,816
Accumulated impairment	-	1,086	1,086
Vehicles moved from client institutions to GMT	-	42,313	42,313
Cost (for vehicles refer to note 7.3.3)	-	97,818	97,818
Accumulated depreciation	-	(55,505)	(55,505)
Vehicles moved from GMT to client institutions	-	(52,449)	(52,449)
Cost (for vehicles refer to note 7.3.4)	-	(54,995)	(54,995)
Accumulated depreciation	-	2,546	2,546
Stolen	-	(403)	(403)
Cost	-	(503)	(503)
Accumulated depreciation	-	100	100
Net Carrying amount - 31 March 2019	2,337	262,994	265,331
Cost	10,292	404,262	414,555
Accumulated depreciation	(7,951)	(139,174)	(147,126)
Accumulated impairment losses	(4)	(2,094)	(2,098)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	2018/19 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	82	1
Cost	137	54
Accumulated depreciation	(55)	(53)
Additions at cost	-	83
Depreciation	(14)	(2)
Carrying amount at the end of the year	68	82
Cost	137	137
Accumulated depreciation	(69)	(55)
7.1.2 Computer Equipment		
Carrying amount at the beginning of the year	789	977
Cost	6,526	6,416
Accumulated depreciation	(5,737)	(5,439)
Additions at cost	1,031	109
Depreciation	(495)	(298)
Carrying value of disposals:	-	-
Cost	(41)	-
Accumulated depreciation	41	-
Carrying amount at the end of the year	1,325	789
Cost	7,516	6,526
Accumulated depreciation	(6,191)	(5,737)
7.1.3 Telephone		
Carrying amount at the beginning of the year	35	54
Cost	141	139
Accumulated depreciation	(107)	(85)
Additions at cost	-	2
Depreciation	(13)	(22)
Carrying value of disposals	-	-
Cost	(3)	-
Accumulated depreciation	3	-
Carrying amount at the end of the year	22	35
Cost	138	141
Accumulated depreciation	(117)	(107)
7.1.4 Workshop Equipment		
Carrying amount at the beginning of the year	40	63
Cost	206	206
Accumulated depreciation	(163)	(140)
Accumulated impairment losses	(3)	(3)
Depreciation	(13)	(23)
Carrying amount at the end of the year	27	40
Cost	206	206
Accumulated depreciation	(176)	(163)
Accumulated impairment losses	(3)	(3)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	2018/19 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.5 Office Furniture and Fittings		
Carrying amount at the beginning of the year	505	153
Cost	2,054	1,637
Accumulated depreciation	(1,548)	(1,483)
Accumulated impairment losses	(1)	(1)
Additions at cost	135	417
Depreciation	(130)	(65)
Transfers	(4)	-
Cost	(4)	-
Accumulated depreciation	-	-
Carrying value of disposals	(1)	-
Cost	(42)	-
Accumulated depreciation	41	-
Carrying amount at the end of the year	506	505
Cost	2,144	2,054
Accumulated depreciation	(1,637)	(1,548)
Accumulated impairment losses	(1)	(1)
7.1.6 Office Equipment		
Carrying amount at the beginning of the year	119	111
Cost	305	266
Accumulated depreciation	(186)	(155)
Additions at cost	68	39
Depreciation	(38)	(31)
Carrying value of disposals:	(2)	-
Cost	(21)	-
Accumulated depreciation	19	-
Carrying amount at the end of the year	147	119
Cost	352	305
Accumulated depreciation	(205)	(186)
7.1.7 Domestic Equipment		
Carrying amount at the beginning of the year	10	11
Cost	44	41
Accumulated depreciation	(34)	(30)
Additions at cost	2	3
Reversal in depreciation/(depreciation)	6	(4)
Carrying amount at the end of the year	18	10
Cost	46	44
Accumulated depreciation	(28)	(34)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	2018/19 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.8 Domestic Furniture		
Carrying amount at the beginning of the year	135	1
Cost	154	14
Accumulated depreciation	(20)	(13)
Additions at cost	-	140
Depreciation	(34)	(7)
Carrying value of disposals:	-	-
Cost	(13)	-
Accumulated depreciation	13	-
Transfers	5	-
Cost	5	-
Accumulated depreciation	-	-
Carrying amount at the end of the year	105	135
Cost	146	154
Accumulated depreciation	(41)	(20)
7.1.9 Security Equipment and Systems		
Carrying amount at the beginning of the year	550	-
Cost	569	-
Accumulated depreciation	(19)	-
Additions at cost	423	569
Depreciation	(248)	(19)
Carrying amount at the end of the year	725	550
Cost	992	569
Accumulated depreciation	(267)	(19)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	2018/19 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.10 Kitchen Appliances		
Carrying amount at the beginning of the year	36	13
Cost	75	45
Accumulated depreciation	(39)	(32)
Additions at cost	-	30
Depreciation	(9)	(7)
Carrying value of disposals:	-	-
Cost	(3)	-
Accumulated depreciation	3	-
Transfers	8	-
Cost	8	-
Accumulated depreciation	-	-
Carrying amount at the end of the year	35	36
Cost	80	75
Accumulated depreciation	(45)	(39)
7.1.11 Photographic Equipment		
Carrying amount at the beginning of the year	7	11
Cost	41	41
Accumulated depreciation	(33)	(29)
Accumulated impairment losses	(1)	(1)
Additions at cost	33	-
Depreciation	(5)	(4)
Carrying value of disposals:	-	-
Cost	(5)	-
Accumulated depreciation	5	-
Carrying amount at the end of the year	35	7
Cost	69	41
Accumulated depreciation	(33)	(33)
Accumulated impairment losses	(1)	(1)
7.1.12 Crockery		
Carrying amount at the beginning of the year	23	1
Cost	29	4
Accumulated depreciation	(6)	(3)
Additions at cost	2	25
Depreciation	(8)	(3)
Carrying amount at the end of the year	17	23
Cost	31	29
Accumulated depreciation	(14)	(6)
7.1.13 Garden Equipment		
Carrying amount at the beginning of the year	1	1
Cost	1	1
Carrying amount at the end of the year	1	1
Cost	1	1

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	2018/19 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.14 Lease Tracking Units		
Carrying amount at the beginning of the year	-	-
Cost	-	9,083
Accumulated depreciation	-	(9,083)
Carrying value of disposals:	-	-
Cost	-	(9,083)
Accumulated depreciation	-	9,083
Carrying amount at the end of the year	-	-
Cost	-	-
Accumulated depreciation	-	-
7.2 Impairment of Property, Plant and Equipment		
<p>Impairment losses on Property, Plant and Equipment to the amount of R1,771 million (31 March 2019: R2,335 million) was recognised in operating surplus and are included in Impairment losses in the Statement of Financial Performance as indicated in note 26.</p> <p>There were no reversals of impairment losses during the period under review.</p> <p>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.</p> <p>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.</p>		
7.3.1 Analysis of additions at cost	2019/20 R'000	2018/19 R'000
Vehicles purchased during the year	75,205	129,277
Extras purchased during the year	6,361	24,374
Vehicles delivered at year-end and paid after year-end	-	453
	81,565	154,104
Less vehicles alienated to client institutions	(10,040)	(36,612)
Total vehicle additions at cost	71,526	117,492
<u>Vehicles alienated:</u>		
<p>Government Motor Transport alienated 9 Volkswagen Crafter busses and 6 Volkswagen Amarok vehicles during the year under review (31 March 2019: thirty three busses to the Department of Education and in-vehicle technology capital items to the Department of Transport and Public Works).</p>		
7.3.2 Disposals at cost		
Vehicles	86,728	20,010
Extras fitted to vehicles	8,598	675
Total cost	95,326	20,685
7.3.3 Movements from client institutions to GMT at cost		
Vehicles	63,554	90,395
Extras fitted to vehicles	5,689	7,423
Total cost	69,243	97,818
7.3.4 Movements from GMT to client institutions at cost		
Vehicles	76,650	38,982
Extras fitted to vehicles	8,544	16,013
Total cost	85,194	54,995

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	Restated 2018/19 R'000
8 INTANGIBLE ASSETS		
Net Carrying value at beginning of the year	92,454	94,672
Cost	172,233	161,244
Cost - Software Applications	28,118	28,118
Cost - Internal Development	144,115	133,126
Accumulated Amortisation	(79,778)	(66,572)
Accumulated Amortisation - Software Applications	(12,045)	(9,712)
Accumulated Amortisation - Internal Development	(67,733)	(56,860)
Internal Development - Cost capitalised	2,507	10,989
Amortisation during the year	(9,045)	(13,207)
Software Applications	(1,259)	(2,333)
Internal Development	(7,786)	(10,874)
Impairment losses	(24)	-
Net Carrying value at end of the year	85,894	92,455
Cost	174,740	172,233
Cost - Software Applications	28,118	28,118
Cost - Internal Development	146,622	144,115
Accumulated Impairment losses	(24)	-
Accumulated Amortisation	(88,822)	(79,778)
Accumulated Amortisation - Software Applications	(13,304)	(12,045)
Accumulated Amortisation - Internal Development	(75,519)	(67,733)
<u>Breakdown between systems:</u>		
8.1 <u>FleetMan System:</u>		
Net Carrying amount at beginning of the year	8,702	11,560
Cost	47,728	47,417
Cost - Internal Development	47,728	47,417
Accumulated Amortisation	(39,027)	(35,857)
Accumulated Amortisation - Internal Development	(39,027)	(35,857)
Internal Development - Cost capitalised	1,055	311
Amortisation during the year	(2,446)	(3,170)
Internal Development	(2,446)	(3,170)
Impairment losses	(24)	-
Net Carrying amount at end of the year	7,287	8,701
Cost	48,783	47,728
Cost - Internal Development	48,783	47,728
Accumulated Impairment losses	(24)	-
Accumulated Amortisation	(41,473)	(39,027)
Accumulated Amortisation - Internal Development	(41,473)	(39,027)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	Restated 2018/19 R'000
8 INTANGIBLE ASSETS (continued)		
8.2 <u>Oracle Financial System:</u>		
Net Carrying amount at beginning of the year	83,753	83,112
Cost	124,505	113,826
Cost - Software Applications	28,118	28,118
Cost - Internal Development	96,387	85,708
Accumulated Amortisation	(40,752)	(30,715)
Accumulated Amortisation - Software Applications	(12,045)	(9,712)
Accumulated Amortisation - Internal Development	(28,707)	(21,003)
Internal Development - Cost capitalised	1,452	10,678
Amortisation during the year	(6,599)	(10,037)
Software Applications	(1,259)	(2,333)
Internal Development	(5,340)	(7,704)
Net Carrying amount at end of the year	78,607	83,753
Cost	125,957	124,505
Cost - Software Applications	28,118	28,118
Cost - Internal Development	97,839	96,387
Accumulated Amortisation	(47,350)	(40,752)
Accumulated Amortisation - Software Applications	(13,304)	(12,045)
Accumulated Amortisation - Internal Development	(34,046)	(28,707)

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  
Impairment is disclosed under note 26.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

9 HERITAGE ASSETS	2019/20 R'000	2018/19 R'000
Gross carrying amount	140	140
The movement in Heritage Assets is reconciled as follows:		
Gross carrying amount at the beginning of the year	140	140
Cost	146	146
Accumulated Impairment losses	(6)	(6)
Gross carrying amount at the end of the year	140	140
Cost	146	146
Accumulated Impairment losses	(6)	(6)

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

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

The fair value of the heritage asset is R195,000 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.

The following sources of information were considered to determine whether impairment losses must be recognised on the heritage asset:

External:

Decline in the market value of the asset.

Internal:

Evidence of physical damage or deterioration.

The market value of the asset increased to R195,000 on 31 March 2020 (31 March 2019: R182,000). No physical damage or deterioration is visible on the asset. No impairment losses are thus considered necessary to be recognised on the asset.

10 FINANCE LEASE RECEIVABLES		
Finance Lease Receivables	853,895	841,005
Sub-total	853,895	841,005
Less: Current Portion transferred to Current Assets	131,785	250,948
Finance Lease Receivables	131,785	250,948
Total Long-term portion of Finance Lease Receivables	722,110	590,057

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

10.1 Amounts receivable under Finance Leases

GMT as Lessor:

Finance Leases relate to vehicles that are permanently allocated to certain user departments with remaining lease terms of between 0.5 and 10 years as at 31 March 2020 (31 March 2019: 1 and 11 years). (GDC 634G, GCY826G and GCC394G, all Toyota Hino trucks, have remaining lease terms of 6.5 to 10 years and GFC823G, an off road trailer, has a remaining lease term of 9 years as at 31 March 2020. If these vehicles are excluded, the remaining lease terms are between 1 and 6 years. The effective annual interest rate on new vehicles purchased and permanently allocated to departments during the period under review is between 17.29% and 41.61% (31 March 2019: 22.76% and 40.68%).

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 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

10 FINANCE LEASE RECEIVABLES (continued)

The amounts receivable under Finance Leases are as follows:

	Minimum Lease Receivables		Present Value of Minimum Lease Receivables	
	2019/20 R'000	2018/19 R'000	2019/20 R'000	2018/19 R'000
Amounts receivable under finance leases:				
Within one year	410,850	483,134	131,785	250,948
In the second to fifth years, inclusive	989,530	880,607	714,983	578,459
Over five years	7,935	14,056	7,126	11,598
	<u>1,408,315</u>	<u>1,377,797</u>	<u>853,895</u>	<u>841,005</u>
Less: Unearned Future Finance Income	554,420	536,791	-	-
Present Value of Minimum Lease Receivables	<u>853,895</u>	<u>841,005</u>	<u>853,895</u>	<u>841,005</u>
Less: Amounts due for settlement within 12 months (Current portion)			131,785	250,948
Finance lease receivables due for settlement after 12 months (Non-current portion)			<u>722,110</u>	<u>590,057</u>
GMT has finance lease agreements for the following significant classes of assets:				
- Vehicles				
Unguaranteed residual values (R'000)			539,115	521,148
Included in these classes are the following significant leases:				
i) GCG574G				
- Instalments are payable monthly in arrears				
- Average effective interest rate			37.61%	32.17%
- Average monthly instalment (Rands only)			R 9,561	R 9,772
- Annual escalation			3.27%	5.10%
ii) GCD412G				
- Instalments are payable monthly in arrears				
- Average effective interest rate			34.39%	32.87%
- Average monthly instalment (Rands only)			R 6,658	R 5,909
- Annual escalation			3.27%	5.10%

11 INVENTORY

Consumables store	180	198
Total Inventory	<u>180</u>	<u>198</u>

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write-down of inventory was recognised as expenditure during 2019/20. No reversal of write-down expenditure incurred.

The cost of inventories recognised as an expense for the year amounted to R257,355 (2018/19: R224,811).

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

12 RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2019/20 R'000	Restated 2018/19 R'000
Accounts receivable	31,228	27,845
Less: Provision for impairment	-	-
Total receivables from Exchange Transactions	<u>31,228</u>	<u>27,845</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	Restated 2018/19 R'000
12 RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
12.1 Ageing of Receivables from Exchange Transactions		
Current: 0 - 30 days	40,440	29,236
Gross Balances	40,440	29,236
Less: Provision for Impairment	-	-
More than 30 days and not more than 60 days	551	1,133
Gross Balances	551	1,133
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	1,842	915
Gross Balances	1,842	915
Less: Provision for Impairment	-	-
More than 90 days	2,773	3,893
Gross Balances	2,773	3,893
Less: Provision for Impairment	-	-
Adjustment for daily tariffs included in the finance lease receivables	(14,378)	(7,332)
Net Balances	<u>31,228</u>	<u>27,845</u>

As at 31 March 2020 receivables of R5,166 million (31 March 2019: R5,94 million) were past due date but not impaired. The age analysis of these receivables are as follows:

More than 30 days and not more than 60 days	551	1,133
Gross Balances	551	1,133
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	1,842	915
Gross Balances	1,842	915
Less: Provision for Impairment	-	-
More than 90 days	2,773	3,893
Gross Balances	2,773	3,893
Less: Provision for Impairment	-	-
Net Balances	<u>5,166</u>	<u>5,940</u>

12.2 Summary of Receivables from Exchange Transactions by Customer Classification

	2019/20 R'000	Restated 2018/19 R'000
National and Provincial client institutions:		
<u>Current:</u>		
0 - 30 days	26,062	21,904
<u>Past Due:</u>		
More than 30 days and not more than 60 days	551	1,133
More than 60 days and not more than 90 days	1,842	915
More than 90 days	2,773	3,893
Sub-total	<u>31,228</u>	<u>27,845</u>
Less: Provision for Impairment	-	-
Total Trade Receivables by Customer Classification	<u>31,228</u>	<u>27,845</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	Restated 2018/19 R'000
13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Software license fees	4,442	4,283
Sundry debtors	12,844	27,183
Employees with leave debits	87	88
Fleet Risk Debtors	580	705
Warranties	7	11
Total Receivables from Non-exchange Transactions	17,961	32,270

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 consist of business transactions entered into by GMT on behalf of the Department of Transport and Public Works for which the amounts are recoverable from the Department.

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

13.1 Fleet Risk Debtors

Receivable balances	638	706
Less: Provision for impairment	(58)	(2)
Balance of receivables from Fleet Risk Debtors	580	705

13.2 Ageing of Fleet Risk Debtors

Current: 0 - 30 days	(108)	139
Gross Balances	(90)	139
Less: Provision for Impairment	(19)	-
More than 30 days and not more than 60 days	14	1
Gross Balances	14	1
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	76	-
Gross Balances	76	-
Less: Provision for Impairment	-	-
More than 90 days	598	564
Gross Balances	637	566
Less: Provision for Impairment	(39)	(2)
Net Balances	580	705

As at 31 March 2020 receivables of R688,000 (31 March 2019: R566,000) were past due date but not impaired. The age analysis of these receivables are as follows:

More than 30 days and not more than 60 days	14	1
Gross Balances	14	1
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	76	-
Gross Balances	76	-
Less: Provision for Impairment	-	-
More than 90 days	598	564
Gross Balances	637	566
Less: Provision for Impairment	(39)	(2)
Net Balances	688	566

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	Restated 2018/19 R'000
13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)		
13.3 Reconciliation of the Provision for Impairment		
Balance at beginning of the year	(2)	(104)
Provision impairment losses recognised	(58)	(2)
Amounts written off as uncollectable	2	104
Balance at end of the year	(58)	(2)
<p>Provision for impairment of Receivables has been made for all consumer balances outstanding based on the collectability of the amounts outstanding. No further credit provision is required in excess of the Provision for Impairment.</p>		
13.4 Ageing of Impaired Receivables from Exchange Transactions		
<u>Current:</u>		
0 - 30 days	19	-
<u>Past Due:</u>		
More than 30 days and not more than 60 days	-	-
More than 60 days and not more than 90 days	-	-
More than 90 days	39	2
Sub-total	-	-
Less: Provision for Impairment	(58)	(2)
Total	-	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	2018/19 R'000
14 CASH AND CASH EQUIVALENTS		
Bank accounts	694,644	786,125
Cash-on-hand	2	2
Current investment deposits	934,040	608,118
	1,628,686	1,394,244
<p>Cash and cash equivalents comprise of cash and short-term, highly liquid investments that are held with a registered banking institution which is 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	5,126	3,422
Cash book balance at the end of the year	20,585	5,126
<i>Nedbank Account Number: 1452 049 831</i>		
Bank statement balance at the beginning of the year	5,126	3,422
Bank statement balance at the end of the year	20,585	5,126
Primary bank account		
<i>Nedbank Account</i>		
Cash book balance at the beginning of the year	780,999	637,723
Cash book balance at the end of the year	674,060	780,999
<i>Nedbank Account Number: 1452 056 226</i>		
Bank statement balance at the beginning of the year	780,655	637,818
Bank statement balance at the end of the year	674,311	780,655
14.2 Cash-on-hand		
Cash float	2	2
14.3 Current investment deposits		
<i>Investments through Provincial Treasury:</i>		
Corporation of Public Deposits	934,040	608,118
	934,040	608,118
Total Cash and Cash Equivalents	1,628,686	1,394,244
14.4 Cash and Cash equivalents held under restrictions		
Funds held in the primary bank account	19,693	22,631

The use of these funds are restricted and must be used to fulfill conditions associated with liabilities recognised as unspent conditional grants and receipts. Note 5 contains details on the movement in the balance.

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.

Nedbank has credit ratings 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 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

		2019/20 R'000	2018/19 R'000
15	REVENUE		
	An analysis of the entity's revenue is as follows:		
	Rendering of services:		
	National Departments	44,215	44,775
	Provincial Departments	338,586	315,777
	Local authorities	1,109	1,371
	Interest earned:		
	Finance lease receivables	308,813	269,063
		692,722	630,986
	An analysis of the entity's revenue as per:		
	Kilometer tariffs	336,366	323,411
	Daily tariffs	47,543	38,512
	Interest earned	308,813	269,063
		692,722	630,986
	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 stolen vehicles recovered	9,620	3,460
	Parking income	14	27
	Donations received	97	-
	Total Other Income	9,731	3,487
16.1	Breakdown of profit on sale of vehicles and stolen vehicles recovered		
	Profit on vehicle sales	9,204	3,460
	Stolen vehicle recovered	415	-
		9,620	3,460
	During the current year, one vehicle that was stolen in the prior financial year, was recovered.		
17	INTEREST EARNED		
	Bank account	Note 17.1	37,252
	Investments	Note 17.2	75,922
	Accounts receivable	Note 17.3	212
	Total Interest Earned		113,387
17.1	Interest earned - Bank account		
	Interest is earned on the primary bank account held with Nedbank. Interest is earned on a credit balance held with the bank. The rate at which interest is earned varied from 4.75% to 6.25% (2018/19: 6% to 6.25%).		
	Interest earned - Nedbank primary account	37,252	39,958

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

		2019/20 R'000	2018/19 R'000
17	INTEREST EARNED (continued)		
17.2	Interest earned - Investments		
	Interest is earned on investments held with financial institutions. The investments held with financial institutions apart from those held with the Corporation of Public Deposits reach maturity by the reporting date annually. These funds are transferred to the Corporation of Public Deposits upon maturity. The interest earned and yields on investments are detailed below.		
	Interest rate:		
	Nedbank	8.87%	8.38%
	Corporation of Public Deposits	5.06% - 7.20%	7% - 7.55%
	ABSA	8.24%	-
	Interest earned:		
	Nedbank	53,921	30,983
	Corporation of Public Deposits	407	23,749
	ABSA	21,594	-
	Total interest earned - Investments	75,922	54,733
17.3	Interest earned - Accounts receivable		
	Interest is earned on accounts receivable balances in excess of 30 days. The interest rate on which the interest is earned is determined by the National Minister of Finance for interest rates to be levied on debts owing to the State in terms of s80 of the Public Finance Management Act (Act 1 of 1999). The rate at which interest is earned from 2019/20 varied from 9.75% to 10.25% (2018/19: 10% to 10.25%).		
	Interest earned - Accounts receivable	212	205
	Total Interest Earned	113,387	94,896
18	GOVERNMENT GRANTS AND SUBSIDIES RECEIVED		
	Conditional Grants		
	Grants from Provincial Departments		
	Department of Cultural Affairs and Sport	-	420
	Department of Economic Development and Tourism	984	-
	Department of Health	7,792	12,297
	Department of Transport and Public Works	203	-
		8,978	12,717
	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 for client institutions.		
19	SERVICES IN-KIND		
	Services in-kind benefit revenue	8,267	6,853

GMT occupies buildings and sites owned and leased by the Western Cape Department of Transport and Public Works at no cost. These buildings and sites are located at:

34 Roeland Street, Cape Town  
49 Hope Street, Cape Town  
19 Hermes Street, Paarden Eiland, Cape Town  
3 Rusper Street, Maitland, Cape Town  
Erf 3472, George

These buildings and sites are considered significant as per GRAP 23 for the operations of GMT on 31 March 2020. The increase in the revenue is due to the occupation by GMT of the leased site adjacent to the 3 Rusper Street, Maitland, Cape Town site and Erf 3472, George during the 2019/20 financial year. The occupation dates of these sites were:

Leased site adjacent to the 3 Rusper Street, Maitland, Cape Town - 1 December 2019  
Erf 3472, George - 8 November 2019

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

		2019/20 R'000	Restated 2018/19 R'000
20	ADMINISTRATIVE EXPENSES		
	Bank charges	6,010	6,090
	Fees for services		
	- Housing and hosting	5,648	5,635
	Legal fees	42	45
	License and software support fees	11,727	11,474
	Other administrative expenses	125	125
	Stationery and printing	532	477
	Training facility rental	68	-
	Training and staff development	58	241
	Travel and subsistence	417	166
	Total Administrative expenses	24,627	24,252

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	30,277	27,374
	Performance awards	220	273
	Periodic payments	2,408	2,155
	Other non-pensionable allowances	3,758	2,835
	Overtime and long service awards	80	336
	Social contributions		
	Medical	2,741	2,545
	Official unions and associations	12	10
	Pension	4,163	3,493
	Defined Benefit Plan expense (see note 1):		
	Current service cost	38	41
	Interest cost	60	77
	Net actuarial losses/(gains) recognised	3	(125)
	Total Employee costs	43,760	39,013

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 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

21 EMPLOYEE COSTS (continued)

21.1 The following is the disclosure of key management remuneration:

	Salary	Medical Aid Contribution	Pension Contribution	Total	
	R'000	R'000	R'000	R'000	
Year ended 31 March 2020					
Chief Director: Government Motor Transport	1,032	16	88	1,135	Note 35.1.2.5
Director: Fleet Finance	976	-	96	1,072	
Acting Director: Fleet Services	1,005	6	89	1,100	
Deputy Director: Financial Accounting	786	6	85	878	
Deputy Director: Management Support Services	287	9	28	324	Note 21.1.1
Acting Deputy Director: Management Support Services	239	25	23	288	Note 21.1.2
Acting Deputy Director: Management Support Services	66	7	8	81	Note 21.1.3
Deputy Director: Fleet Risk Management	775	-	83	858	
Deputy Director: Internal Control	647	20	67	734	
Deputy Director: Management Accounting	667	-	67	733	
Acting Deputy Director: Fleet Operations	441	12	50	503	Note 33.1.8
Acting Deputy Director: Fleet Repairs and Maintenance	520	-	50	570	
TOTAL	7,441	101	733	8,275	

	Salary	Medical Aid Contribution	Pension Contribution	Total
	R'000	R'000	R'000	R'000
Year ended 31 March 2019				
Director: Fleet Finance	914	-	91	1,005
Acting Director: Fleet Services	941	6	80	1,027
Deputy Director: Financial Accounting	741	-	80	821
Deputy Director: Management Support Services	738	24	80	841
Deputy Director: Fleet Risk Management	772	-	77	849
Deputy Director: Internal Control	95	5	11	111
Deputy Director: Management Accounting	49	-	5	55
Acting Deputy Director: Fleet Repairs and Maintenance	418	-	46	465
TOTAL	4,669	35	471	5,174

Note 21.1.1 Deputy Director: Management Support Services (Retired) (1 April 2019 to 31 July 2019) as detailed in note 35.2.2.

Note 21.1.2 Acting Deputy Director: Management Support Services (1 August 2019 to 31 January 2020) as detailed in note 35.2.2.

Note 21.1.3 Acting Deputy Director: Management Support Services (1 February 2020 to 31 March 2020) as detailed in note 35.2.2.

Refer to notes 33.1.8 and 35.1.2.5 for the non-disclosure of the officials' remuneration in the comparatives.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	Restated 2018/19 R'000
22 OPERATING EXPENDITURE		
Consultant, contractors and special services	36,059	25,981
- Audit fees - Regulatory and ICT audits	2,934	3,143
- Computers and systems service providers:		
Support staff: scan centre	4,390	4,015
System maintenance: MyContent	1,318	271
Systems Architecture and Integration	2,631	117
Support services: Operations	3,070	2,669
Business Analyst(s)	3,031	2,082
Fleet Finance: system maintenance and support	7,271	3,994
FleetBase: system maintenance and support	6,364	4,922
FleetCare: system maintenance and support	185	129
Fleet Management information: system maintenance and support	537	206
Fleet Client: system maintenance and support	431	290
Data Base Administrator: system maintenance and support	1,200	1,042
- Consultant fees - contracted accountants	1,509	1,341
- Consultant fees - project management	900	1,593
- Contractors' services - wash bay and removal services	288	167
Maintenance, repairs and running costs	240,070	232,681
- Machinery, equipment and vehicles: repairs and maintenance	73,647	67,958
- Machinery, equipment and vehicles: fuel and oil	166,423	164,722
Loss on sale of property, plant and equipment; and stolen vehicles	1,741	454
Loss on finance lease receivables	13,142	17,550
Non-rental costs of leases	25,969	25,033
Services in-kind	8,267	6,853
Third party claims	1,146	1,639
Stores and consumables	198	202
Communication costs	304	558
Data costs	1	-
Courier and delivery charges	25	6
Municipal services	13	55
	<u>326,936</u>	<u>311,012</u>
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	73,634	67,840
- General maintenance and services	61,463	55,609
- Tyres and tubes	2,137	2,234
- Glass repairs	1,173	1,158
- Accident repairs	7,279	7,275
- Exhaust repairs	30	45
- Shocks	164	123
- Batteries	1,389	1,398
Plant and Equipment	13	118
- Computer equipment	-	117
- Domestic furniture and fittings	5	-
- Kitchen	1	-
- Linen and Soft Furnishings	7	-
- Office and domestic equipment	-	2
	<u>73,647</u>	<u>67,959</u>
22.2 Analysis of loss on sale of vehicles/stolen vehicles		
Loss on vehicle sales	1,550	51
Stolen vehicles	191	403
	<u>1,741</u>	<u>454</u>

During the current year, one vehicle was stolen (2018/19: 1 vehicle). Refer to note 7 for detail of the cost price and accumulated depreciation.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

		2019/20 R'000	Restated 2018/19 R'000
23	DEPRECIATION		
	Plant and equipment	1,000	484
	Vehicles	11,328	13,253
		12,328	13,737
24	AMORTISATION		
	Intangible asset - FleetMan	2,446	3,170
	Intangible asset - Oracle financial system	6,599	10,037
		9,045	13,207
25	FINANCE COSTS		
	Interest charged on Payables from Exchange Transactions	5	-
		5	-

Interest charges were incurred and settled by GMT on telecommunication services. GMT submitted cancellation requests for outdoor extensions linked to the switchboard. These requests were not processed by the service provider and subsequently interest was charged as these accounts became overdue. GMT settled the interest and requested that the interest charges be reversed by the service provider. The service provider confirmed on 28 April 2020 that the interest charges totalling R5,144 will be credited against future accounts. This event is disclosed as a non-adjusting event under note 33 - events after the reporting date.

26	ACCIDENTS AND IMPAIRMENT LOSSES		
26.1	Impairment losses on fixed assets		
	<i>Impairment losses recognised:</i>		
	Property, plant and equipment	Note 26.4.1 1,771	2,335
	- Vehicles	1,771	2,335
	Impairment losses on intangible assets		
26.2	<i>Impairment losses recognised:</i>		
	Intangible assets	Note 26.4.2 24	-
	- Website	24	-
26.3	Impairment losses and uncollectability of financial instruments		
	<i>Impairment losses recognised:</i>		
	Receivables from Non-exchange transactions	Note 26.4.3 118	105
	- Bad debt written off	60	104
	- Provision for bad debt	58	2
		1,913	2,440
26.4	The following events and circumstances resulted in the recognition of impairment losses:		
26.4.1	<i>Property, plant and equipment</i>		
	- Vehicles	1,771	2,335

*External sources:*  
Condition assessments performed.  
Actual selling prices received for vehicles auctioned after year-end.

*Internal sources:*  
GMT's internal reporting on accidents vehicles.  
GMT's internal reporting indicating the economic performances of vehicles.  
Reserve prices determined by GMT's fleet operations section for vehicles that will be auctioned after year-end.

The impairment loss identified was the result of asset valuations performed at the financial year-end. The recoverable amount was based on the assets' fair value less cost to sell as accident vehicles and vehicles in a very poor or bad condition are normally withdrawn from service and sold on the following auction. The fair value was determined after taking into account current market values and market conditions.

Reserve prices determined by GMT's fleet operations section for auction purposes are based on Mead and McGrouther values which provides a guide for retail prices for used vehicles and used extensively by the used car industry and dealers.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	Restated 2018/19 R'000
26.4.2 <i>Intangible assets</i> - Website	24	-
26.4.3 <i>Receivables from Non-exchange transactions</i> - Fleet Risk Debtors	118	105

*Internal sources:*

Evidence available of obsolescence.

The impairment loss was identified for the GMT Website. The carrying value of the Website was deemed to be less than the value in use. This is due to the Website not being in use anymore. The carrying value of the Website was impaired to R nil.

GRAP 104 requires that entities shall disclose by class of financial instrument the maximum credit risk exposure. For a financial assets, this is typically the gross carrying amount, net of impairment losses.

The process for estimating impairment considers all credit exposures of financial instruments, not only those of low credit quality. GMT evaluates the following groupings of financial assets as these are deemed to have similar characteristics:

- Receivables from Exchange Transactions:

Receivables from Non-exchange Transactions

- Fleet Risk Debtors;
- Employees with leave debits; and
- Sundry debtors.

*Identification for impairment losses and uncollectibility of financial instruments*

*Receivables from Exchange Transactions:*

GMT charges tariffs for the rendering of goods and services for mobility solutions to other organs of State. The approval of the tariffs is detailed under note 33.1.4. Corresponding debts are raised against the accounts of client institutions. The debt levels for the 2019/20 year correspond to the 2018/19 levels. Internal control procedures pertaining to debt management includes monthly reconciliations of working capital accounts, debt recovery processes and reporting in terms of s40 of the PFMA. The collection of debts subsequent to 31 March 2020 have been within the expectation levels of management. In addition, interest is charged on overdue accounts at the effective interest rate as determined by the National Minister of Finance.

*Receivables from Non-exchange Transactions:*

Fleet Risk Debtors were evaluated against the payments received prior to the reporting date and the subsequent period. Adequate provision for doubtful debts were made.

Employees with leave debits and Sundry debtors are considered to be fairly stated as the leave debits may be recovered through the lapsing of service periods of the officials and the Sundry Debtors are recovered from amounts receivable from a related party - the Department of Transport and Public Works.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

		2019/20 R'000	Restated 2018/19 R'000
27	GRANTS AND SUBSIDIES PAID		
	Funds transferred to the Asset Finance Reserve	150,000	150,000
		<u>150,000</u>	<u>150,000</u>
	<u>Funds transferred to the Asset Finance Reserve</u>		
	Government Motor Transport transferred funds from its investment held through the Provincial Treasury to the Asset Finance Reserve during March 2020.		
28	CALCULATION OF CASH FLOW		
28.1	<i>Charges for services provided</i>	Note	
	Revenue	15	692,722
	(Increase)/decrease in trade receivables from exchange transactions	12	630,986
	Opening balance of trade receivables from exchange transactions		27,845
	Closing balance of trade receivables from exchange transactions		(31,228)
			<u>689,339</u>
28.2	<i>Other receipts</i>		
	Other income	16	9,731
	(Increase)/decrease in trade receivables from non-exchange transactions	13	3,487
	Opening balance of trade receivables from non-exchange transactions		32,270
	Closing balance of trade receivables from non-exchange transactions		(17,961)
	Adjustment for:		
	Profit on disposal of property, plant and equipment	16	(9,620)
	Transactions entered into by GMT on behalf of client institutions	13	(14,339)
	Opening balance of sundry debtors		(27,183)
	Closing balance of sundry debtors		12,844
			<u>81</u>
28.3	<i>Interest earned</i>		
	Interest earned	17	113,387
28.4	<i>Government grants and subsidies received</i>		
	Government grants and subsidies received	18	8,978
	Decrease in unspent conditional grants and receipts		
	Opening balance of unspent conditional grants and receipts	5	(22,631)
	Closing balance of unspent conditional grants and receipts	5	19,693
	Adjustment for:		
	Vehicles and equipment procured as procuring agent		9,305
	- Department of Transport and Public Works	5.1.6	3,340
	- Department of Education	5.1.7	5,965
			<u>15,344</u>
28.5	<i>Transactions entered into by GMT on behalf of client institutions</i>		
	(Increase)/decrease in trade receivables from non-exchange transactions		
	Opening balance of sundry debtors	13	27,183
	Closing balance of sundry debtors	13	(12,844)
			<u>14,339</u>
			<u>(22,587)</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

		2019/20 R'000	Restated 2018/19 R'000
28.6	<i>Employee costs</i>		
	Employee costs	(43,760)	(39,013)
	Increase/(decrease) in provisions - Contributions to provisions	(24)	635
	Employee benefit liabilities	62	(29)
	Capped leave	57	19
	Current provisions	(143)	645
	Cash payments made against provisions - Expenditure incurred		
	Current provisions	(777)	(477)
	Increase/(Decrease) in Payables from Non-exchange transactions - Employee	399	238
	Opening balance of staff leave accrued	(1,346)	(1,201)
	Opening balance of staff bonuses	(1,048)	(955)
	Closing balance of staff leave accrued	1,662	1,346
	Closing balance of staff bonuses	1,131	1,048
		<u>(44,162)</u>	<u>(38,617)</u>
28.7	<i>Suppliers paid</i>		
	Operating expenditure	(326,936)	(311,012)
	(Increase)/decrease in inventories	18	(8)
	Opening balance of inventory	198	190
	Closing balance of inventory	(180)	(198)
	Increase/(decrease) in payables from exchange transactions	(21,262)	37,928
	Opening balance of payables from exchange transactions	(58,512)	(20,583)
	Closing balance of payables from exchange transactions	37,250	58,512
	Adjustment for:		
	Vehicles moved from GMT to client institutions	82,488	52,449
	Vehicles moved from client institutions to GMT	(34,992)	(42,313)
	Operating expenditure - services in-kind	8,267	6,853
	Loss on disposal of property, plant and equipment	1,741	454
		<u>(290,675)</u>	<u>(255,649)</u>
28.8	<i>Other payments</i>		
	Administrative expenses	(24,627)	(24,249)
	Depreciation	(12,328)	(13,737)
	Amortisation	(9,045)	(13,207)
	Accidents and Impairment losses	(1,913)	(2,440)
	Grants and subsidies paid	(150,000)	(150,000)
	Operating leases	(32,744)	(33,092)
		(230,657)	(236,726)
	Adjustment for:	23,168	29,279
	Depreciation - property, plant and equipment	12,328	13,737
	Amortisation - intangible assets	9,045	13,207
	Impairment losses on property, plant and equipment	1,771	2,335
	Impairment losses intangible assets	24	-
	Increase/(decrease) in payables from Non-exchange transactions	(509)	(4,397)
	Opening balance of payables - other creditors	(515)	(4,912)
	Closing balance of payables - other creditors	6	515
		<u>(207,998)</u>	<u>(211,844)</u>
28.9	<i>Vehicles and equipment procured as procuring agent</i>		
	- Department of Transport and Public Works	(3,340)	(6,899)
	- Department of Education	(5,965)	(29,714)
		<u>(9,305)</u>	<u>(36,613)</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

		2019/20 R'000	Restated 2018/19 R'000
28.10	RECONCILIATION OF CASH GENERATED FROM OPERATIONS		
	Profit for the year	231,727	162,186
	Adjustment for:		
	Revenue - services in-kind	(8,267)	(6,853)
	Operating expenditure - services in-kind	8,267	6,853
	Depreciation - property, plant and equipment	12,328	13,737
	Amortisation - intangible assets	9,045	13,207
	Vehicles moved from GMT to client institutions	82,488	52,449
	Vehicles moved from client institutions to GMT	(34,992)	(42,313)
	Impairment losses - vehicles	1,771	2,335
	Impairment losses - intangible assets	24	-
	Increase in provision for doubtful debts	58	2
	Loss on disposal of property, plant and equipment	1,741	454
	Profit on disposal of property, plant and equipment	(9,620)	(3,460)
	Increase in provisions	(24)	634
	Operating cash flows before working capital changes	294,546	199,230
	Working capital changes	(14,201)	(10,270)
	(Increase)/decrease in inventories	18	(8)
	(Increase)/decrease in trade receivables from exchange transactions	(3,383)	25,475
	(Increase)/decrease in trade receivables from non-exchange transactions	14,251	(23,176)
	Increase/(decrease) in payables from non-exchange transactions	(110)	(4,159)
	Increase/(decrease) in payables from exchange transactions	(21,262)	37,931
	Decrease in unspent conditional grants and receipts	(2,939)	(45,855)
	Cash payments made against provisions	(777)	(477)
	Cash generated from operations	280,345	188,960
	Note		
28.11	<i>Proceeds on disposal of property, plant and equipment</i>		
	Carrying value of PPE disposals	7 35,062	9,867
	Carrying value of stolen vehicles	7 191	403
	Carrying value of stolen recovered	7 (415)	-
	Adjustment for:		
	Profit on disposal of property, plant and equipment	16 9,620	3,460
	Loss on disposal of property, plant and equipment	22 (1,741)	(454)
		42,716	13,276
28.12	<i>Acquisition of property, plant and equipment</i>		
	PPE additions at cost	7 (73,220)	(118,916)
28.13	<i>Intangible Assets - development cost capitalised</i>		
	Internal Development - Cost capitalised	8 (2,507)	(10,989)
28.14	<i>Increase in finance lease receivables</i>		
	Increase/(decrease) in Finance Lease Receivables Current and Non-current	10	
	Opening balance of Finance Lease Receivables Non-Current	(590,057)	(646,662)
	Opening balance of Finance Lease Receivables Current	(250,948)	(171,726)
	Closing balance of Finance Lease Receivables Non-Current	722,110	590,057
	Closing balance of Finance Lease Receivables Current	131,785	250,948
		12,890	22,618
29	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	1,628,686	1,394,244
		1,628,686	1,394,244

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

		2019/20 R'000	Restated 2018/19 R'000
30	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).		
31	CONTINGENT LIABILITIES		
31.1	<i>Claims are instituted against GMT:</i>		
	Claims are instituted against GMT by third parties who are party to a motor vehicle accident involving a government vehicle. An amount of R19,420 for the year (2018/19: R111,589) in respect of claims made against GMT as at 31 March 2020 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 2020 amounts to R4,244,157. A contingent liability of R4,224,737 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.		
31.2	<i>Early retirement applications:</i>		
	Three early retirement applications were received by GMT during the 2019/20 financial year. The outcome of these applications are still pending at the reporting date. These applications are classified as contingent liabilities as the decision on whether the applications are approved will only be confirmed upon evaluation by the relevant authority. The timing and amount of any possible financial outflow is uncertain as the evaluation of these applications are done outside the control of GMT.		
32	COMMITMENTS FOR EXPENDITURE		
32.1	Capital commitments		
	Commitments for the acquisition of capital expenditure:		
	Approved and contracted for:	125,391	53,141
	Property, plant and equipment	125,254	53,141
	Intangible assets	136	-
	Total capital commitments	<u>125,391</u>	<u>53,141</u>
	This expenditure will be financed from:		
	Own resources	<u>125,391</u>	<u>53,141</u>
32.2	Analysis of capital commitments		
	The amount of contractual commitments for the acquisition of property, plant and equipment is detailed below:		
	Vehicles:	123,374	51,724
	New vehicle purchases	118,604	46,885
	Conversion of vehicles	3,023	4,287
	Extras fitted to vehicles	1,748	553
	Plant and Equipment:	1,880	1,417
	Computer equipment	1,880	973
	Audio and Visual equipment	-	21
	Security Equipment and Systems	-	423
	Total for property, plant and equipment	<u>125,254</u>	<u>53,141</u>
32.3	Other commitments		
	Non-cancellable operating lease commitments are disclosed in note 34.		

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

33 EVENTS AFTER THE REPORTING DATE

33.1 Non-adjusting events

33.1.1 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:

33.1.2 Third Party claims

Five claims with a total estimated value of R68,500 was issued to GMT after 31 March 2020.

33.1.3 Reversal of interest charges

A service provider rendering telecommunication services confirmed on 28 April 2020 that interest charges totalling R5 144 will be credited against future accounts. The interest charges were incurred as result of cancellation requests for outdoor extensions linked to the switchboard were not processed by the service provider. Subsequently interest was charged as these accounts became overdue. The interest is disclosed as finance costs under note 25.

33.1.4 Approval of tariff charges

The adjustment of the daily and kilometer tariffs for the 2020/21 financial year was approved by the Provincial Treasury on 2 April 2020. The approval was issued in terms of National Treasury Regulation (March 2005) s.19.5.3. The adjustment of the aforementioned tariffs were are follows:

- i. The daily tariffs remain unchanged from the 2019/20 pricing levels;
- ii. The fuel component included in the kilometer tariffs adjusted monthly in line with the fluctuations in the fuel price as announced by the Department of Energy; and
- iii. The repairs and maintenance component included in the kilometer tariffs to remain unchanged from the 2019/20 pricing levels

33.1.5 Investment of funds

The Provincial Treasury invested R934 039 730 with Nedbank on 1 April 2020 on behalf of GMT. These funds were held in the Corporation of Public Deposits on 31 March 2020 as disclosed in note 14.3. The investment was done to attract a higher interest yield than that available on the primary bank account. The funds were invested at a interest rate of 6.93% with a maturity date of 29 March 2021.

33.1.6 Damages/Losses - government vehicles

234 cases were registered after 31 March 2020 with a probable loss amount of R1,979,086 (337 cases were registered after 31 March 2019 for the comparative period with a probable loss amount of R1,523,442).

33.1.7 Extension of contract - tracking and related services

The tracking and related services contract are for service requirements of Department of Transport and Public Works ('DTPW')(including its trading entity - GMT) and those services rendered by DTPW for Integrated Transport Solutions and Golden Arrow Bus Services. The total estimated annualised costs (incl. VAT) for 2020/21 are:

- GMTR43 103 445
- Integrated Transport Solutions R18 779 427
- Golden Arrow Bus Services R 8 772 843

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

33 EVENTS AFTER THE REPORTING DATE (continued)

33.1.8 Appointment of key management personnel

Key management personnel are considered to be all persons within DTPW structures who are responsible for planning, directing and controlling activities of GMT. All officials appointed in an acting and permanent capacity on salary level 11 and above are considered to meet this criteria. In addition, persons within DTPW who are responsible for these activities are also considered to be key management personnel. The financial implication for the appointment of officials in higher posts cannot be quantified at this stage as the cost-of-living adjustment from 1 April 2020 is not yet determined.

The appointment details of key management personnel which occurred after the reporting date are:

<i>Key management members and position of appointment</i>	<i>Period of appointment</i>	<i>Planning, directing and controlling activities</i>
Mr. A Janse van Rensburg - Acting Director: Fleet Services	2 April 2020 to 30 September 2020	Manage transport operations, Ensure an effective and efficient fleet repair and maintenance service, Manage fleet risk
Mr. JC Fourie - Acting Deputy Director: Fleet Operations	1 April 2020 to 30 September 2020	Plan, acquire, convert, fit and prepare the fleet, Render an effective general vehicle rental service, Provide fleet administration services

33.1.9 National State of Disaster issued for the COVID-19 pandemic

The national state of disaster declared on 15 March 2020 under the Disaster Management Act (Act no 57 of 2002) as result of the COVID-19 pandemic. This had a significant impact on various operational-, staff- and reporting structures within the GMT environment. Various areas within the financial reporting framework of 2019/20 exist, which management considers relevant to evaluate and appropriately disclose the impact of the COVID-19 pandemic on its financial reporting. These include:

33.1.9.1 Submission of financial statements

s40(1)(c) of the Public Finance Management Act (Act 1 of 1999) (PFMA) states that the Accounting Officers for a trading entity must submit financial statements within two months after the end of the financial year to the Auditor-General for auditing and the relevant treasury to enable the relevant treasury to prepare consolidated financial statements.

An exemption from sections included the PFMA was issued in Government Gazette number 43188. This stated that the institution must comply with two months after the deadline in the applicable section.

This resulted in the date of submission of the financial statements being moved to 31 July 2020 (the previous statutory submission date being 31 May 2020). GRAP 14 on Events after the reporting date are all events, both favourable and unfavourable, that occur between the reporting date (31 March 2020) and the date when the financial statements are authorised for issue (two months after the financial statements were issued to the auditors). The period between the reporting date and the date on which the financial statements are authorised for issue, is thus extended due to the exemption provided above.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

33 EVENTS AFTER THE REPORTING DATE (continued)

33.1.9.2 Impact on the Going Concern assessment

GMT is a trading entity under the administration of the Department of Transport and Public Works. National Treasury Regulation (March 2005) states that full costs of providing the goods and services must be recovered through tariffs, unless the relevant treasury approves lower charges. In addition, GRAP 14 on Events after the Reporting Date states that the going concern assumption must be considered by each entity, rather than that of the government as a whole.

The COVID-19 pandemic continues to have a devastating impact on the macro economy and a significant component of the institutions which operate therein. GMT has not been immune to the impact of the pandemic. The entity renders goods and services for mobility solutions to clients institutions in the National, Provincial and Local government sphere. Factors within the economy in conjunction with financial and fiscal realignment at client institution level, necessitated management to include these as part of the assessment to determine whether the going concern assumption remains relevant. Some of these factors existed on the reporting date while others are indicative of expected financial performance and standing. A narrative of these factors are included under note 38 on going concern.

33.1.9.3 Review of accounting policies

During the preparation of the 2019/20 financial statements, the entity reviewed its accounting policies to determine whether it is still appropriate. Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

The accounting policies contained in this financial statements are considered to be meet the requirements of GRAP and provide reliable, relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.

33.1.9.4 Impact on the amount of revenue recognised

The revenue recognised by GMT are disclosed under the following line items on the Statements of Financial Performance:

- Revenue;
- Interest earned;
- Government Grants and Receipts received; and
- Other income; and
- Services in-kind.

GMT applies the revenue recognition criteria as contained in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue for Non-exchange Transactions). This is read in context of IGRAP 1 (Applying the probability test on the initial recognition of revenue), GMT recognises the full amount of revenue upon initial recognition which meets the recognition criteria. Subsequent evaluation is done to determine whether there are any indicators of impairment, to adjust the value to that which is expected to be recovered. A summary of the revenue recognition is detailed below in the context of the COVID-19 pandemic read with the accounting policies pertaining to each line item:

Revenue (note 15)

Consists of kilometer- and daily tariffs, and the interest earned of finance lease receivables. The tariff charges are approved by the Provincial Treasury. The GMT systems are configured to charge the approved tariffs per activity. The interest earned on finance lease receivables is calculated by amortisation tables and reallocated from the daily tariffs earned. No adjustments to these pre-determined tariff structures exist and in consistently applied leading up to the reporting date and during subsequent periods.

Interest earned (note 17)

Interest earned is earned on the main bank account, investments through the Provincial Treasury and accounts receivable. The effective interest rates are determined at Governance bodies and recognised on the financial system of GMT once this meets the recognition criteria.

Government Grants and Receipts received (note 18)

GMT recognises revenue once the criteria, conditions or obligations embodied in the agreement are fulfilled. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Other income (note 16)

The profit on sale of vehicles and PPE, parking income and donations are recognised at the calculated rate of which the net assets of GMT will increase.

Services in-kind (note 19)

GMT recognises services in-kind revenue for the use of free accommodation in the operational sites which are deemed to be significant to the entity's operations and /or service delivery objectives. The revenue is recognised at the fair value of the service.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

33 EVENTS AFTER THE REPORTING DATE (continued)

33.1.9.5 Valuation of assets

The primary value chain processes within GMT are focused on the management of goods and services associated with assets. The accounting policies contained in these financial statements are considered to meet the requirements of GRAP and provide reliable, relevant information about the valuation of assets.

33.1.9.6 Collectability of client institutions' debt

GMT charges tariffs for the rendering of goods and services for mobility solutions to other organs of State. The approval of the tariffs is detailed under note 33.1.4. Corresponding debts are raised against the accounts of client institutions. The debt levels for the 2019/20 year correspond to the 2018/19 levels. Internal control procedures pertaining to debt management includes monthly reconciliations of working capital accounts, debt recovery processes and reporting in terms of s40 of the PFMA. The collection of debts subsequent to 31 March 2020 have been within the expectation levels of management.

In addition, adequate provision has been made for the provision of doubtful debts of recoverable amounts for Fleet Risk Debtors included within the Receivables from Non-Exchange Transactions.

The carrying value of receivables as disclosed on 31 March 2020 are considered recoverable and to management's best knowledge does not require further impairment.

33.1.9.7 Impairment of assets

GMT considers the external and internal sources of information as contained in GRAP 21 on Impairment of Non-cash generating assets and GRAP 26 on Impairment of Cash generating assets. The impairment losses recognised are disclosed on the Statement of Financial Performance, and related note.

33.1.9.8 Completeness and valuation of liabilities

GMT recognises provisions, Payables from Exchange Transactions, Payables from non-exchange Transactions, Unspent Conditional Grants and Receipts and liabilities associated with long service awards on the Statement of Financial Position. The COVID-19 pandemic did not result in any additional matters arising which may indicate that the liabilities already disclosed on the Statement of Financial Position is incomplete and/or the valuation being lower than actual events may be reflecting.

In addition to the above, GMT performs a test of completeness to ensure that all liabilities are disclosed at the reporting date.

33.1.10 Administrative Adjudication of Road Traffic Offences ('AARTO') Act

The AARTO bill was signed into law by the President of South Africa on 13 August 2019. The effective date of this Act was initially expected to be during the middle stages of 2020. The Road Traffic Infringement Agency ('RTIA') is responsible for the roll out of AARTO and is severely compromised due to a loss of income from the COVID-19 outbreak.

For this reason, the RTIA is in no position at this stage, to fully conduct the national rollout of AARTO. The situation will be reviewed in due course for further determination as to when the rollout date to be promulgated.

33.1.11 Red Dot service

During May 2020, DTPW in partnership with the Department of Health implemented a transportation service (the Red Dot Service) to respond to the COVID-19 pandemic in the Province. The purpose of the Red Dot Service is to provide a specialised transport service for individuals who may be presenting symptoms and for health care workers.

The Red Dot service makes use of a dedicated fleet of vehicles in the province which are being specifically contracted for this purpose.

GMT's involvement in the Red Dot project is to facilitate the following processes:

- i. Tracking and related services;
- ii. Vehicle sanitisation;
- iii. Banking and transactional fees for services; and
- iv. Other systems and associated processes pertaining to this project.

The impact, extent and duration which of the COVID-19 pandemic in the Province is uncertain at the date of this submission. Thus the timeframe and extent during which this expenditure will be incurred is dependent on the trajectory of COVID-19 spread. The financial effect cannot be determined at this stage.

33.1.12 Compliance to governance prescripts for procurement done through transversal contracts

The Department of Transport and Public Works (including GMT) in addition to processes followed by National Treasury, performs due diligence processes through checks of its databasis and Western Cape Supplier Evidence Bank to ensure compliance during procurement through participation of transversal contracts before any orders are placed.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

33 EVENTS AFTER THE REPORTING DATE (continued)

33.2 Adjusting events

33.2.1 Amounts receivable under Finance Leases:

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.

Future Lease instalment and tariff increases:

Increases in future lease instalments agree with approved future tariff increases as recorded in the Medium Term Expenditure Framework (MTEF guidelines). A decision was taken by management not to increase the 2021 daily tariffs due to inter alia the COVID-19 pandemic. Future lease instalments have therefore been increased as follows:

2020/21: 0% (Unchanged from the 2019/20 pricing levels)

2021/22: 5.0%

2022/23: 4.8%

Annual increase beyond the 2024 financial year: 3.2667% (average of the previous 3 financial years).

If tariffs were increased in line with MTEF guidelines and prior tariff adjustments by GMT (which was 1% point lower than MTEF guideline in the past two financial years), future lease instalments would have been increased as follows:

2020/21: 5.1% less 1% = 4.1%

2021/22: 5.0%

2022/23: 4.8%

Annual increase beyond the 2024 financial year: 4.63% (average of the previous 3 financial years).

The effect on amounts receivable under finance leases receivables is as follows:

	Minimum Lease Receivables	
	2019/20 R'000	2019/20 R'000
	MTEF - 1% tariff increase in 2021	0% tariff increase in 2021
Amounts receivable under finance leases:		
Within one year	426,824	410,850
In the second to fifth years, inclusive	1,010,077	989,530
Over five years	8,162	7,935
	1,445,064	1,408,315
Less: Unearned Future Finance Income	580,553	554,420
Present Value of Minimum Lease Receivables	864,511	853,895
	Present Value of Minimum Lease Receivables	
	2019/20 R'000	2019/20 R'000
	MTEF - 1% tariff increase in 2021	0% tariff increase in 2021
Amounts receivable under finance leases:		
Within one year	135,815	131,785
In the second to fifth years, inclusive	721,425	714,983
Over five years	7,270	7,126
Present Value of Minimum Lease Receivables	864,511	853,895
	Present Value of Minimum Lease Receivables	
	2019/20 R'000	2019/20 R'000
	MTEF - 1% tariff increase in 2021	0% tariff increase in 2021
The effect on Interest earned on finance lease receivables in 2019/20		
Interest earned:		
Finance Lease Receivables	319,482	308,813

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

33 EVENTS AFTER THE REPORTING DATE (continued)

33.2.2 Settlement of cases

One claim was settled in terms of an agreed payment after the reporting date but before the financial statements were issued and amounts to R19,420 (31 March 2019: Five claims with a total amount of R111,589).

34 OPERATING LEASE ARRANGEMENTS

GMT as Lessor:

Leasing arrangements:

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

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

GMT as Lessee:

Leasing arrangements:

GMT uses vehicle identification unit devices fitted to vehicles in its fleet for fuelling and associated services. The ownership of the device remains with the lessor at the end of the lease, GMT does not have the option to purchase the devices, the lease term is not considered to be the major part of the economic life of the devices and the devices can easily be transferred without major modifications.

These rentals are classified as contingent rentals due to uncertain 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 paid 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.

Other operating leases relate to office equipment, vehicle tracking units and containers with lease terms up to 3 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 of future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019/20 R'000	2018/19 R'000
Up to 1 year	1,971	2,108
2 to 5 years	55	-
More than 5 years	-	-
Total future minimum lease payments	2,026	2,108
34.1 Commitments under non-cancellable operating leases for future minimum lease payments		
34.1.1 Vehicle tracking units		
Up to 1 year	1,862	1,862
2 to 5 years	-	-
More than 5 years	-	-
Total future minimum lease payments	1,862	1,862

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

34 OPERATING LEASE ARRANGEMENTS (continued)

34.1.2 Office equipment

Up to 1 year	109	246
2 to 5 years	55	-
More than 5 years	-	-
Total future minimum lease payments	<u>164</u>	<u>246</u>

An analysis of the operating expenses recorded is detailed below:

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

Minimum lease payments	32,744	33,092
Contingent rentals	-	-
Total Operating Lease Expenses - as Lessee	<u>32,744</u>	<u>33,092</u>

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	Note 34.2 32,744	33,092
Operating lease payments effected	(32,744)	(33,092)
Total Operating Lease Liabilities	<u>-</u>	<u>-</u>

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

- Vehicle tracking units
- Variable injection timing units
- Office equipment
- Container rental

GMT is restricted to the hiring of office equipment and labour saving devices by National Tender RT3-2018.

34.2 Operating expenses recorded

An analysis of the operating expenses recorded is detailed below:

Vehicle tracking units	22,344	22,344
Variable injection timing units	10,012	10,147
Office equipment	323	534
Container rental	64	67
Total operating expenses recorded	<u>32,744</u>	<u>33,092</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

35 RELATED PARTY DISCLOSURES

35.1 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 ('the Department'). The Department is considered to be the governing body for the purposes of the reporting requirements of IPSAS 20.

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

GMT occupies five buildings that are owned by 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 Eiland, Cape Town
- 34 Roeland Street, Cape Town
- 49 Hope Street, Cape Town
- 3 Rusper Street, Maitland, Cape Town
- Erf 3472, York Road, George

The Western Cape Department of Transport and Public Works incurred costs at the stipulated sites during the period under review for use by Government Motor Transport:

- 3 Rusper Street, Maitland, Cape Town R13,582,420 (incl. VAT) (2018/19: R10,031,985 incl. VAT)
- Erf 3472, York Road, George R8,002,701 (2018/19: R1,570,412 incl. VAT).

The construction at the York Road site in George commenced during the 2018/19 financial year and completed during 2019/20. The occupation certificate of this premises was issued by the George Municipality on 8 November 2019.

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.

35.1.2 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:

	2019/20 R'000	Restated 2018/19 R'000
35.1.2.1 Revenue		
Transport claims	72,101	59,849
Reimbursive income	45,292	43,038
Interest earned on finance lease receivables	27,059	22,506
Services in-kind	8,267	6,853
Interest earned on accounts receivable	-	2
	152,720	132,248
35.1.2.2 Expenditure		
License fees	4,393	4,521
Services in-kind	8,267	6,853
	12,660	11,375

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000	Restated 2018/19 R'000
35 RELATED PARTY DISCLOSURES (continued)		
35.1.2.3 Balances included under assets as at the reporting date		
Finance lease receivables	78,584	80,054
Trade receivables from exchange transactions	6,123	5,518
Receivables from non-exchange transactions	12,844	27,183
	97,552	112,755
35.1.2.4 Balances included under liabilities as at the reporting date		
Unspent conditional grants and receipts	1,273	595
The balances disclosed in note 35.1.2.4 are the balances at the reporting dates. Refer to note 5.1.6 for an analysis of the movements during the financial years.		
35.1.2.5 Remuneration of key management personnel within Government Motor Transport		
Mr. Yasir Ahmed - Chief Director: GMT. The remuneration reflected below was allocated to the branch Transport Management, with an effective date of the pay point to GMT from 1 July 2019. The remuneration from this date for the rest of the 2019/20 financial year is disclosed in note 21.1.		
Salary	318	1,344
Medical aid contributions	5	21
Pension contributions	27	109
	351	1,474
35.1.2.6 Equipment procured as procuring agent	3,340	6,899
35.1.2.7 Employee costs of Government Motor Transport		
Employee costs of Government Motor Transport as per note 21 are paid by the Department of Transport and Public Works (Western Cape) and refunded by		
35.1.2.8 Switchboard costs for the site office in George		
The switchboard costs range from R301.62 to R1 838.34 per month and are paid by the Department of Transport and Public Works (Western Cape) and refunded		
35.2 Related party relationships		
The persons listed in notes 35.2.1 and 35.2.2 are considered key management personnel of GMT and members of the governing body of the entity as stipulated in IPSAS 20. These persons have the authority and responsibility for the planning, directing and controlling of financial and operating activities of GMT.		
35.2.1 Members of the governing body (Department of Transport and Public Works (Western Cape))		
Mr. Bonginkosi Success Madikizela - Provincial Minister of Transport and Public Works (Western Cape) (Current)		
Mr. Donald Grant - Provincial Minister of Transport and Public Works (Western Cape) (Former)		
Ms. Jacqueline Gooch - Head of Department		
Adv. Chantal Smith - Deputy Director General: Finance		
Adv. Kyle Reinecke - Deputy Director General: Transport Management		
35.2.2 Members of the key management personnel within Government Motor Transport		
Mr. Yasir Ahmed - Chief Director: Government Motor Transport		
Mr. Riaan Wiggill - Director: Fleet Finance		
Mr. Anthonie Janse van Rensburg - Acting Director: Fleet Services		
Mrs. Kathy Proctor Fourie - Deputy Director: Financial Accounting		
Mr. Leslie Sampson - Deputy Director: Management Support Services (Retired) (1 April 2019 to 31 July 2019)		
Ms. Tania Tennant - Acting Deputy Director: Management Support Services (1 August 2019 to 31 January 2020)		
Mr. Christiaan Kriegler - Acting Deputy Director: Management Support Services (1 February 2020 to 31 March 2020)		
Mrs. Gadija Hartley - Deputy Director: Internal Control		
Mrs. Bianca Hendricks - Deputy Director: Management Accounting		
Mr. Clarence Hansby - Deputy Director: Fleet Risk Management		
Mr. JC Fourie - Acting Deputy Director: Fleet Operations		
Mr. Shawn Tyman - Acting Deputy Director: Fleet Repairs and Maintenance		

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

35 RELATED PARTY DISCLOSURES (continued)

35.2.3 Remuneration of the key management personnel

Compensation of the key management personnel remuneration for the officials listed in note 35.2.2 is disclosed in note 21 of the Annual Financial Statements. The remuneration of the Provincial Minister, Head of Department, Deputy Director General: Finance and Deputy Director General: Transport Management are not remunerated by Government Motor Transport.

35.2.4 Remuneration of close members of family of key management personnel employed at GMT for the year 1 April 2019 to 31 March 2020:

<i>Key management members</i>	<i>Family Member</i>	<i>Relationship</i>	<i>Remuneration</i> R
Mr. A Janse van Rensburg - Acting Director: Fleet Services	Mr. H. Janse van Rensburg (Administration Clerk: ICT Management Services)	Brother	298,665
Mrs. K Proctor Fourie - Deputy Director: Financial Accounting	Mr. JC Fourie (Assistant Director: Fleet planning and Acquisition)	Spouse	502,919
Mr. JC Fourie - Acting Deputy Director: Fleet Operations	Mrs. K Proctor Fourie - Deputy Director: Financial Accounting	Spouse	877,615

35.2.5 Remuneration of close members of family of key management personnel employed at GMT for the period 1 August 2019 to 31 January 2020:

<i>Key management member</i>	<i>Family Member</i>	<i>Relationship</i>	<i>Remuneration</i> R
Mrs. T Tennant - Acting Deputy Director: Management Support Services	Mr. S Peters (Client Liaison Officer: Division Statutory Reporting and Stakeholder Relations)	Brother	197,389
Mrs. T Tennant - Acting Deputy Director: Management Support Services	Mr. C Peters (Chief Clerk: Fleet Administration)	Brother	221,658

The compensation of Mr. S Peters and Mr. C Peters is disclosed for the period 1 August 2019 to 31 January 2020 as Mrs. T Tennant was appointed as Acting Deputy Director: Management Support Services during this period.

35.3 OTHER INTER-GOVERNMENTAL TRANSACTIONS NOT DEFINED AS RELATED PARTIES

35.3.1 Department of the Premier in the Western Cape

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

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

35.3.2 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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

36 FINANCIAL INSTRUMENTS

36.1 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>	2019/20 R'000	Restated 2018/19 R'000
Finance lease receivables (non-current portion)	Financial assets at amortised cost	722,110	590,057
Receivables from exchange transactions	Financial assets at amortised cost	31,228	27,845
Receivables from non-exchange transactions	Financial assets at amortised cost	13,512	27,976
Cash and cash equivalents	Financial assets at amortised cost	1,628,686	1,394,244
Finance lease receivables (current portion)	Financial assets at amortised cost	131,785	250,948
Total financial assets		2,527,320	2,291,070

Summary of financial assets:

*Financial assets at amortised cost:*

Finance lease receivables (non-current portion)	722,110	590,057
Finance lease receivables (current portion)	131,785	250,948
Receivables from exchange transactions	31,228	27,845
Receivables from non-exchange transactions	13,512	27,976
Cash and cash equivalents	1,628,686	1,394,244
Total Financial Assets	2,527,320	2,291,070

Financial Liabilities:

In accordance with GRAP 104 the financial liabilities of the entity are classified as follows (FLAC = financial liabilities at amortised cost):

<u>Financial Liabilities</u>	<u>Classification</u>	2019/20 R'000	Restated 2018/19 R'000
Payables from exchange transactions			
Trade creditors	FLAC	4,800	14,920
Accrued expenditure	FLAC	26,625	43,480
Sundry creditors	FLAC	19	112
Payables from non-exchange transactions			
Staff bonuses	FLAC	1,131	1,048
Other creditors	FLAC	6	515
Total financial liabilities		32,583	60,074

Summary of financial liabilities:

*Financial liabilities at amortised cost (FLAC):*

Trade creditors	4,800	14,920
Accrued expenditure	26,625	43,480
Sundry creditors	19	112
Staff bonuses	1,131	1,048
Other creditors	6	515
Total Financial Liabilities	32,583	60,074

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

36 FINANCIAL INSTRUMENTS (continued)

36.2 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.

	2019/20 R'000	Restated 2018/19 R'000
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Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

Debt	62,346	87,459
Equity	2,797,755	2,566,028
Debt to equity ratio	2%	3%

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.

36.3 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.

36.4 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.

36.5 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.

36.6 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.

	2019/20 R'000	Restated 2018/19 R'000
Maximum credit risk exposure		
Finance lease receivables (non-current portion)	722,110	590,057
Cash and cash equivalents	1,628,686	1,394,244
Receivables from exchange transactions	31,228	27,845
Receivables from non-exchange transactions	13,512	27,976
Finance lease receivables (current portion)	131,785	250,948
	2,527,320	2,291,070

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

36 FINANCIAL INSTRUMENTS (continued)

	2019/20 R'000	Restated 2018/19 R'000
The following is an analysis of the age of accounts receivable that are past due as at the reporting date but not impaired.		
Financial assets past due		
<i>Receivables from Exchange Transactions:</i>		
More than 30 days and not more than 60 days	551	1,133
More than 60 days and not more than 90 days	1,842	915
More than 90 days and not more than 120 days	2,773	3,893
Total	<u>5,166</u>	<u>5,940</u>
Financial assets past due		
<i>Receivables from Non-exchange Transactions:</i>		
More than 30 days and not more than 60 days	14	1
More than 60 days and not more than 90 days	76	-
More than 90 days and not more than 120 days	598	564
Total	<u>688</u>	<u>566</u>

36.7 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
2019/20			
<i>Non-interest bearing:</i>			
Payables from non-exchange transactions	2,799	-	-
<i>Variable interest rate instruments:</i>			
Payables from exchange transactions	37,250	-	-
	<u>40,048</u>	<u>-</u>	<u>-</u>
Restated 2018/19			
<i>Non-interest bearing:</i>			
Payables from non-exchange transactions	2,909	-	-
<i>Variable interest rate instruments:</i>			
Payables from exchange transactions	58,512	-	-
	<u>61,420</u>	<u>-</u>	<u>-</u>

36.8 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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

37 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

37.1 Unauthorised expenditure

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

37.2 Fruitless and Wasteful expenditure

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

37.3 Irregular expenditure

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

38 GOING CONCERN

A going concern is the assumption that GMT will continue to operate for the foreseeable future, which is usually regarded as at least the next 12 months from the reporting date, however not limited to this timeframe. This assumption implies that the GMT will meet its financial obligations and that there are no material uncertainties related to events or conditions that may cast significant doubt upon GMT's ability to continue as a going concern.

38.1.1 GOING CONCERN ASSESSMENT IN THE CONTEXT OF THE COVID-19 PANDEMIC

At the 31 March 2020 reporting date, the going concern assessment of GMT must be evaluated in the context of the prevailing COVID-19 pandemic. The impact, extent and duration of the COVID-19 pandemic is uncertain and dependent on the COVID-19 spread and the impact thereof on GMT. The going concern evaluation is done for a period of 18 months from the reporting date (i.e. up to 30 September 2021) considering all available information based on management's judgement.

GMT as a trading entity is self funded, thus does not receive any funding allocations.

The following factors are considered by management in the context of the pandemic as described in note 33.1.9.2 to determine the relevance of the going concern assumptions for which the financial statements were prepared on the 31 March 2020 reporting date:

38.1.2 *Stable and expanding client base*

GMT has a well established client base with a footprint in the National, Provincial and Local government sphere. The demand for the service offering of GMT remained stable from 31 March 2020 to subsequent periods up to the submission date of the financial statements as detailed in note 33.1.9.1. GMT is experiencing an increase in the number of vehicles allocated to a National client institution, which has become the second biggest client institution in terms of revenue generated.

All active client institutions as at 31 March 2020, remained in the service offering of GMT for the subsequent period. This situation is expected to remain unchanged in the foreseeable future to management's best knowledge.

38.1.3 *Sound financial standing*

GMT is a trading entity under the administration of the Department of Transport and Public Works. The entity must recover the costs associated to offering mobility solutions in the forms of services and goods through tariff charges. It is imperative that the entity maintains a position of sound financial standing to ensure that it is able to meet its operational and capital obligations during the foreseeable future.

GMT is an asset orientated organisation, with its primary value chain activities focused on the provision of mobility solutions in vehicle fleet management. Management determined that liquidity, solvency and ratios indicative of its working capital management are pivotal in the assessment of the entity continuing as a going concern. On 31 March 2020, the liquidity (cash to total liabilities) and solvency (total assets to total liabilities) ratios are multiples of that of industry standards. The entity has sufficient funding to settle its liabilities and commitments.

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 completed in terms of s40 of the PFMA, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

38.1.4 *Budget*

On 5 March 2019 the budget was tabled and accepted. This three-year Medium Term Revenue and Expenditure Framework is to support the on-going delivery of services to clients. The entity's budget is subjected to an assessment process. The budget is cash backed.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

38 GOING CONCERN (continued)

38.1.5 Revenue, cost base, and working capital management

The increase in revenue achieved by GMT was in excess of the increase in its operating expenditure for the 2019/20 financial year. GMT was able to exceed the revenue earned to those estimated levels as contained in its budget. The annual tariff adjustment for the 2020/21 financial year was approved on 2 April 2020 by the Provincial Treasury. The details of the 2020/21 tariff adjustment is disclosed under note 33.1.4. The kilometer tariffs are adjusted on a monthly basis with the fluctuations in the fuel price. This allows GMT to align the funding requirements for operating expenditure to its revenue earnings. The settlement of the tariffs are contained in the Services Levels Agreements which GMT entered with its various client institutions.

Further, GMT manages its working capital management to ensure that cash funds not immediately required are invested at higher interest yields than that offered on its main bank account. The details of this investment is disclosed in note 33.1.5. It is imperative for GMT to ensure that the revenue earned is converted to cash funds with the shortest possible timeframes. Internal control procedures exist and will continue to be applied to ensure that client debts are collected in the shortest possible timeframe. In addition, that liabilities are settled within the agreed timeframes. Further, GMT's exposure to liabilities are limited to amounts payable arising from the acquisition of goods and services.

38.1.6 Alignment to the GMT Strategic Plan 2020/21 to 2024/25

The GMT Strategic Plan for the period 1 April 2020 to 31 March 2025 was signed of by the Executive Authority during March 2020. The Strategy contains various themes across focus areas to support the entity's core mandate to deliver effective fleet management services to its client institutions.

Various initiatives are planned for the Strategic Plan period which includes the development of technology, development of regional hubs, reviewing financial and governance frameworks and other aspects for the development of mobility solutions. Management's intent with these initiatives remained unchanged since the reporting date, reflecting that the entity intends to continue its operating activities. These activities are further detailed in the entity's Annual Performance Plan for 2020/21 and resource allocation to achieve these initiatives.

38.1.7 Tariff structures

GMT has the power to charge daily and kilometers tariffs for goods and services rendered. These tariffs are known and accepted. The approval of the tariff adjustment for the 2020/21 financial year is disclosed in note 33.1.4.

38.1.8 Alternative revenue sources

GMT has various revenue streams consisting from Revenue, Profit on the sale of vehicles and PPE, Interest earned and Grants and Subsidies Received. These are disclosed on the Statement of Financial Performance and the disclosure notes. The entity does not have an over dependency on the maximising a specific (or combination) of revenue streams. In the context of the above, GMT has an extensive client base which has been trading with the entity for an extensive period of time. GMT generated daily and kilometer tariffs from these client institutions, reflected in the Revenue earned on the Statement of Financial Performance.

Summary:

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the going concern basis. The entity has the intention, positioning and financial standing to continue its operations in providing goods and services to National, Provincial and Local government clients institutions to meet their mobility requirements.

Restated  
2018/19  
R'000

39 CORRECTION OF ERROR

39.1 STATEMENT OF FINANCIAL PERFORMANCE

39.1.1 OTHER INCOME (note 16)

Offsetting of reimbursement of expenditure incurred during the 2019/20 financial year.

Total previously reported as at 31 March 2019: 11,089

Remove:

Component	Detail
Reimbursive income	Reimbursive income does not meet the recognition criteria of revenue. GRAP 1 states that following as the definition of revenue: Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

(7,602)

Restated total as at 31 March 2019

3,487

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

39	CORRECTION OF ERROR (continued)	Restated 2018/19 R'000																		
39.1.2	ADMINISTRATIVE EXPENDITURE (note 20)																			
39.1.2.1	Reversal of a creditor raised for license fees for Oracle financial which was accrued for in the 2019/20 financial year.																			
39.1.2.2	Offsetting of reimbursement of expenditure incurred during the 2019/20 financial year.																			
39.1.2.3	Reallocate expenditure from consultant fees to training expenditure.																			
39.1.2.4	Reallocate license and support fees capitalised to administrative expenditure.																			
	Total previously reported as at 31 March 2019:	23,949																		
	Add/(remove):																			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">Component</th> <th style="width: 55%;">Detail</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td>License and software support fees</td> <td>Reversal of a creditor raised for license fees for Oracle financial which was accrued for in the 2019/20 financial year.</td> <td style="text-align: right;">(297)</td> </tr> <tr> <td>Bank charges</td> <td>Expenditure which is reimbursed does not meet the recognition criteria of expenditure. GRAP 1 states that following as the definition of expenditure: 'Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.' Bank charges for the indicated total were reimbursed.</td> <td style="text-align: right;">(42)</td> </tr> <tr> <td>License and software support fees</td> <td>Reallocate license and support fees capitalised to administrative expenditure as the expenditure does not meet the recognition criteria of Intangibles assets as per GRAP 31.</td> <td style="text-align: right;">1,855</td> </tr> <tr> <td>Other administrative expenses</td> <td>Expenditure which is reimbursed does not meet the recognition criteria of expenditure. GRAP 1 states that following as the definition of expenditure: 'Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.' Toll fees for the indicated total were reimbursed.</td> <td style="text-align: right;">(1,337)</td> </tr> <tr> <td>Training and staff development</td> <td>Training provided by a consultant was previously included as consultant fees under operating expenditure. The nature of the expenditure is for costs incurred for systems training.</td> <td style="text-align: right;">124</td> </tr> </tbody> </table>	Component	Detail		License and software support fees	Reversal of a creditor raised for license fees for Oracle financial which was accrued for in the 2019/20 financial year.	(297)	Bank charges	Expenditure which is reimbursed does not meet the recognition criteria of expenditure. GRAP 1 states that following as the definition of expenditure: 'Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.' Bank charges for the indicated total were reimbursed.	(42)	License and software support fees	Reallocate license and support fees capitalised to administrative expenditure as the expenditure does not meet the recognition criteria of Intangibles assets as per GRAP 31.	1,855	Other administrative expenses	Expenditure which is reimbursed does not meet the recognition criteria of expenditure. GRAP 1 states that following as the definition of expenditure: 'Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.' Toll fees for the indicated total were reimbursed.	(1,337)	Training and staff development	Training provided by a consultant was previously included as consultant fees under operating expenditure. The nature of the expenditure is for costs incurred for systems training.	124	
Component	Detail																			
License and software support fees	Reversal of a creditor raised for license fees for Oracle financial which was accrued for in the 2019/20 financial year.	(297)																		
Bank charges	Expenditure which is reimbursed does not meet the recognition criteria of expenditure. GRAP 1 states that following as the definition of expenditure: 'Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.' Bank charges for the indicated total were reimbursed.	(42)																		
License and software support fees	Reallocate license and support fees capitalised to administrative expenditure as the expenditure does not meet the recognition criteria of Intangibles assets as per GRAP 31.	1,855																		
Other administrative expenses	Expenditure which is reimbursed does not meet the recognition criteria of expenditure. GRAP 1 states that following as the definition of expenditure: 'Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.' Toll fees for the indicated total were reimbursed.	(1,337)																		
Training and staff development	Training provided by a consultant was previously included as consultant fees under operating expenditure. The nature of the expenditure is for costs incurred for systems training.	124																		
	Restated total as at 31 March 2019	24,252																		

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

39 CORRECTION OF ERROR (continued)

Restated  
2018/19  
R'000

39.1.3 OPERATING EXPENDITURE (note 22)

39.1.3.1 Offsetting of reimbursement of expenditure incurred during the 2019/20 financial year.

39.1.3.2 Reallocate expenditure from consultant fees to training expenditure.

Total previously reported as at 31 March 2019:

317,359

Remove:

Component	Detail	
Communication costs	Expenditure which is reimbursed does not meet the recognition criteria of expenditure. GRAP 1 states that following as the definition of expenditure: 'Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.' Telephone costs for the indicated total were reimbursed.	(21)
Non-rental costs of leases	Expenditure which is reimbursed does not meet the recognition criteria of expenditure. GRAP 1 states that following as the definition of expenditure: 'Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.'	(22)
Maintenance, repairs and running costs: Machinery, equipment and vehicles: fuel and oil	Expenditure which is reimbursed does not meet the recognition criteria of expenditure. GRAP 1 states that following as the definition of expenditure: 'Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.' Fuel costs for the indicated total were reimbursed.	(432)
Maintenance, repairs and running costs: Machinery, equipment and vehicles: repairs and maintenance	Expenditure which is reimbursed does not meet the recognition criteria of expenditure. GRAP 1 states that following as the definition of expenditure: 'Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in decreases in net assets, other than those relating to distributions to owners.' Toll fees with the indicated total were reimbursed.	(5,748)
Consultant, contractors and special services: Computers and systems service providers	Training provided by a consultant was previously included as consultant fees under operating expenditure. The nature of the expenditure is for costs incurred for systems training.	(124)

Restated total as at 31 March 2019

311,012

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

39 CORRECTION OF ERROR (continued)

39.1.3 OPERATING EXPENDITURE (note 22)

39.1.3.3 The following specific costs included in the amount of repairs and maintenance were incurred by Government Motor Transport during the 2018/19 year and corrected based on the machinery, equipment and vehicles: repairs and maintenance correction:

	Previously stated R'000	Adjustment R'000	Restated total R'000
- General maintenance and services	58,316	(2,707)	55,609
- Tyres and tubes	2,260	(26)	2,234
- Glass repairs	1,160	(2)	1,158
- Accident repairs	10,279	(3,004)	7,275
- Batteries	1,406	(8)	1,398
	<u>73,421</u>	<u>(5,748)</u>	<u>67,673</u>

39.1.4 AMORTISATION (note 24)

Reversal of amortisation recognised on support and license fees which do not meet the recognition criteria of intangible assets as per GRAP 31.

	Restated 2018/19 R'000
Total previously reported as at 31 March 2019:	14,882

Remove:

Component	Detail	
Amortisation	Reversal of amortisation recognised on support and license fees which do not meet the recognition criteria of intangible assets as per GRAP 31.	(1,675)

Restated balance as at 31 March 2019	13,207
--------------------------------------	--------

39.2 STATEMENT OF FINANCIAL POSITION

39.2.1 PAYABLES FROM EXCHANGE TRANSACTIONS (note 3)

Reversal of a creditor raised for license fees for Oracle financial which was accrued for in the 2019/20 financial year.

Total previously reported as at 31 March 2019:	37,572
--	--------

Movements:

Component	Detail	
Trade creditors	Reversal of a creditor raised for license fees for Oracle financial which was accrued for in the 2019/20 financial year.	(297)
Trade creditors	Correction against accruals: accrue for invoices pertaining to the 2018/19 financial year and not yet processed for payment. These invoices were received after the internal control procedures were completed to account for invoices of this nature and prior to the financial statements being authorised for issue.	21,237

Restated balance as at 31 March 2019	58,512
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GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

39 CORRECTION OF ERROR (continued) Restated  
2018/19  
R'000

39.2.2 RECEIVABLES FROM EXCHANGE TRANSACTIONS (note 12)

39.2.2.1 Correction for invoices received for the 2018/19 financial year and not yet processed for payment prior to the financial statements were authorised for issue.

Balance previously reported as at 31 March 2019: 28,549

Remove:

Component	Detail	
Fleet Risk Debtors	Correction against Receivables from Non-exchange Transactions: during 2018/19 the receivable balances from Fleet Risk Management were included under Receivables from Exchange Transactions. A non exchange transaction is defined in GRAP 23 as GMT receiving value from another party without directly giving approximately equal value in exchange, or gives value to another party without directly receiving approximately equal value in exchange. The receivable balances arise from instating claims against parties for incidents to fleet assets.	(705)

Restated balance as at 31 March 2019 27,845

39.2.3 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (note 13)

Restated  
2017/18  
R'000

Balance previously reported as at 31 March 2018: 7,865

Add:

Component	Detail	
Software license fees	Correction against Intangible assets and license fee expenditure: support and license fee payments were capitalised as Intangible assets. These payments were found to be operating expenditure of nature, however the pre-paid component as at the reporting date is classified as Receivables from Non-exchange Transactions upon confirmation from the service provider and evaluation in terms of GRAP 31.	1,230

Restated balance as at 31 March 2018 9,096

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

39	CORRECTION OF ERROR (continued)	Restated 2018/19												
39.2.3	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (note 13)	R'000												
39.2.3.1	Correction for invoices received for the 2018/19 financial year and not yet processed for payment prior to the financial statements were authorised for issue.													
39.2.3.2	Reallocation of amounts receivable to from Receivables from Exchange Transactions.													
39.2.3.3	Reallocation of software support and license fees paid.													
	Balance previously reported as at 31 March 2019:	9,066												
	Add:													
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%; border: 1px solid black;">Component</th> <th style="border: 1px solid black;">Detail</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td style="border: 1px solid black; vertical-align: top;">Sundry debtors</td> <td style="border: 1px solid black;">Correction against accruals: accrue for invoices pertaining to the 2018/19 financial year and not yet processed for payment. These invoices were received after the internal control procedures were completed to account for invoices of this nature and prior to the financial statements being authorised for issue.</td> <td style="text-align: right; vertical-align: top;">21,237</td> </tr> <tr> <td style="border: 1px solid black; vertical-align: top;">Fleet Risk Debtors</td> <td style="border: 1px solid black;">Correction against Receivables from Exchange Transactions: during 2018/19 the receivable balances from Fleet Risk Management were included under Receivables from Exchange Transactions. A non exchange transaction is defined in GRAP 23 as GMT receiving value from another party without directly giving approximately equal value in exchange, or gives value to another party without directly receiving approximately equal value in exchange. The receivable balances arise from instating claims against parties for incidents to fleet assets.</td> <td style="text-align: right; vertical-align: top;">705</td> </tr> <tr> <td style="border: 1px solid black; vertical-align: top;">Software license fees</td> <td style="border: 1px solid black;">Correction against Intangible assets and license fee expenditure: support and license fee payments were capitalised as Intangible assets. These payments were found to be operating expenditure of nature, however the pre-paid component as at the reporting date is classified as Receivables from Non-exchange Transactions upon confirmation from the service provider and evaluation in terms of GRAP 31.</td> <td style="text-align: right; vertical-align: top;">1,262</td> </tr> </tbody> </table>	Component	Detail		Sundry debtors	Correction against accruals: accrue for invoices pertaining to the 2018/19 financial year and not yet processed for payment. These invoices were received after the internal control procedures were completed to account for invoices of this nature and prior to the financial statements being authorised for issue.	21,237	Fleet Risk Debtors	Correction against Receivables from Exchange Transactions: during 2018/19 the receivable balances from Fleet Risk Management were included under Receivables from Exchange Transactions. A non exchange transaction is defined in GRAP 23 as GMT receiving value from another party without directly giving approximately equal value in exchange, or gives value to another party without directly receiving approximately equal value in exchange. The receivable balances arise from instating claims against parties for incidents to fleet assets.	705	Software license fees	Correction against Intangible assets and license fee expenditure: support and license fee payments were capitalised as Intangible assets. These payments were found to be operating expenditure of nature, however the pre-paid component as at the reporting date is classified as Receivables from Non-exchange Transactions upon confirmation from the service provider and evaluation in terms of GRAP 31.	1,262	
Component	Detail													
Sundry debtors	Correction against accruals: accrue for invoices pertaining to the 2018/19 financial year and not yet processed for payment. These invoices were received after the internal control procedures were completed to account for invoices of this nature and prior to the financial statements being authorised for issue.	21,237												
Fleet Risk Debtors	Correction against Receivables from Exchange Transactions: during 2018/19 the receivable balances from Fleet Risk Management were included under Receivables from Exchange Transactions. A non exchange transaction is defined in GRAP 23 as GMT receiving value from another party without directly giving approximately equal value in exchange, or gives value to another party without directly receiving approximately equal value in exchange. The receivable balances arise from instating claims against parties for incidents to fleet assets.	705												
Software license fees	Correction against Intangible assets and license fee expenditure: support and license fee payments were capitalised as Intangible assets. These payments were found to be operating expenditure of nature, however the pre-paid component as at the reporting date is classified as Receivables from Non-exchange Transactions upon confirmation from the service provider and evaluation in terms of GRAP 31.	1,262												
	Restated balance as at 31 March 2019	32,270												

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

39 CORRECTION OF ERROR (continued)

39.2.4 INTANGIBLE ASSETS (note 8)

39.2.4.1 Correction against Intangible assets and license fee expenditure: support and license fee payments were capitalised as Intangible assets.

	Previously reported 2018/19 R'000	Restated 2018/19 R'000
Net Carrying value at beginning of the year	104,094	94,672
Cost	173,043	161,244
Cost - Software Applications	28,118	28,118
Cost - Software License Fees Capitalised	10,282	-
Cost - Internal Development	134,643	133,126
Accumulated Amortisation	(68,952)	(66,572)
Accumulated Amortisation - Software Applications	(9,712)	(9,712)
Accumulated Amortisation - Software License Fees	(2,475)	-
Accumulated Amortisation - Internal Development	(56,765)	(56,860)
Software License Fees - Capitalised during the year	1,888	-
Internal Development - Cost capitalised	10,989	10,989
Amortisation during the year	(14,882)	(13,207)
Software Applications	(2,511)	(2,333)
Software License Fees	(1,420)	-
Internal Development	(10,951)	(10,874)
Net Carrying value at end of the year	102,088	92,455
Cost	185,921	172,233
Cost - Software Applications	28,119	28,118
Cost - Software License Fees Capitalised	12,170	-
Cost - Internal Development	145,632	144,115
Accumulated Amortisation	(83,834)	(79,778)
Accumulated Amortisation - Software Applications	(12,223)	(12,045)
Accumulated Amortisation - Software License Fees	(3,895)	-
Accumulated Amortisation - Internal Development	(67,716)	(67,733)

Breakdown between systems:

FleetMan System:

Net Carrying amount at beginning of the year	11,560	11,560
Cost	47,416	47,417
Cost - Internal Development	47,416	47,417
Accumulated Amortisation	(35,857)	(35,857)
Accumulated Amortisation - Internal Development	(35,857)	(35,857)
Internal Development - Cost capitalised	311	311
Amortisation during the year	(3,170)	(3,170)
Internal Development	(3,170)	(3,170)
Net Carrying amount at end of the year	8,700	8,701
Cost	47,727	47,728
Cost - Internal Development	47,727	47,728
Accumulated Amortisation	(39,027)	(39,027)
Accumulated Amortisation - Internal Development	(39,027)	(39,027)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

39	CORRECTION OF ERROR (continued)		
39.2.4	INTANGIBLE ASSETS (continued)	Previously reported 2018/19 R'000	Restated 2018/19 R'000
	<u>Oracle Financial System:</u>		
	Net Carrying amount at beginning of the year	92,533	83,112
	Cost	125,627	113,826
	Cost - Software Applications	28,118	28,118
	Cost - Software License Fees	10,282	-
	Cost - Internal Development	87,227	85,708
	Accumulated Amortisation	(33,095)	(30,715)
	Accumulated Amortisation - Software Applications	(9,712)	(9,712)
	Accumulated Amortisation - Software License Fees	(2,475)	-
	Accumulated Amortisation - Internal Development	(20,908)	(21,003)
	Software License Fees - capitalised during the year	1,888	-
	Internal Development	10,678	10,678
	Amortisation during the year	(11,712)	(10,037)
	Software Applications	(2,511)	(2,333)
	Software License Fees	(1,420)	-
	Internal Development	(7,781)	(7,704)
	Net Carrying amount at end of the year	93,387	83,753
	Cost	138,193	124,505
	Cost - Software Applications	28,118	28,118
	Cost - Software License Fees Capitalised	12,170	-
	Cost - Internal Development	97,905	96,387
	Accumulated Amortisation	(44,807)	(40,752)
	Accumulated Amortisation - Software Applications	(12,223)	(12,045)
	Accumulated Amortisation - Software License Fees	(3,895)	-
	Accumulated Amortisation - Internal Development	(28,689)	(28,707)
39.3	STATEMENT OF CHANGES IN NET ASSETS		
39.3.1	Accumulated Surplus		
	Correction against Intangible assets and license fee expenditure: support and license fee payments were capitalised as Intangible assets.		Restated 2017/18 R'000
	Balance previously reported as at 31 March 2018:		2,412,033
	Remove:		
	Component	Detail	
	License fee expenditure previously capitalised	Correction against Intangible assets and license fee expenditure: support and license fee payments were capitalised as Intangible assets.	(8,191)
	Restated balance as at 31 March 2018		<u>2,403,842</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

39 CORRECTION OF ERROR (continued)

39.4 DISCLOSURE NOTES

39.4.1 INVENTORIES (note 11)

GMT maintains inventory for use during the rendering of services. Previously the disclosure note stated that inventories are held at the lower of cost or net realisable value. 'Net realisable value' is defined in GRAP 12 as the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale. In addition, the accounting standard states that 'Current replacement cost' is the cost the entity would incur to acquire the asset on the reporting date.

The measurement after recognition at the lower of the cost and current replacement cost would be more appropriate than the lower of the cost and the net realisable value. The disclosure related to this subsequent measurement was restated. There is however not financial impact of this restatement, as the inventories were already disclosed at the lower value of the cost.

39.4.2 RELATED PARTY TRANSACTIONS (note 35)

Correction against accruals and the Receivables from non-exchange Transactions: accrue for invoices pertaining to the 2019/20 financial year and not yet processed for payment. These invoices were received prior to the financial statements being authorised for issue.

	Total previously reported as at 31 March 2019	Adjustment	Restated balance as at 31 March 2019
Revenue:			
Reimbursive income	21,801	21,237	43,038
Balances included under asset as at the reporting date:			
Receivables from non-exchange transactions	5,946	21,237	27,183

40 CHANGE IN ESTIMATES

2019/20  
R'000

40.1 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- and future periods, on all vehicles purchased in the prior years which were available for use as at 31 March 2019 and 31 March 2020, are as follows.

*Depreciation expense*

Decrease in the depreciation expense for the year ended 31 March 2020	(217)
Increase in the depreciation expense for future periods after 31 March 2020	1,870
	1,653

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 2020, is as follows:

*Revenue*

Increase in interest earned on finance lease receivables for the year ended 31 March 2020	51,738
Increase in interest earned on finance lease receivables after 31 March 2020	107,619
	159,357

*Amounts receivable under finance leases*

Decrease in the present value of finance lease receivables for the year ended 31 March 2020	(135,008)
Increase in the present value of finance lease receivables for future periods, after 31 March 2020	135,008
	-

40.2 Reassessment of useful lives of Intangible Assets

The useful lives of Intangibles assets are annually reassessed and the impact on the amortisation expense in the current year and future periods is as follows:

*Depreciation expense:*

Decrease in the amortisation expense for the year ended 31 March 2020	(1,025)
Increase in the amortisation expense for future periods	1,025
	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

41 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

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 2018 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

The net assets available for benefits amounted to R1,800,068 million as at 31 March 2018 (31 March 2016: R1,629,923 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 2018. The actuarial results of the March 2018 valuation show that the fund is 108,3% funded, i.e. there are sufficient assets to cover the actuarial liabilities in full.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

42 STANDARDS, AMENDMENTS TO STANDARDS, GUIDELINES AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE AND ADOPTED

The following GRAP standards, interpretations and guidelines have been issued but are not yet effective for trading entities and have therefor not been early adopted by GMT:

- GRAP 20 Related party disclosures
- GRAP 32 Service concession arrangement grantor
- 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 after
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.	1 April 2021
GRAP 32 – Service Concession Arrangement Grantor	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.	1 April 2021
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.	1 April 2021
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.	1 April 2021
IGRAP 17 Service Concession Arrangements where a grantor controls significant residual interest in an asset	This Interpretation applies to arrangements that have the characteristics of service concession arrangements, i.e. an operator providing a mandated function related to a service concession asset on behalf of a grantor. 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 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

	2019/20 R'000
43 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	231,727
Over budgeted income and expenses	
Financing through own funds	150,000
<i>Over/under spending of approved budget:</i>	
<i>Revenue</i>	
Under budgeted revenue from daily tariffs for permanently allocated vehicles subject to finance leases	(76,798)
Under budgeted interest income from bank accounts and accounts receivable	(23,854)
Under budgeted on Government grants and subsidies received	(8,978)
Over budgeted Other income	15,107
Under budgeted services in-kind revenue	(2,905)
<i>Expenditure</i>	
Over budgeted Administrative expenditure	(2,180)
Over budgeted Employee costs	(11,266)
Over budgeted Operating expenditure	(32,448)
Over budgeted Depreciation	(1,091)
Over budgeted Amortization	(779)
Over budgeted Accident and impairment losses	(77)
Over budgeted Operating lease expenditure	(2,634)
<i>Surplus per approved budget</i>	233,825
Refer to the Statement of Comparison between Budget and Actual amounts for explanations of variances between budget and actual amounts.	
44 BROAD BASED BLACK ECONOMIC EMPOWERMENT PERFORMANCE	
Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.	

## Accounting Policies for the year ended 31 March 2020

### 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 2020

➤ Impairment of property, plant and equipment, intangible assets and heritage assets

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.

➤ 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 2020

➤ 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 other 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 2020

### 5.2. Revenue from exchange transactions

#### 5.3.1 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.

#### 5.3.2 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.

#### 5.3.3 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.

#### 5.3.4 Government grants and subsidies received

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.

## Accounting Policies

### for the year ended 31 March 2020

#### 5.3.1 Government grants and subsidies received

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.

#### 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

##### 6.2 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.

##### 6.3 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.

## Accounting Policies

for the year ended 31 March 2020

The entity contributes to a multi-employer pension fund on behalf of its employees. The fund has a defined benefit plan but is accounted for as a defined contribution plan due to insufficient information being available to apply the rules of the defined benefit plan. The assets generated by this plan consists of contributions made by both GMT and the employees and are generally held in a separate **administered fund, namely the Government Employees' Pension Fund. This fund is administered on behalf of GMT by pension fund administrators and is governed by the Pensions Fund Act, 1956 as amended.** The following rates of contribution are applied: employee contribution is 7.5% of pensionable salary (basic salary plus annual bonus) as well as GMT contribute 13 % on the same basis.

The contributions to the above-mentioned fund obligation for the payment of the retirement benefit are charged against revenue in the period they become payable. This defined benefit fund is actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating entities and parties.

### 6.4 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;
- Any regulation made in terms of 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 impractical to determine, in which case reasons therefore are provided in the notes. Irregular expenditure is removed from the note when it is either condoned by the relevant authority, or is written off.

## Accounting Policies

### for the year ended 31 March 2020

#### 7.3. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the period that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 8. Property, plant and equipment

Property, plant and equipment (excluding motor vehicles and finance lease assets)

##### 8.1. Initial recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used for more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at its historical cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost.

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 2020

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)

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.

## Accounting Policies for the year ended 31 March 2020

### 8.4. Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or losses arising from derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

### 8.5. Impairment

The impairment of cash generating and non-cash generating assets is dealt with in paragraphs 11.1 and 11.2.

## 9. Intangible assets

### 9.1. Initial recognition

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

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.

## Accounting Policies for the year ended 31 March 2020

### 9.2. Subsequent measurement, amortisation and impairment

Intangible assets are shown at cost less accumulated amortisation and impairment losses. Expenditure on the development of the FleetMan system and Oracle Financial system are capitalised by GMT and amortised using the straight-line basis over their useful lives. Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

#### *FleetMan system:*

Amortisation commenced from 1 April 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 14 to 17 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 (17 years)
- Oracle financial system: Straight-line (14 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.

## Accounting Policies for the year ended 31 March 2020

### 10.1. Initial recognition

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

### 10.2. Subsequent measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

### 10.3. Derecognition of heritage assets

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of heritage assets is included in the Statement of Financial Performance when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

### 11.1. Impairment of cash generating assets

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the individual asset.

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.

## Accounting Policies

### for the year ended 31 March 2020

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

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

#### 11.2. Impairment of non-cash generating assets

An impairment loss of a non-cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

When the asset is disposed of, irrespective of manner thereof, the accumulated depreciation together with the accumulated impairment losses will be deducted from the cost price of the asset to obtain the net book value of the asset which will either generate a profit or loss on the disposal of the asset against any proceeds received, or will create a greater loss if there are costs attributable to the removal of the **asset from GMT's premises.**

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

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash **generating asset is the present value of the asset's** remaining service potential.

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

## 12. Leasing

### Classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity. The classification of a lease depends on the substance of the transaction rather than the form of the contract. The following are situations where the lease would normally be classified as a finance lease:

- The lease term is for the major part of the economic life of the asset even if title is not transferred;
- At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- The leased assets are of a such a specialised nature that only the lessee can use them without major modifications;
- The leased assets cannot easily be replaced by another asset;
- If the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee; and
- Gains or losses from the fluctuation in the fair value of the residual value accrue to the lessee.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases.

### 12.1. GMT as Lessee:

#### *Operating leases*

GMT recognises operating lease rentals as an expense in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental 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 2020

### 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 of stationary and decals. These are current assets to be consumed during the rendering of vehicle fleet services. Inventories are initially recognised at cost. Cost generally refers to the purchase price and other costs incurred in bringing the inventories to their present location and condition.

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

Consumables store are valued at the lower of cost and current replacement cost (the cost the entity would incur to acquire the asset on the reporting date). In general, the basis of determining cost is the weighted average cost of commodities.

#### 13.3. Derecognition

Inventories are derecognised when the inventory is used in the rendering of vehicle fleet services. The expenditure is recognised in the Statement of Financial Performance when the stationary and decals are consumed during the rendering of these services.

### 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.

## Accounting Policies

### for the year ended 31 March 2020

#### 14.1. Initial recognition

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument.

The entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### 14.2. Classification

GMT has various types of financial instruments and these can be broadly categorised as either *Financial assets* or *Financial liabilities*.

##### *Financial assets*

In accordance with GRAP 104 the financial assets of the entity are classified into the following category allowed by this standard:

Financial asset at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Financial asset at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition, Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

A financial asset is any asset that is a cash or contractual right to receive cash. GMT has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Finance lease receivables;
- Trade receivables from exchange transactions;
- Trade receivables from non-exchange transactions;
- Cash and cash equivalents; and
- Current portion of finance lease receivables.

In accordance with GRAP 104 the *Financial assets* of GMT are classified as follows into the following category allowed by this standard:

Type of Financial asset	Classification in terms of GRAP 104
Finance lease receivables	Financial assets at amortised cost
Cash and cash equivalents	Financial assets at amortised cost
Trade receivables from exchange transactions	Financial assets at amortised cost
Trade receivables from non-exchange transactions	Financial assets at amortised cost
Current portion of finance lease receivables	Financial assets at amortised cost

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held with banks. The entity categorises cash and cash equivalents as financial assets: Financial asset at amortised cost.

## Accounting Policies

### for the year ended 31 March 2020

#### *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.

##### *Financial liabilities:*

Financial liabilities are derecognised when, and only when, the entity's obligations are discharged, cancelled or they expire.

## Accounting Policies

### for the year ended 31 March 2020

#### 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 10% 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 2020

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 2020

### 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 linked to salary levels on the staff structure as the substance of the planning, directing and controlling activities these staff fulfil will govern the input provided by officials appointed on lower salary levels. Staff appointed with GMT at salary level 11 and above are considered to meet the definition of key management personnel.

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.

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**Western Cape  
Government**

Transport and Public Works

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