



Western Cape
Government

Transport and Public Works



Annual Report 2018/2019
Government Motor Transport



Western Cape
Government

Transport and Public Works



Key departmental services 2018/19





We deliver health infrastructure



We deliver high-quality health construction, upgrading and maintenance services across the Western Cape. Our fit-for-purpose infrastructure assists the provincial Department of Health to provide patient-centred care that people can rely on.

For the citizen, this means better opportunities to access high-quality health care.



We deliver education infrastructure

We are responsible for building and refurbishing school infrastructure for the Western Cape Education Department. Our infrastructure and maintenance projects provide high-quality teaching and learning facilities, and help to meet the growing demand for schooling.

For the citizen, this means better access to school education opportunities.





We deliver and manage government-owned infrastructure, land and buildings

We provide, upgrade and maintain office accommodation for provincial departments and agencies that render services to residents of the Western Cape. Improving the efficiency and effectiveness of provincial government property holdings is a high priority. Many of our projects apply best practice green design and construction standards to mitigate adverse environmental impacts, steward natural resources, and save money in the long term.

For the citizen, this means better service delivery from the Western Cape Government and its agencies.





We deliver provincial road infrastructure



Roads are critical enablers of the Western Cape's economic growth and access to opportunities. Almost 95 per cent of all vehicle-kilometres travelled on surfaced provincial roads are travelled on roads that are in fair to very good condition. Our work on roads is focused on preserving surfaced roads, gravel roads and bridges, and reducing maintenance backlogs. Spending priorities are determined by, among other things, road condition, date of last refurbishment, the nature and amount of traffic, safety considerations, the number of people a road serves, the economic importance of a road, and the availability of alternative routes.

For the citizen, this means better access to work and economic opportunities, and social amenities.



Our infrastructure projects help to create jobs

We provide skills development opportunities through the construction and maintenance of buildings and facilities. We do this through:

- Including unemployed young people in construction-related trades as part of the National Youth Service Programme; and
- Providing artisanal training to apprentices in trades like electrical wiring, welding, carpentry, and plumbing.

For the citizen, this means better access to skills development opportunities.





We coordinate the EPWP in the Western Cape



The Expanded Public Works Programme focuses on supporting labour-intensive public infrastructure development coupled with skills development training for participants. Activities include:

- Giving unemployed people access to temporary paid work;
- Helping unemployed people develop their skills and gain practical work experience; and
- Through providing on-the-job work experience and skills training, enhancing the chances that participants will be able to find jobs or start their own businesses.

For the citizen, this means targeted short-term employment and skills development opportunities.



We develop emerging contractors

Through our Contractor Development Programme, we offer structured training to enhance the skills and business expertise of emerging construction enterprises in the Western Cape. The course has a modular design so that participants can continue to actively run their construction businesses while they study.

For qualifying citizens, this means access to enterprise development and empowerment opportunities.





We offer bursaries to deserving tertiary-level students



Our Masakh'iSizwe Bursary Programme offers external bursaries to deserving young students in the transport, engineering and built environment fields. This helps to address the shortage of scarce and critical skills in the Western Cape. For every year that students have received a bursary, they are expected to work for the Department for a year.

For qualifying citizens, this means access to tertiary technical education.



Through our Professional Development Programme (PDP), we enable newly appointed graduates and current employees of our Department to acquire the exposure, experience and training required for registration by the bodies that govern the built environment and engineering professions. This is a key component of the PDP's ongoing efforts to address the shortage of transport, built environment and engineering professionals in the Western Cape.

For qualifying citizens, this means better access to professional registration opportunities.

We support professional development

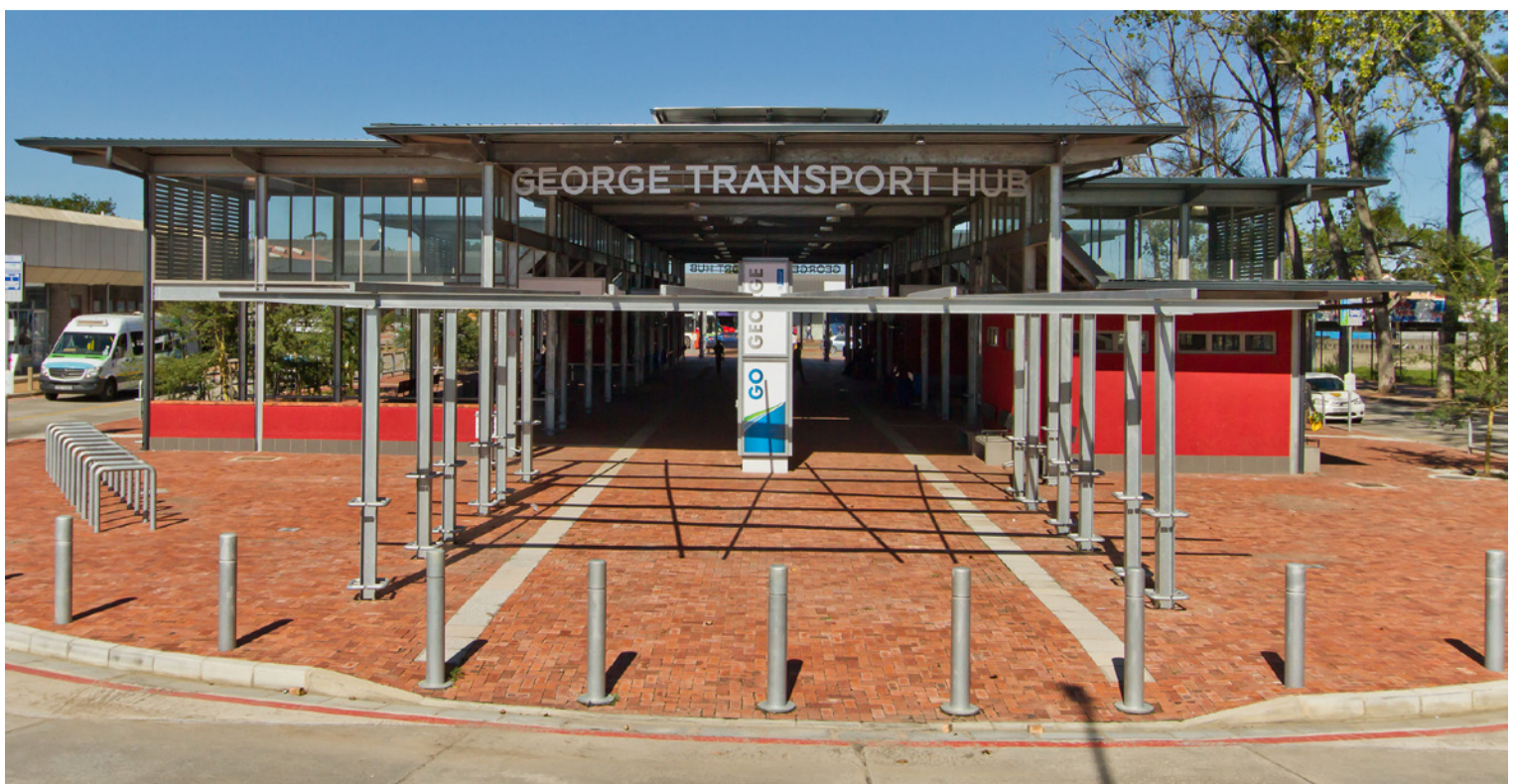




We support integrated transport planning

We assist the 29 Western Cape municipalities outside the City of Cape Town to review their integrated transport plans and to develop locally appropriate public and non-motorised transportation for their areas of jurisdiction. Our aim is to see the development of appropriate public transport and non-motorised transport solutions across the province. People should be able to meet their daily transport needs in comfort, in safety, and at a reasonable cost.

For citizens, this means better access to public transport in Western Cape towns and rural areas.





We support integrated public transport networks

We promote accessibility and the safe, affordable movement of people, goods and services through transport infrastructure that is sustainable, integrated and environmentally sensitive. An example is the George Integrated Public Transport Network (GIPTN). The Go George scheduled bus service is the first complete integrated transport transformation project outside a major South African city.

For citizens of George, this provides access to safe, reliable and cost-effective public transport.





We manage public transport operations



Effective public transport operations are an essential service, and they help to reduce traffic congestion. Together with the City of Cape Town, we support the Dial-a-Ride service that meets key public transport needs of special needs passengers. We also subsidise bus services in the Cape Metropolitan Area provided by Golden Arrow Bus Services.

For citizens, this provides better access to public transport across the Cape Metropolitan Area.

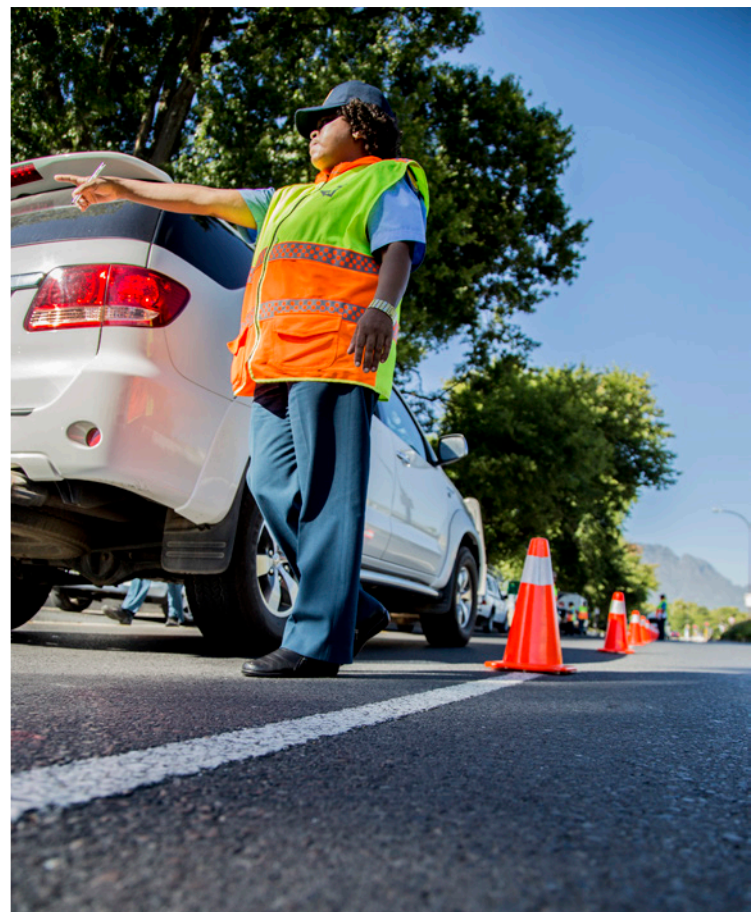


We improve road safety and enforce the law

Road safety depends on effective traffic law enforcement, education, engineering, and evaluation. Our activities include:

- The only 24-hour a day, 7-day a week traffic service in South Africa;
- High-quality training at the Gene Louw Traffic College;
- Regular integrated enforcement operations with other agencies, including alcohol blitz roadblocks and vehicle checkpoints, and permit inspections;
- Specialised control operations using the Automatic Number Plate Recognition (ANPR) and Average Speed Over Distance (ASOD) systems; and
- Road safety awareness and education campaigns and programmes for high-risk road users in schools and communities.

For citizens, this helps to ensure our roads are safe.





We support mixed-use development on well-located land



Mixed-use, mixed-income development on well-located government land can help meet the need for housing, employment and recreation in a single place. This “live-work-play” approach emphasises green design and public transport. It will help to address the spatial legacy of apartheid by providing housing for a variety of income levels. There will be opportunities for on-site economic activity, as well as high-quality recreational facilities. This approach is being tested at the former Conradie Hospital site near Pinelands.

For citizens, this means better opportunities to live, work and play on well-located land.



We deliver effective fleet management services

Our Government Motor Transport entity delivers effective and innovative fleet management services to provincial and national government client institutions.

For citizens, this means better service delivery from the Western Cape Government and its agencies.





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**Western Cape
Government**

Transport and Public Works

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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	www.westerncape.gov.za/dept/tpw
Bankers	Nedbank
Bank address	Fifth Floor, Nedbank Clock Tower Campus Clock Tower Precinct Cape Town 8001
Auditors	Auditor-General of South Africa
Auditors' address	Auditor-General of South Africa 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

2 Acronyms

AARTO	Administrative Adjudication of Road Traffic Offences Act, 1998
AIDS	Acquired Immune Deficiency Syndrome
ASB	Accounting Standards Board
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
ANPR	Automatic Number Plate Recognition system
APP	Annual Performance Plan
BAS	Basic Accounting System
BBBEE	Broad-based black economic empowerment
CGRO	Corporate Governance Review and Outlook
CCC	GMT Client Care Centre
CCGMT	Coordinating Committee for GMTs
Ce-I	Centre for E-Innovation
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CIPC	Companies and Intellectual Property Commission
CIS	Construction Information Session
COTO	Committee of Transport Officials
CPS	Construction Procurement System
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
DTI	Department of Trade and Industry
DTPW	Department of Transport and Public Works
EBAT	Evidentiary Breath Alcohol Testing
EHW	Employee health and wellness
EHWP	Employee Health and Wellness Programme
EPWP	Expanded Public Works Programme
ERM	Enterprise risk management
ERMCO	Enterprise Risk Management Committee
ERP	Enterprise resource planning
FleetMan	Fleet Management ERP System
FleetCare	Fleet repairs and maintenance module of FleetMan
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
IESBA code	International Ethics Standards Board for Accountants' Code of Ethics
IFMS	Integrated Financial Management System
ISAs	International Standards on Auditing
IT	Information technology
IYM	In-year monitoring
LOGIS	Logistical Information System
LRA	Labour Relations Act, 1995
MSS	GMT Management Support Services
MTEF	Medium Term Expenditure Framework
NATIS	National Administration Traffic Information System
NQF	National Qualifications Framework
OCPO	Office of the Chief Procurement Officer
PAA	Public Audit Act of South Africa
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
PPPFA	Preferential Procurement Policy Framework Act, 2000
PSCBC	Public Service Coordinating Bargaining Council
PSG	Provincial Strategic Goal
PSR	Public Service Regulations
PSRMF	Public Sector Risk Management Framework
RWOPS	Remunerative Work Outside the Public Service
SARS	South African Revenue Service
SCM	Supply Chain Management
SDIP	Service Delivery Improvement Plan
SHEQ	Safety, health, environment and quality
SL	Service level
SMS	Senior Management Service
STI	Sexually transmitted infection
TB	Tuberculosis
TOR	Terms of Reference
WCBD	Western Cape Bid Document
WCG	Western Cape Government
WCSD	Western Cape Supplier Database

3 Foreword by the Provincial Minister

FLEET MANAGEMENT SERVICE DELIVERY THROUGH VALUE CHAIN OPTIMISATION AND STAKEHOLDER COLLABORATION

I am pleased to present the Annual Report for the period 1 April 2018 to 31 March 2019 for Government Motor Transport (GMT) Western Cape. The purpose of this report is to provide a summary of GMT achievements as well as the risks and challenges that were faced over the past financial year.

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 its 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).

During 2018/19, GMT achieved an "unqualified with no findings" audit outcome for the seventh consecutive year. This positive audit outcome confirms the effective functioning of internal control processes in the preparation of financial statements, which were free from material misstatements. It also confirms that the performance information measured against the predetermined objectives is reliable and that the trading entity complies with the relevant governance prescripts.

The trading entity purchased a total of 736 new vehicles during 2018/19 (2017/18: 771) to keep the fleet within its economic life cycle. The acquisition of the new vehicles is reflected in the 95% actual spend against GMT's budget allocated for the replacement of vehicles. GMT's "general hire pool" of vehicles has been available to Cape Town clients for some years. During the year under review GMT, through the Department of Transport and Public Works, commenced construction of a regional facility in George which will be used to make a regional pool of vehicles available. Once the facility is complete, clients in the Garden Route region will be able to further optimise their vehicle utilisation by leasing vehicles from this regional general hire pool.

In its quest to continually provide client institutions with innovative and cost-effective fleet solutions, GMT played a significant role in the introduction of in-vehicle technology for the DTPW's Traffic Management fleet.

Fleet Risk Management reported a reduction in the number of crashes and loss incidents processed from 2 847 incidents in 2017/18 to 2 629 in the year under review. This reduction can be ascribed to improved driver behaviour and the beneficial impact of systems and processes implemented jointly by GMT and client institutions.

As a fleet management entity, GMT is vulnerable to the impacts of changing economic conditions. These include high fuel costs which are affected by factors such as oil prices, levies, margins, transport and delivery costs, as well as fluctuations in the exchange rate, all of which are influenced by local and international events. Fuel is one of GMT's main cost drivers and expenditure on fuel totalled R165 million during 2018/19, and increase of 14.3% on the total spent during the 2017/18 financial year. Expenditure on fuel represents

27.8% of GMT's operating expenditure for the year under review. This is likely to increase as adverse economic conditions affect fuel prices.

GMT manages its financial affairs in a prudent manner, with continuous interrogation of cost drivers and revenue optimisation efforts. 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 as GMT requested a 4.3% increase in daily and kilometre tariff charges (1% below the Medium Term Expenditure Framework percentage), which was approved by the Provincial Treasury with effect from 1 April 2018.

I have no doubt that the reflections on the events which occurred (and may still occur) during the current strategic plan period ending on 31 March 2020, will form an integral part of our departmental approach to developing the Strategic Plan for the period 2020/21 to 2024/25.

I am grateful to the management and staff of GMT for their dedication and excellent service delivery record in a challenging environment.

I wish to thank my predecessor, Donald Grant, for his leadership of the Department. I have no reservations in stating that the lives of the citizens of the Western Cape improved through the service delivery initiatives implemented during his term as the Provincial Minister of Transport and Public Works.



Bonginkosi Madikizela

Provincial Minister of Transport and Public Works

DATE: 30 August 2019

4 Report of the Accounting Officer

4.1 Overview of operations of the trading entity

GMT achieved its seventh consecutive "unqualified with no findings" audit outcome for the 2018/19 financial year. The financial position of the trading entity was significantly improved through strengthened prudent financial management which included enhanced cash collection from client institutions, and the conversion of operating expenditure to capital investment while maintaining debt levels within the prescribed governance norms. A significant contributor to GMT's financial position was the review of 19 internal control processes to maintain its financial reporting as required in Directive 9 issued by the Accounting Standards Board (ASB) which was applicable to Trading Entities for the 2018/19 year, the financial management prescripts and Directive 5 of the GRAP reporting framework.

During the year under review, GMT substantially improved its expenditure against its vehicle replacement budget and in the process procured 736 vehicles to keep the fleet within its economic life cycle.

In 2018/19, GMT continued the implementation of a project with the DTPW to introduce in-vehicle technology 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 on 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.

The first phase of this project was successfully launched during the last week of March 2018, with 14 vehicles fitted and deployed with the new technology. By 31 March 2019, the number of such vehicles had grown to 111. During the year, "live-streaming" of vehicle camera footage was introduced to regional traffic control centres, where monitoring and further management and analysis of information takes place.

Through the vehicle tracking system, the control centres can also perform real-time monitoring and deployment of the vehicles in their areas for effective patrolling of routes, coordinating the dispatching of vehicles to incidents, and roadblocks. Traffic control centre management and staff received the necessary training and will continue to receive 24/7 support from the GMT tracking call centre that was initially established during the 2016/17 financial year and further developed during the year under review.

In addition to the introduction of this ground-breaking technology to the provincial traffic fleet, GMT also had three mobile Evidentiary Breath Alcohol Testing (EBAT) vehicles built for use by Provincial Traffic Management to assist them in their quest to make Western Cape roads safer.

During the year under review, 2 935 driver tags were issued to Provincial Traffic Management and other GMT client institutions. GMT will continue with its phased plans to issue driver identification technology to all client institutions. This is expected to be

completed towards the end of 2019/20, in preparation for the national implementation of the Administrative Adjudication of Road Traffic Offences Act, 1998 (Act 46 of 1998) (AARTO). 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 deliver client service messages to drivers in real time.

The Information and Communication Technology (ICT) Management Services team made good progress with delivery in respect of approved ICT projects to support GMT's strategic objectives. Document management was improved, with tighter integration between operational systems and MyContent. Continual improvements have been made to the client module 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 on service delivery to client institutions and to ensure regulatory compliance.

Further enhancement of the fleet repairs and maintenance module of the GMT FleetMan (Fleet Management) ERP (enterprise resource planning) system known as FleetCare continued during the 2018/19 financial year. This module enables GMT and client institutions to monitor and track vehicles as they are booked in for repairs and maintenance. The new functionality includes the ability to capture service requests in FleetCare and automatically initiate a workflow that also allows GMT to track progress with repairs or maintenance via its appointed maintenance coordinating service provider, through an electronic interface with the provider's own system. 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 5 694 in 2017/18 to 8 206 during the year under review. This increase can be ascribed to stringent traffic policing measures and technology being applied by local and provincial authorities. GMT will continue to improve its systems, with tools being provided to clients via the Client Module of FleetMan, which allow clients to track fines as well as access information about individual driver profiles. These system and process improvements, complemented by training by GMT's client liaison officers and client institutions' implementation of standardised disciplinary processes for repeat offenders, will help to further reduce violations.

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 regularly distributed to staff and key role-players.

The stakeholder relations team continued to deepen client engagements through various training and contact forums. In the year under review, 16 training interventions took place and six formal client forum meetings were held.

For many years, the overall growth of GMT was constrained by shortcomings in its organisational structure, and the lack of available office accommodation and parking space at its premises in Roeland Street and Hope Street in central Cape Town.

With the move of the Directorate: Fleet Services to new premises in Maitland on 20 August 2018, the process of recruiting staff for posts created through the redesign of GMT's structure in 2016, is steadily gaining momentum.

Towards the end of the year under review, the construction of a new GMT facility in George also commenced. It is intended that this new facility will provide office accommodation for a small team of seven GMT staff and parking for some 156 GMT vehicles, which will be managed as a regional pool for clients in the Garden Route region.



Eight 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 Maitland.

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

In support of the City of Cape Town's water restrictions, GMT introduced a number of initiatives to save water. Vehicles are no longer washed with potable water, ordinary taps have been replaced with water-saving pushbutton taps, and taps have been removed in the GMT wash-bay areas. GMT initiated a pilot project to utilise the services of private

mobile waterless vehicle cleaning companies to clean vehicles onsite at GMT, and will expand on this initiative in 2019/20.

An internal newsletter is published periodically to keep staff informed of developments at GMT 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) and, during the year under review, contracted four EPWP participants.

4.2 Overview of the financial results

Statement of financial performance

Revenue

Revenue increased by 9.7% to R756.5 million during the year under review, compared to R689.8 million during 2017/18. The increase is attributed to increases in interest earned on the bank account, services in-kind, government grants and subsidies received, revenue earned from daily and kilometre charges, as well as interest earned on finance lease receivables.

Interest earned on bank accounts increased by 39.7% to R40 million (2017/18: R28.6 million). The increase is due to the increase in the capital balance of the bank account during 2018/19 compared to that of 2017/18.

Services in-kind increased from R2.8 million during 2017/18 to R6.9 million during 2018/19. The increase is due to the occupation of a building by GMT during 2018/19 at no cost which is owned by the Western Cape Department of Transport and Public Works.

Government grants and subsidies received increased by 122.8% to R12.7 million (2017/18: R5.7 million). The increase is due to an increase in the allocation of assets upon which the grant conditions were fulfilled.

Revenue earned from daily and kilometre charges increased by 7.5% to R361.9 million (2017/18: R336.5 million). The increase of 7.5% is higher than the tariff increase for 2018/19. The increase is due to the change in the fleet composition, which resulted in higher revenue earned on tariff charges.

Interest earned on finance lease receivables increased by 9.3% to R269.1 million (2017/18: R246.2 million). This is due to an increase in the capital payable by client institutions to GMT in 2018/19.

Expenditure

Total expenditure increased by 4.5% to R594.5 million (2017/18: R569 million). This is mainly due to the increase in the running costs of the fleet during 2018/19.

The fuel component of the running costs increased from R144.4 million during 2017/18 to R165 million. This is due to the increase in the fuel prices at fuelling stations during the year under review.

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 2.5% to R957.6 million (2017/18: R933.8 million). The increase of R82.4 million in property, plant and equipment is due to the high number of vehicle additions during 2018/19 and a lower number of vehicle disposals.

The carrying value of current assets increased by 6.7% to R1.683 billion (2017/18: R1.578 billion). This increase is mostly due to increases in the carrying values of the current portion of finance lease receivables and cash funds. The increase of 46.1% to R250.9 million (2017/18: R171.7 million) in the current portion of the finance lease receivables is due to the vehicles having higher amounts payable to GMT on 31 March 2019 than in the previous financial year.

The increase in the cash funds is the net effect of expenditure payments and revenue collected from receivables and other revenue sources. Receivables from exchange transactions decreased to R28.5 million on 31 March 2019 (31 March 2018: R53.3 million).

The accumulated surplus increased from R2.412 billion on 31 March 2018 to R2.574 billion on 31 March 2019.

Cash flow statement

Cash generated from operating activities decreased to R190.8 million (2017/18: R240 million). This is mainly due to the increase in suppliers paid during 2018/19.

The net cash outflow from investing activities decreased to R141.1 million (2017/18: R164.2 million). Most of this movement is due to an increase in the balance of finance lease receivables.

Cash generated through operating and investing activities resulted in a net increase of R49.7 million.

4.3 Receipts

GMT's income is derived primarily through the charging of daily and kilometre tariffs. Income is also derived through instituting claims for insurance excess payments on accidents resulting in repair costs above R10 000, and where there has been gross negligence. This is supplemented with the income received through the sale of redundant

vehicles on auction, and claims instituted against private parties involving losses to the state (mainly accident damage to government vehicles).

The results of the collections for 2018/19 and the comparative totals for the previous year are presented in **Table 1**.

Table 1: Revenue collected

Category of revenue	2018/19			2017/18		
	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	577 001	630 986	(53 985)	593 490	582 704	10 786
Other income	16 604	11 089	5 515	12 604	11 683	921
Government grants and other subsidies received (funding received from clients for additional vehicles)	11 179	12 717	(1 538)	22 217	5 657	(16 560)
Services in-kind	6 853	6 853	-	-	2 751	(2 751)
Interest earned – accounts receivables, and cash and cash equivalents	95 572	94 896	676	53 769	87 009	(33 240)
Total	707 209	756 541	(49 332)	682 080	689 804	(7 724)

The above tariffs are the only category of income that is forecasted 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 2018/19 is shown in **Table 2**.

Table 2: Claims and accounts receivable comparison

Type	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Daily-, kilometre tariffs and interest earned on finance lease receivables	460 354	531 081	545 497	571 036	544 187	582 704	630 986
Accumulative debt at year-end	71 031	65 620	53 858	65 922	33 841	64 192	35 881
% debt at year-end to daily, kilometre tariffs and interest earned on finance lease receivables	15	12	10	12	6	11	6

Table 3 reflects the outstanding debt per client.

Table 3: Outstanding debt per client as at the end of March 2019

Client	Outstanding balance 2019 R'000	Outstanding balance 2018 R'000
Western Cape Education Department	314	-
Cape Nature	2 865	2 413
Department of Transport and Public Works	5 518	5 650
Western Cape Provincial Parliament	124	147
Department of Health (Western Cape)	304	31 363
Department of Cultural Affairs and Sport	2	1 636
Department of Human Settlements	65	433
Provincial Treasury	191	-
Department of Social Development	3 592	3 845
Department of Environmental Affairs and Development Planning	754	716
Department of the Premier	928	917
Department of Agriculture	2 352	2 226
Department of Local Government	37	79
Gambling and Racing Board	2	6
Department of Economic Development and Tourism	-	560
Western Cape Liquor Authority	126	167
Department of Community Safety	150	199
Stellenbosch Municipality	573	175
Department of Justice and Constitutional Development	6 741	8 553
National Prosecuting Authority	108	195
Public Service Commission	7	19
Marine Living Resource Fund	596	249
Department of Agriculture, Forestry and Fisheries	1 516	710
Department of Home Affairs	11	31
Department of Labour	-	14
Department of Rural Development and Land Reform	314	401
Department of Environmental Affairs	99	53
Department of Cooperative Governance and Traditional Affairs	16	28
National Parliament	135	130
Department of International Relations and Cooperation	315	176
South African National Defence Force	492	82
National Telecommunication and Postal Services	-	6
Office of the Chief Justice	6 936	2 244
Grand Total	35 135	63 423

Tariffs

Clients can provide GMT with the capital to purchase additional vehicles, or they can hire vehicles from GMT over short-term rental periods or full-life-cycle-term rentals. These vehicles, as well as replacement vehicles, are purchased via competitive procurement processes. After delivery, these are captured on the financial system 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 the vehicles. All GMT rental and replacement vehicles are funded from the GMT main bank account. The kilometre tariff income provides for the running costs of vehicles. The Provincial Treasury approved revised tariffs for 2018/19 on 28 March 2018.

Free services

No free services were rendered.

Sale of capital assets

Vehicles that 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 are expected to be used for, and crashed vehicles were sold at public auctions.

4.4 Expenditure

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

Table 4: Expenditure versus budget

2018/19			2017/18		
Final Budget	Actual expenditure	Variance	Final budget	Actual expenditure	Variance
R'000	R'000	R'000	R'000	R'000	R'000
660 550	594 472	66 078	624 117	569 093	55 024

Table 5: Reasons for under-spending

Expenditure	Final Budget	Actual Expenditure	Variance	Reasons for variance
	R'000	R'000	R'000	
Administrative expenses	25 267	23 949	1 318	Under-spending on costs associated with the filling of positions on the organisational structure (refer to employee costs below).
Employee costs	47 669	39 013	8 656	Under-spending due to certain vacancies not being filled as expected during the preparation of the budget estimates.
Operating expenditure	326 751	317 359	9 392	Under-spending due to cost savings on certain categories of consultant fees.

Expenditure	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Reasons for variance
Depreciation	13 845	13 737	108	Under-spending due to lower-than-expected depreciable amounts for property, plant and equipment during the preparation of the budget estimates.
Amortisation	15 251	14 882	369	Under-spending due to lower-than-expected depreciable amounts for intangible assets during the preparation of the budget estimates.
Accidents and impairment losses	2 441	2 440	1	Under-spending due to lower-than-expected carrying value of vehicles which exceeded their reserve prices on 31 March 2018.
Grants and subsidies paid	196 154	150 000	46 154	GMT fulfils the function of procuring agent for certain assets transferred to client institutions. The offsetting principle is applied for expenditure and revenue incurred during this process.
Operating leases	33 173	33 092	81	Under-spending due to lower-than-expected price increases on some operating lease schedules during budget preparation.
Total	660 550	594 472	66 078	

4.5 Virements/ roll overs

Virements

No virements were effected in 2018/19.

Roll overs

No rollovers were requested from 2017/18 to 2018/19.

4.6 Unauthorised, irregular, fruitless and wasteful expenditure

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

4.7 Future plans of the trading entity

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 in electronic systems and associated business processes will continue to drive the business forward. GMT plans to expand its repair and maintenance coordination "drop-and-go" service.

The entity will continue to see opportunities in the automation, integration and alignment of business processes to further improve efficiencies and effectiveness.

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. Continual evaluation of these factors and their impact on the tariffs will continue for the foreseeable future. With effect from 1 April 2019, the fuel component of the kilometre tariffs will be adjusted every month in response to the Department of Minerals and Energy's monthly announcement of fuel prices.

In consultation with the relevant departments and client institutions, GMT will conduct research and explore opportunities to introduce electric vehicles into its fleet in the near future.

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

Once construction of the new GMT facility in George is completed, operations of a new GMT regional hub will begin.

It is envisaged that construction on Phase 2 of the GMT building at 3 Rusper Street, Maitland, will commence in the second quarter of the 2019/20 financial year.

The Sub-directorate: Management Support Services, including ICT support, will relocate to Hope Street during August 2019.

4.11 Supply Chain Management

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

Standard operating procedures and processes are in place to mitigate against the occurrence of irregular, 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 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

No gifts and donations were received during the 2018/19 financial year.

4.13 Exemptions and deviations received from the National Treasury

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

4.14 Events after the reporting date

The details of the adjusting and non-adjusting events after reporting date, which are recorded in the notes of the Annual Financial Statements for the 2018/19 financial year, are described below.

Adjusting events

Five cases were settled in terms of an agreed payment after the reporting date but before the financial statements were issued in the total amount of R111 589 (31 March 2018: six cases with a total value of R170 330).

Non-adjusting events

Eleven claims with a total estimated value of R470 369 were issued to GMT after 31 March 2019 (31 March 2018: 17 cases with a total estimated value of R582 432).

A total of 337 cases were registered after 31 March 2019 with a probable loss amount of R1 523 442 (31 March 2018: 383 cases with a probable loss amount of R2 063 905).

On 3 April 2019, a contract for tracking and related services was extended for six months from 1 May 2019 to 31 October 2019. The estimated expenditure which will be incurred during the extension period is R24 321 402 (incl. VAT).

A contract for the provisioning of auctioneering services for vehicles and other goods was awarded on 15 April 2019 for a period of 36 months. The estimated expenditure which will be incurred during the contract period is R1 071 225 (incl. VAT).

4.15 Acknowledgements

The GMT trading entity lived up to the expectations of the administrative and executive management. 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 Generally Recognised Accounting Practice (GRAP) reporting framework.

4.16 Conclusion

The fleet management environment remains a challenging one. GMT will maintain its excellent service delivery record and keep improving its business processes to become even better.

The Annual Financial Statements set out on pages 119 to 189 are hereby approved.



J. Gooch

ACCOUNTING OFFICER

DATE: 30 August 2019

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

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

- All information and amounts disclosed throughout the Annual Report are consistent;
- The Annual Report is complete, accurate and is free from any omissions;
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury;
- The Annual Financial Statements (Part E) have been prepared in accordance with 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 2019.



J. Gooch

ACCOUNTING OFFICER

DATE: 30 August 2019

6 Strategic overview

6.1 Introduction

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.

6.2 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".

6.3 Mission

The Department adopted the following mission:

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

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

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

6.4 Values

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



These values are all underpinned by team work and a detailed explanation of what each core value encapsulates is presented in **Table 6**.

Table 6: Values

Value	Behavioural statement
Caring	<p>We will endeavour to understand people's needs and pay attention to them.</p> <p>We will show respect for others.</p> <p>We will treat staff members as more than just workers and value them as people.</p> <p>We will empathise with staff members.</p> <p>We will emphasise positive features of the workplace.</p> <p>We will provide constructive criticism when needed.</p>
Competence	<p>We will endeavour to ensure that staff members are able to do the tasks they are appointed to do, that they internalise the DTPW's values, and that they always strive for excellence.</p> <p>We will deliver on our outcomes and targets with quality work, within budget, and on time.</p> <p>We will strive to achieve the best results in the service of all the people in the Western Cape.</p> <p>We will work together to meet our constitutional and electoral mandate commitments.</p>
Accountability	<p>We fully understand our objectives, roles, delegations, and responsibilities.</p> <p>We are committed to delivering all agreed outputs on time.</p> <p>We will hold each other accountable in the spirit of mutual trust in honouring all our commitments.</p> <p>As individuals we take responsibility for and ownership of our outcomes and accept the consequence of failure to do so.</p>
Integrity	<p>We will seek greater understanding of the truth in every situation and act with integrity at all times.</p> <p>We will be honest, show respect, and practice positive values.</p> <p>We will be reliable and trustworthy, at all times, doing what we say we will.</p> <p>We will act with integrity at all times and in all instances, ensuring that we remain corruption-free.</p>

Value	Behavioural statement
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, 1997 (Act 1 of 1998). Certain mandates are concurrent responsibilities, while others are exclusively the responsibility of the provincial sphere of government. These mandates, as well as those derived from the functional legislation and policies, are outlined in this section.

In the main, the following national and provincial legislation guided the Department (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 traffic quality by providing for a scheme to discourage road traffic contraventions; facilitates the adjudication of road traffic infringements; supports the prosecution of offenders in terms of national and provincial laws relating to road traffic; implements a points demerit system; provides for the establishment of an agency to administer the scheme; provides for the establishment of a board to represent the agency; and provides for related matters.</p>
	<p>Advertising Along Roads and Ribbon Development Act, 1940 (Act 21 of 1940)</p> <p>Requires 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 things near certain provincially proclaimed roads; and the access to certain land from such roads.</p>

Function	Legislation
	<p>National Land Transport Act, 2009 (Act 5 of 2009) Provides for the process of transformation and restructuring of the National Land Transport System initiated by the National Land Transport Transition Act, 2000 (Act 22 of 2000), through:</p> <ul style="list-style-type: none"> • the formulation and implementation of provincial land transport policy and strategy; • the planning, coordination, and facilitation of land transport functions; • collaboration between municipalities; and • liaison with other government departments.
	<p>National Road Traffic Act, 1996 (Act 93 of 1996) The DTPW, with the Member of the Executive Council (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 public roads.</p> <p>The Act regulates registration and licensing of motor vehicles, manufacturers, builders and importers; fitness of drivers; operator fitness; road safety; road traffic signs; speed limits; accidents and accident reports; reckless or negligent driving; inconsiderate driving; driving while under the influence of intoxicating liquor or a drug having a narcotic effect; and miscellaneous road traffic offences.</p>
	<p>National Qualifications Framework Act, 2008 (Act 67 of 2008) Provides for the further development, organisation and governance of the National Qualifications Framework (NQF).</p> <p>Applies to: education programmes or learning programmes that lead to qualifications or part-qualifications offered within the Republic by education institutions; and skills development providers.</p>
	<p>Road Traffic Management Corporation Act, 1999 (Act 20 of 1999) Provides, in the public interest, for cooperative and coordinated strategic planning, regulation, facilitation, and law enforcement in respect of road traffic matters by the national, provincial, and local spheres of government; regulates the contracting out of road traffic services; provides for the phasing in of private investment in road traffic and, to that end, provides for the establishment of the Road Traffic Management Corporation and related matters.</p>
	<p>Road Transportation Act, 1977 (Act 74 of 1977) Provides for the control of certain forms of road transportation and related matters.</p>
	<p>Western Cape Provincial Road Traffic Administration Act, 2012 (Act 6 of 2012) Regulates certain road traffic matters in the province.</p>
	<p>Western Cape Road Transportation Act Amendment Law (Law 8 of 1996) Makes provision for the establishment of a provincial transport registrar and the registration of minibus taxi associations, operators, and vehicles.</p>
	<p>Western Cape Toll Road Act, 1999 (Act 11 of 1999) Provides for the tolling of provincial public roads in the Western Cape and for the planning, design, declaration, construction, operation, management, control, maintenance, and rehabilitation of provincial toll roads.</p>
	<p>Cape Roads Ordinance, 1976 (Ordinance 19 of 1976) Provides that the province has sole authority over relaxations of the statutory 5 metre and 95 metre building lines pertaining to various classes of provincially proclaimed roads, and provides for the alteration/ change of a road's classification (section 4). Such applications are usually received from the district municipality with jurisdiction over the area in question via the District Roads Engineer, but they can also originate from the DTPW's head office.</p>

Function	Legislation
Public Works and Property Management	<p>Government Immovable Asset Management Act, 2007 (Act 19 of 2007) Promotes government's service delivery objectives through the sound management of immovable assets they use or control. The Act stipulates the responsibilities of the user and those of the custodian which, in the Western Cape, is DTPW Provincial Public Works.</p>
	<p>National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977) Requires 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 continuously updating the asset and property register, procuring additional properties that may be required, and relinquishing or redeveloping properties that fall into disuse.</p>
Transversal	<p>Basic Conditions of Employment Act, 1997 (Act 75 of 1997) Gives effect to fair labour practices referred to in section 23(1) of the Constitution by establishing and making provision for the regulation of basic conditions of employment, and thereby to comply with the obligations of the Republic as a member state of the International Labour Organization.</p>
	<p>Basic Conditions of Employment Act, 1997 (Act of 1997): Ministerial Determination 4: EPWP, gazetted 4 May 2012 Contains the standard terms and conditions for workers employed in elementary occupations in an EPWP project.</p>
	<p>Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003) Establishes a legislative framework for the promotion of broad-based black economic empowerment (BBBEE); empowers the Minister to issue codes of good practice and to publish transformation charters; and establishes the Black Economic Empowerment Advisory Council.</p>
	<p>Competition Act, 1998 (Act 89 of 1998) Provides for the establishment of a Competition Commission responsible for the investigation, control and evaluation of restrictive practices, abuse of dominant position, and mergers; for the establishment of a Competition Tribunal responsible for adjudicating such matters; for the establishment of a Competition Appeal Court; and for related matters.</p>

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>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, working in partnership with the municipality's political and administrative structures; provides for the manner in which municipal powers and functions are exercised and performed; provides for community participation; establishes a simple and enabling framework for the core processes of planning, performance management, resource mobilisation and organisational change which underpin the notion of developmental local government; provides a framework for local public administration and human resource development; to empower the poor and 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 provides for 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) Promotes the protection of personal information processed by public and private bodies; introduces certain conditions so as to establish minimum requirements for the processing of personal information; provides for the establishment of an Information Regulator to exercise certain powers and to perform certain duties and functions in terms of this Act and the; provides for the issuing of codes of conduct; provides for the rights of persons regarding unsolicited electronic communications and automated decision making; regulates the flow of personal information across the borders of the Republic; and provides for related matters.</p>
	<p>Provincial Archives and Records Service of the Western Cape Act, 2005 (Act 3 of 2005) Preserves archival heritage for use by the government and people of South Africa, and promotes efficient, accountable, transparent government through the proper management and care of government records.</p>
	<p>Public Finance Management Act, 1999 (Act 1 of 1999) Supports transparency, accountability, and sound management of the revenue, expenditure, assets, and liabilities of 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>
	<p>Radio Act, 1952 (Act 3 of 1952) Controls radio activities and related matters.</p>
	<p>Western Cape Land Use Planning Ordinance, Amendment Act, 2009 (Act 1 of 2009) Regulates land use planning in the Western Cape and related matters.</p>

Function	Legislation
	<p>Western Cape Procurement (Business Interests of Employees) Act, 2010 (Act 8 of 2010)</p> <p>Manages the business interests of employees of the provincial government and of provincial public entities, as well as members of controlling bodies of such entities, in entities conducting business with the provincial government and provincial public entities; provides for the disclosure of such interests; and related matters.</p>
	<p>Western Cape Monitoring and Support of Municipalities Act, 2014 (Act 4 of 2014)</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>
	<p>National Public Transport Strategy, 2007</p> <p>This strategy has two key thrusts, namely:</p> <ul style="list-style-type: none"> • Accelerated modal upgrading, which aims to provide for new, more efficient, universally accessible, and safe public transport vehicles and skilled operators; and • Integrated rapid public transport networks which aim to develop and optimise integrated public transport solutions.
	<p>National Road Safety Strategy, 2009 – 2015</p> <p>Deals with road safety issues by integrating and coordinating the various road safety strategies, structures, and interventions of all the role-players and agencies in the road safety arena.</p>
	<p>National Road Safety Strategy, 2011 – 2020</p> <p>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</p> <p>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</p> <p>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>

Function	Policies
	<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"> • Encouraging the incremental accessibility of rail infrastructure and providing training to operators and their staff on dealing sensitively with special needs persons; • Supporting the provision of universally accessible public transport information services; • In association with the national Department of Transport, preparing and publishing guideline requirements for accessible public transport vehicles; • Ensuring that all new public transport facilities cater for special needs persons; and • Ensuring that all future contracted public transport services in the province progressively include the operation of accessible services until all contracted services are either accessible and/or an alternative demand-responsive service is available.
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, to redress the imbalances of the past and to promote economic activities.</p>

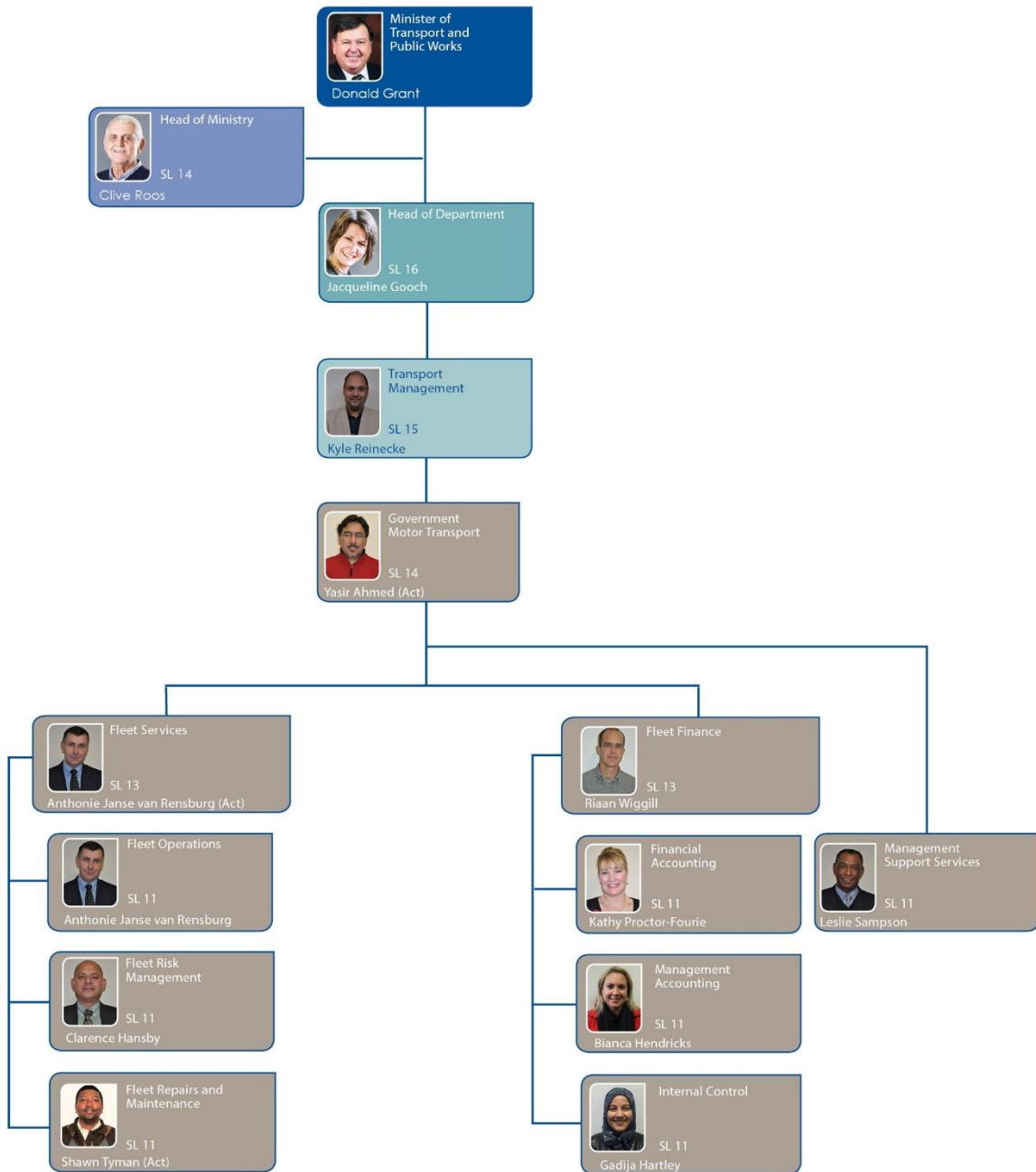
Function	Policies
Expanded Public Works Programme	<p>Guidelines on the implementation of the EPWP</p> <p>The EPWP's objective is to create short- and medium-term work opportunities for the poor and unemployed as part of government's anti-poverty strategy. These work opportunities are combined with training to increase the employability of the low-skilled beneficiaries in the formal employment market. The programme targets opportunities in the infrastructure, environment, culture, and social and non-state sectors.</p>
	<p>Guidelines on the Implementation of the National Youth Service</p> <p>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</p> <p>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</p> <p>Describes the monitoring and evaluation systems and tools in place for results-based management in the public service.</p>
	<p>Departmental Records Management Policy</p> <p>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</p> <p>Transversal policy on the use of cellular data cards for official purposes. It regulates and standardises the practices and procedures for the acquisition, provisioning, and use of the data cards in the WCG and its departments, and for the efficient and cost-effective management of this essential service.</p>
	<p>Western Cape Government Transversal Management System</p> <p>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 PSP transversally throughout the WCG. The Executive Project Dashboard is the information management tool for the system.</p>
	<p>White Paper on Human Resource Management, 1997</p> <p>Focuses on the essential role of developing and transforming human resource capacity in order to meet the goals of efficient service delivery and transforming the public service.</p>

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 2019

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

Figure 1: Organisational structure



9 Trading entity reporting to the Minister

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



PART B

Performance Information

Part B: Performance information

1 Auditor-General's report: Predetermined objectives

The Auditor-General of South Africa (AGSA) performed the necessary audit procedures on the performance information to provide an audit conclusion on the performance against predetermined objectives in the report to management. The objective of the test was to identify reportable findings on the reported performance information but not to gather evidence to express assurance or to express an opinion or conclusion on these matters in the audit report.

Refer to page 113 of the report of AGSA, published as **PART E: FINANCIAL INFORMATION**.

2 Overview of trading entity's performance

2.1 Service delivery environment

GMT continued with its core business of providing an effective fleet management service to its clients. During the year under review, GMT acquired 736 new vehicles. The new GMT tender for online auctions was recently awarded, and the first auction is planned for May 2019.

In planning its replacement programme for vehicles, GMT had to take into account the amount of available floor space 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 R73.7 million. The fleet travelled a total of 104 455 021 kilometres during the year (based on the actual kilometres billed at the end of each month), which is 419 153 kilometres less than the previous year.

Fuel expenditure, which represents the largest portion of the operational costs of the fleet, increased from R144.4 million in 2017/18 to R165 million in 2018/19. GMT maintained the 5 200 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 transport officers. A total of 153 officials were trained in fleet operations at 16 training sessions, and 64 officials were trained in the FleetMan Client Module system at six training sessions. Bi-monthly client forums were held to keep clients abreast of developments in the fleet industry and regulatory changes, as well as to receive feedback from clients.

With 882 678 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 Module 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 GMT was able to process all 8 206 traffic fines issued by various traffic authorities for violations committed by drivers of GMT vehicles.

GMT will assist by continuing with the phased plans to issue driver identification technology and improving its systems by providing tools to allow clients direct access to information about individual driver profiles via the Client Module of FleetMan. It is expected that the situation will be further influenced by the national implementation of AARTO in the near future.

There was a significant reduction in number of incidents reported to GMT of alleged misuse of government vehicles to 100 incidents recorded in the year under review, compared to 174 incidents recorded during the 2017/18 financial year.

The number of accidents and loss cases processed by GMT decreased from 2 847 during 2017/18 to 2 629 during 2018/19, while the number of 3rd party claims processed increased slightly from 79 in 2017/18 to 96 in 2018/19.

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 Annual Performance Plan (APP) 2018/19. The SDIP aims to address one service improvement area: provision of fleet management service. **Table 8** summarises GMT's performance in the direction of achieving its desired standards of service.

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

Table 8: Main services provided and standards

Main service	Beneficiaries	Performance area	Base year: 2017/18	Standard of service as at end 2017/18	Desired standard of service: 2018/19	Actual achievement: 2018/19
Provision of fleet management services	<ul style="list-style-type: none"> Provincial departments National departments Other provincial governments Public entities 	<p>Fleet repairs and maintenance <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>	Services are currently fully outsourced and performed by the external service provider (NedFleet).	Phase 1: Live <ul style="list-style-type: none"> FleetCare Phase 2 was extended to 1 April 2019 due to a critical path dependency – GMT relocating to Maitland. The following was implemented for the co-sourcing solution between Nedfleet and GMT FleetCare: <ul style="list-style-type: none"> GMT Client Care Centre (CCC) started registering cases on Enterprise Business Suite as from 1 October 2017. GMT appointed an Assistant Director for the CCC, who is 	FleetCare Phase 1: Full implementation of the GMT Client Care Centre staff establishment by 31 March 2019.	The desired standard was achieved. <ul style="list-style-type: none"> Fleet Planning and Acquisition relocated from central Cape Town to Maitland in September 2018. Sub-directorate Fleet Operations, Fleet Repairs and Maintenance and Fleet Risk Management relocated from Cape Town to Maitland during October and November 2018. Repairs and Maintenance Coordination (Drop and Go-Service) relocated from Cape Town to Maitland in January 2019.

Main service	Beneficiaries	Performance area	Base year: 2017/18	Standard of service as at end 2017/18	Desired standard of service: 2018/19	Actual achievement: 2018/19
				responsible for leading the CCC as from 1 August 2017.		
Provision of fleet management services	<ul style="list-style-type: none"> Provincial departments National departments Other provincial governments Public entities 	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.	Lease reports are currently produced by an external service provider, with lease management reports produced external to the ERP system.	<ul style="list-style-type: none"> Refine lease management data repository. 	<ul style="list-style-type: none"> Refine lease management data repository. 	The desired standard was achieved. <ul style="list-style-type: none"> The lease management data repository and reports have been refined and updated to expected standard.

Batho Pele arrangements with beneficiaries

Current arrangements: 2017/18	Desired arrangement 2018/19	Actual achievement 2018/19
Fleet Repair and Maintenance		
Consultation:	Consultation:	Consultation:
Clients are consulted through: <ul style="list-style-type: none"> • Bi-monthly transport client forum meetings to resolve GMT-related issues; • Annually (in November) the clients evaluate GMT services. Shortcomings are identified and resolved; • GMT circulars are distributed by the GMT Bureau, and published on the GMT website (portal) and intranet; and • GMT delivers a training service to the transport officers of clients. 	Clients are consulted through: <ul style="list-style-type: none"> • Feedback on progress to be reported via Bi-monthly transport client forum meetings with clients; • In November, the clients evaluate GMT services. Shortcomings are identified; • GMT circulars are distributed by the GMT Bureau, and published on the GMT website (portal) and intranet; and • GMT delivers a training service to the transport officers of clients. 	Desired standard achieved.
Access:	Access:	Access:
The service is accessible through/at: <ul style="list-style-type: none"> • GMT Client Care Centre toll-free number: 0800 092 468/ WCGMT; • 34 Roeland Street, Cape Town; • 49 Hope Street, Cape Town; and • 3 Rusper Street, Maitland. 	The service is accessible through/at: <ul style="list-style-type: none"> • GMT Client Care Centre toll-free number: 0800 092 468/ WCGMT; • 34 Roeland Street, Cape Town; • 49 Hope Street, Cape Town; and • 3 Rusper Street, Maitland. 	Desired standard achieved. <ul style="list-style-type: none"> • The 24/7 GMT Client Care Centre is managed via the toll-free number 0800 092 468/ WCGMT.
Courtesy:	Courtesy:	Courtesy:
Courtesy is reported and measured through: <ul style="list-style-type: none"> • A 24/7 call centre being available to gather and process reports on acceptable driver behaviour. 	Courtesy is reported and measured through: <ul style="list-style-type: none"> • A 24/7 call centre being available to gather and process reports on unacceptable behaviour; and • Clients reporting via bi-monthly transport client forum meetings. 	Desired standard achieved. <ul style="list-style-type: none"> • 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).

Current arrangements: 2017/18	Desired arrangement 2018/19	Actual achievement 2018/19
Openness and transparency:	Openness and transparency:	Openness and transparency:
Openness and transparency is achieved through: <ul style="list-style-type: none"> • Service level agreements with clients; and • The customised Client Module of the Fleet Management system which enables clients to execute certain tasks. 	Openness and transparency is achieved through: <ul style="list-style-type: none"> • Service level agreements with clients; and • A customised Client Module of the Fleet Management system which enables client institutions to execute certain tasks themselves. 	Desired standard achieved. <ul style="list-style-type: none"> • The automated redirection of traffic fines via the Client Module 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.
Value for money:	Value for money:	Value for money:
The costs of GMT services are kept low: <ul style="list-style-type: none"> • The costs of GMT services are kept to a minimum; and • The GMT fleet is within its economic life cycle. 	The costs of GMT services are kept low: <ul style="list-style-type: none"> • The costs of GMT services are kept to a minimum; and • The GMT fleet is within its economic life cycle. 	Desired standard achieved. <ul style="list-style-type: none"> • An annual increase in the GMT daily and kilometre tariffs in the amount of 4.2% was approved by Provincial Treasury.
Vehicle Lease Reporting		
Consultation:	Consultation:	Consultation:
Clients are consulted through: <ul style="list-style-type: none"> • Conducting client visits prior to reporting deadlines in order to assess client understandings of what is required to ensure valid, accurate and complete reporting. 	Clients are consulted through: <ul style="list-style-type: none"> • Visiting clients to address shortcomings in the reporting process. 	Desired standard achieved. <ul style="list-style-type: none"> • The reports were consulted and specified with the external party prior to the development and deployment of the reports.
Access:	Access:	Access:
The service is accessible: <ul style="list-style-type: none"> • Vehicle lease reporting is done directly to the Provincial Treasury through meeting engagements and electronic modes of communication. 	The service is accessible: <ul style="list-style-type: none"> • Use of electronic platforms, e.g. the Provincial Treasury Help Me platform. 	Desired standard achieved. <ul style="list-style-type: none"> • The lease reports are available and can be run from the GMT GoFin financial system platform by authorised users.

Current arrangements: 2017/18	Desired arrangement 2018/19	Actual achievement 2018/19
<p>Courtesy:</p> <p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> • Vehicle lease reporting engagements between clients and Provincial Treasury. 	<p>Courtesy:</p> <p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> • Internal escalation process through the finance directorate; and • Client engagements with the Provincial Treasury, the Departmental CFO [Chief Financial Officer] Forum as well as the Entity Financial Forum to address issues that arise. 	<p>Courtesy:</p> <p>Desired standard achieved.</p> <ul style="list-style-type: none"> • The internal escalation process is in place for enhancement and/or modification requests.
<p>Openness and transparency:</p> <p>Openness and transparency is achieved through:</p> <ul style="list-style-type: none"> • Service level agreements with clients; and • GMT complying with Minimum Provincial Treasury GRAP or Modified Cash Basis of Accounting reporting requirements. GMT includes this information in its reporting to clients. 	<p>Openness and transparency:</p> <p>Openness and transparency is achieved through:</p> <ul style="list-style-type: none"> • Service level agreements with clients; and • Annual updates on the reporting requirements facilitated through the Provincial Treasury. 	<p>Openness and transparency:</p> <p>Desired standard achieved.</p> <ul style="list-style-type: none"> • Service level agreements with clients; and • Annual updates on the reporting requirements facilitated through the Provincial Treasury.
<p>Value for money:</p> <p>The costs of GMT services are kept low:</p> <ul style="list-style-type: none"> • Lease reports are produced outside the ERP system. This process requires the manual consolidation of various system outputs; and • Clients are charged daily tariffs. These tariffs are approved by the Provincial Treasury. 	<p>Value for money:</p> <p>The costs of GMT services are kept low:</p> <ul style="list-style-type: none"> • A refined lease management data repository expedites the lease reporting process; and • Annual increases to daily client tariffs remain within accepted MTEF principles. 	<p>Value for money:</p> <p>Desired standard achieved.</p> <ul style="list-style-type: none"> • The tariff updates are contained within the MTEF principles.

Service 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"> • GMT circulars published on the GMT website (portal) and the intranet; and • GMT training service to the transport officers of clients. 	Information is communicated through: <ul style="list-style-type: none"> • GMT circulars published on the GMT website (portal) and the Intranet; • GMT training service to the transport officers of clients; and • Bi-monthly Transport Client Forum meetings with clients. 	Desired standard achieved.
Vehicle lease reporting		
Information is communicated through: <ul style="list-style-type: none"> • Vehicle lease reporting conducted by Provincial Treasury with clients; and • Adhering to reporting deadlines issued by Provincial Treasury. 	Information is communicated through: <ul style="list-style-type: none"> • Adhering to reporting deadlines issued by Provincial Treasury. 	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"> • GMT 24/7 Client Care Centre toll-free number: 0800 092 468/ WCGMT (for reporting possible vehicle misuse cases); • Transport officers/ client institutions raising complaints and giving compliments at bi-monthly GMT Transport Client Forum meetings; and • GMT's training team presenting transport officer and FleetMan Client Module training. 	Complaints/ suggestions/ compliments/ queries are registered and monitored through: <ul style="list-style-type: none"> • GMT 24/7 Client Care Centre toll-free number: 0800 092 468/ WCGMT (for reporting possible vehicle misuse cases); • Transport officers/ client institutions raising complaints and giving compliments at bi-monthly GMT Transport Client Forum meetings; and • GMT's training team presenting transport officer and FleetMan Client Module training. 	Desired standard achieved.

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Vehicle Lease Reporting		
Complaints/ suggestions/ compliments/ queries are registered and monitored through: <ul style="list-style-type: none"> Vehicle lease reporting complaints/ concerns being raised by clients through the Provincial Treasury. 	Complaints/ suggestions/ compliments/ queries are registered and monitored through: <ul style="list-style-type: none"> Vehicle lease reporting complaints/ concerns being raised by clients through the Provincial Treasury. 	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. During the year under review recruitment advertisements were placed and 9 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 by contracting four EPWP participants.

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

Due to the specialised nature and level of expertise required, GMT continued its co-sourcing approach to delivering electronic systems, financial statements and business process documentation. Specialists in these disciplines have been contracted in to complement internal capacity where necessary. During the year under review, GMT appointed a chartered accountant to the position of Director: Fleet Finance, which enabled some, but not all, of the services to be managed in-house.

Approval for the proposals on the amendment of the structure of the Chief Directorate: Government Motor Transport (GMT) Sub-directorate: Management Support Services to increase the capacity to meet needs in respect of ICT functions not performed by the WCG Centre for E-Innovation (Ce-I).

2.4 Key policy developments and legislative changes

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

3 Strategic Outcome-Oriented Goals

No significant internal developments impacted on GMT's ability to deliver on its Annual Performance Plan and Strategic Plan. In the APP for the 2018/19 financial year, and in support of section 27(4) of the PFMA, measurable performance targets were set for different areas in GMT. The key areas of delivery and focus pertinent to the 2018/19 financial year, linked to each strategic goal of GMT and to those of the Provincial Strategic Goals (PSGs) of the Western Cape Government, and the Departmental Strategic Goals (DSGs) of the Department of Transport and Public Works, are outlined in **Table 9**.

Table 9: Key areas of delivery

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

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

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

Table 10: Strategic Objectives

No	Strategic Objectives/ Indicators	Actual achievement	Planned target	Actual achievement	Deviation from planned target to actual achievement	Comment on deviations
		2017/18	2018/19	2018/19	2018/19	
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.	5 333	5 495	5 976	(481) (8.7%)	GMT continues its strategy to keep the fleet within its economic life cycle by replacing as and when required. The variance is due to the timing differences in the completion of processes within the value chain within GMT.
1.2	Number of vehicles travelling more than 1 000 kilometres per month.	3 994	2 700	4 872	2 172 80%	More client institutions are starting to hire vehicles from the GMT general hire "pool" as and when required.
1.3	Number of system enhancements made to the fleet management system.	10	10	10	-	-
2	Strengthen inter-departmental working relationships through the implementation of targeted communication and policy initiatives.					
2.1	Number of client surveys conducted.	1	1	1	-	-
3	Improve quality of financial standing through good governance.					
3.1	Rating of financial capability maturity.	3+	4	4	-	-
4	Improve operational capability through the streamlining of business processes and comprehensive incident management.					
4.1	Number of business processes revisited.	26	25	27	2 8%	GMT will continue to update existing business processes in line with operational and governance requirements.

4 Performance information

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

Strategic objectives, performance indicators planned targets and actual achievements

An overview of GMT's performance against pre-determined targets is presented in **Table 11**.

Table 11: Strategic objectives, performance indicators planned targets and actual achievements

No	Performance Indicator	Actual achievement	Actual achievement	Actual achievement	Planned target	Actual achievement	Deviation from planned target to actual achievement for	Comment on deviations
		2015/16	2016/17	2017/18	2018/19	2018/19	2018/19	
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.	56%	97%	47%	95%	95%	0%	GMT's mandate and service deliverable is to ensure a fleet that's within its economic life cycle.
1.1.2	Number of vehicle inspections carried out.	6 278	6 925	6 698	6 448	6 547	99 1.5%	No remedial steps required.
1.1.3	Number of registered client FleetMan users.	632	582	624	660	661	1 0%	Insignificant variance.
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	26	23	25	17	(8) (32%)	This indicator is a function of client demand. Fewer circulars were required than anticipated.
3.1	Improve quality of financial standing through good governance.							
3.1.1	Debt outstanding for current financial year.	R48.6 million	R16.3 million	R58.8 million	R21.1 million	R26.5 million	(R5.4 million) (20%)	The actual achievement is based on the timing between issuing debtor' invoices and the receipt of payment over the reporting period.

No	Performance Indicator	Actual achievement 2015/16	Actual achievement 2016/17	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on deviations
3.1.2	Debt outstanding for all previous financial years.	R6.7 million	R6.9 million	R5.4 million	R7.2 million	R2 million	R5.2 million 260%	Better than anticipated collection of debt outstanding for all previous financial years.
4.1	Improved operational capability through the streamlining of business processes and comprehensive incident management.							
4.1.1	Number of business processes documented.	13	12	10	25	15	(10) (40%)	Current GMT business processes are being revisited and aligned with the revised GMT organisational structure as new positions are being filled.
4.1.2	Number of documented business processes reviewed.	28	36	26	25	27	2 8%	Current GMT business processes are being revisited and aligned with the revised GMT organisational structure as new positions are being filled.
4.1.3	Number of transport officers trained (operational).	142	133	149	130	153	23 18%	More client representative officials were trained than expected.
4.1.4	Number of transport officers trained (FleetMan).	67	57	64	60	64	4 7%	More client representative officials were trained than expected.
4.1.5	Number of misuse complaints processed.	190	161	174	280	100	(180) (64%)	Fewer cases were reported and reflect improved driver behaviour and the beneficial impact of misuse management systems and processes implemented by GMT with client institutions.

No	Performance Indicator	Actual achievement	Actual achievement	Actual achievement	Planned target	Actual achievement	Deviation from planned target to actual achievement for	Comment on deviations
		2015/16	2016/17	2017/18	2018/19	2018/19	2018/19	
4.1.6	Number of traffic violations processed.	5 244	7 035	5 694	6 000	5 848	(152) (2.5%)	Fewer cases reflect improved driver behaviour and the beneficial impact of misuse management systems and processes implemented by GMT with client institutions.
4.1.7	Number of 3rd party claims processed.	75	93	79	90	96	6 7%	This is a function of demand. Private parties may submit claims within 3 years of incident date.
4.1.8	Number of crashes and losses incidents processed.	2 859	2 787	2 847	3 000	2 629	(371) (12%)	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 the clients were of a high standard and are directly linked to the outputs and associated budget allocation.

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

Table 12: Expenditure versus budget

2018/19			2017/18		
Final budget	Actual expenditure	(Over)/ Under expenditure	Final budget	Actual expenditure	(Over)/ Under expenditure
R'000	R'000	R'000	R'000	R'000	R'000
660 550	594 472	66 078	624 117	569 093	55 024

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 2018/19.

6 Conditional grants

6.1 Conditional grants and earmarked funds paid

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

6.2 Conditional grants and earmarked funds received

GMT received funds from 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.

7 Donor funds

The entity did not receive any donor assistance.

8 Capital investment

8.1 Capital investment, maintenance and asset management plan

All vehicles in the government fleet that are under the control of GMT are recorded in the asset register, kept in the electronic fleet system, and verified by 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. Redundant vehicles are sold at public auctions, after which the FleetMan system and NATIS are updated.

NOTES:



PART C

Governance

Part C: Governance

1 Introduction

The GMT trading entity, as part of the administration of the DTPW, is committed to maintaining the highest standards of governance. 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 strategic support service to the Department.

Enterprise Risk Management Committee (ERMCO) Report

The Department of Transport and Public Works is proud to present its Annual Enterprise Risk Management Committee Report for the financial year ended 31 March 2019.

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 the appropriate formal Terms of Reference (TOR) (approved by the ERMCO chairperson on 17 May 2018 and amended on 18 September 2018 to include "Ethics") and regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Enterprise Risk Management Committee members

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

The table below provides information on ERMCO members.

Member	Position	Scheduled meetings	Attended	Date Appointed
Ms J Gooch	Accounting Officer (Risk Champion and ERMCO Chairperson)	4	3	n/a
Adv. C Smith	Deputy Director-General: Finance – (CFO)	4	4	06/04/2018
Mr G van Schalkwyk	Chief Director: Policy and Strategy Integration	4	4	06/04/2018
Mr R Maharaj	Chief Director: Strategic Management and Operational Support	4	4	06/04/2018
Mr G Kode	Deputy Director-General: Provincial Public Works	4	3	19/04/2018
Mr L Fourie	Chief Director: Road Network Management	4	4	06/04/2018
Adv. K Reinecke	Deputy Director-General: Transport Management	4	3	06/04/2018
Ms H Robson	Deputy Director-General: Corporate Assurance (DotP)	4	0	06/04/2018
Mr R Jansen van Rensburg	Chief Director: Provincial Forensic Services (DotP)	4	3	06/04/2018
Ms E de Bruyn	Director: Centre of e-Innovation (DotP)	4	2	06/04/2018
Ms A Haq	Director: Enterprise Risk Management (DotP)	4	3	06/04/2018
Ms P van der Merwe	Director: Governance and Demand – Supply Chain Management (Ethics Officer)	4	3	06/04/2018
Mr Y Ahmed	Chief Director: GMT	4	2	06/04/2018

Other participants	Position	Scheduled meetings	Attended
Mr B Rahim	Director: Financial Governance (Fraud Champion)	4	4
Ms G Solomons	Chief Risk Advisor: Enterprise Risk Management (DotP)	4	4
Ms W Hansby	Director: Provincial Forensic Services (DotP)	4	3
Mr Z Omer	Chief Risk Advisor: Enterprise Risk Management (DotP)	4	2
Mr S Martin	Director: Internal Audit (DotP)	4	2

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:

- Considered any Corporate Governance Review and Outlook (CGRO) questionnaires in relation to risk management matters;
- Reviewed the Department's Risk Management Policy, Strategy and Implementation Plan; for recommendation by the Audit Committee and approval by the Accounting Officer;
- Set, reviewed and applied appropriate risk appetite and tolerances, and 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;
- Reviewed the Fraud Prevention Plan (Strategy, Policy and Implementation Plan) and recommended it for approval by the Accounting Officer;
- Evaluated the effectiveness of the implementation of the Fraud Prevention Plan;
- Reviewed any material findings and recommendations by assurance providers on the system of risk management and monitored that appropriate actions be instituted to address weaknesses;
- Developed goals and key performance indicators for the ERMCO for approval by the Accounting Officer;
- Developed goals, objectives and key performance indicators to measure the effectiveness of the departmental strategic risk management activity;
- Evaluated the extent and effectiveness of integration of risk management within the department;
- Assessed the implementation of the departmental Risk Management Policy, Strategy and Implementation Plan;
- Assessed the implementation of the departmental Ethics Management Implementation Plan;
- Evaluated the effectiveness and mitigating strategies to address the material, ethics and corruption risks; and
- Provided oversight on ethics management in the Department.

Key strategic risks considered and addressed during the year

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

- The ability to attract, recruit and retain suitable specialised skills is compromised;
- Inability to access IT systems and related information in the event of a significant disruption or disaster;
- Critical systems (or related information) are compromised;
- Insufficient electricity supply;
- Further public transport violence and criminal acts;

- The organisational structure is not designed to optimally deliver on the department's mandate; and
- The ability of the Accounting Officer/ Department to deal with safety threats against staff, contractors, 3rd parties and safe guarding of the asset base is constrained.

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/ or their impact if they should materialise. ERMCO also referred risks back that should be analysed more extensively and recommends additional mitigations or actions to manage risks.

Key emerging risks for the following financial year

The following is a key emerging risk which needs to be considered in the next financial year:

- Climate change; and
- Infrastructure maintenance backlog.

Conclusion

During the period under review, the ERMCO remains an important forum within the Department 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. The Department remains deeply concerned over the risk of a further deterioration in its operating environment and is working diligently to identify and implement mitigating actions.



J Gooch

ACCOUNTING OFFICER

DATE: 25 May 2019

3 Fraud and corruption

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

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

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

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

Employees 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 e.g. was made in good faith). Following amendments by the Protected Disclosures Amendment Act, 2017 (Act of 2017), the transversal Whistle-blowing Policy was reviewed and the revised Whistle-blowing Policy was approved on 18 July 2018. The 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. In all such instances, the WCG representative initiating the disciplinary proceedings is required to recommend dismissal of the employee concerned. Where *prima facie* evidence of criminal conduct is detected, a criminal matter is reported to the South African Police Service.

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

Table 13: PFS Case Movement Certificates issued

Cases	Number of cases
Open cases as at 1 April 2018	9
New cases (2018/19)	5
Closed cases (2018/19)	(8)
Open cases as at 31 March 2019	6

Table 14 further analyses the closed cases identified above.

Table 14: Nature and investigation outcome of PFS cases closed

Outcome of cases closed	
Outcome	Number
Allegations substantiated	6
Only preliminary investigation with no adverse findings	1
Only preliminary investigation with no findings but with recommendations	1
Total	8

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 new Public Service Regulations effective from 1 August 2016.
- Communicating the content of the new Public Service Regulations (PSR) 2016, issued by the Minister for Public Service and Administration, with effect from 1 August 2016 to officials where possible non-compliance was identified.
- Institutionalising the transitional arrangements as prescribed in Annexure 1 (2) of the PSR.
- Implementing the e-disclosure Department of Public Service Administration (DPSA) platform the DTPW supply chain.
- Requiring a Declaration of Interest 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 confidentiality provisions.
- 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 Western Cape Supplier Database (WCSD) as well as the National Treasury's Central Supplier Database (CSD). for information of suppliers. This serves as both a preventative and detective control to identify officials doing business with government.
- Implementing the Provincial Treasury Instructions which require all suppliers intending to do business with the Western Cape Government to register on the Western Cape Supplier Database. This includes pre-requisites such as:
 - Verification with the Companies and Intellectual Property Commission (CIPC) of company registration and ownership information.
 - A sworn declaration in the form of the WCBD 4 form.
 - Submission of a BBBEE profile which is verified against data in the Department of Trade and Industry (DTI) 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. National Treasury granted Provincial Treasury permission to run the Western Cape Supplier Database concurrently with 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.

5 Code of Conduct

The Department adheres to the Public Service Code of Conduct. The highest standards of ethical business are required of public servants employed by the Department. 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.

6 Health, safety and environmental issues

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 2018/19 financial year, three emergency evacuation plans were reviewed and updated. Two 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 11/4/1/1/2/7 dated 28 September 2018 and 14 November 2018, and the GMT's response is described in **Table 15**.

Table 15: Information requested by the Committee

Papers, reports and information requested by the Committee	GMT's response
1. In its letter dated 28 September 2018, the Committee invited the department to brief the Committee on the Annual Reports of the Department and of Government Motor Transport (2017/18).	The Department attended the Standing Committee meeting held on 19 October 2018 to brief the Committee on the Annual Reports of the Department and Government Motor Transport (2017/18).
2. Subsequent to the Annual Report briefing, the Committee, in its letter of 14 November 2018, requested the Department to provide the following: 2.1. A report on the Expanded Public Works Programme initiative within GMT where participants were contracted for administrative and non-administrative duties with specific reference to further opportunities that were created for these participants.	DTPW's response was provided in a letter (referenced 11/1/2/2/Standing Committee on Transport and Public Works) dated 13 December 2018. The response included the following: Details of the participants of the EPWP in GMT where participants were contracted for administrative and non-administrative duties.

8 Public Accounts Committee resolutions

8.1 Response to the report of the Public Accounts Committee (PAC) on the 2017/18 Annual Report dated 14 December 2018

The Committee noted the audit opinion of the AGSA regarding the annual financial statements of the Entity for the 2017/18 financial year, having obtained a clean audit. The audit opinion remains unchanged from the 2016/17 financial year.

Audit opinion

The AGSA raised no findings with the Entity on compliance with laws and regulations, predetermined objectives nor deficiencies in its internal controls.

Financial management

GMT spent R599.9 million of a budget of R624.1 million, which resulted in an overall under-expenditure of R24.1 million (3.9%), as reflected on pages 12-13 of the Annual Report.

The under-expenditure occurred due to the following factors:

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

In addition, the total revenue budget of the GMT of R682 million was over-collected by R38 million, which resulted in a departmental receipt of R720.7 million, as reflected on page 10 of the Annual Report.

The over-expenditure occurred due to the following factors:

- Government grants and other subsidies received (funding received from clients for additional vehicles);
- Services in-kind; and
- Interest earned – accounts receivables, and cash and cash equivalents.

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

Table 16: Views and resolutions of the Committee

Resolution No.	Subject	Details	Response	Resolved (Yes/ No)
5.1	Paragraph 5 (Transversal departmental resolutions) – Page 474	The Committee requests that all departments and entities of the WCG follows the outline of the Annual Report of Transport and Public Works for the 2017/18. The reason for such a request is that the Committee appreciated the format of "extended" reporting (through footnotes, etc.) under most headings and financial notes. This provided much clarity to the Committee and resulted in a more meaningful, constructive and in-depth oversight.	Noted Letters to draw the Department as well as Government Motor Transport's attention to the request were sent to the Deputy Director-General: Finance and the Head: Government Motor Transport on 10 January 2019.	Yes
5.2	Paragraph 5 (Transversal departmental resolutions) – Page 474	Departments have provided, under Part C Governance, a table which provides a list of all the Provincial Forensic Services (PFS) investigation cases which remained open on 1 April 2017, new cases which were opened, including those cases that were successfully completed. The Committee requests that all departments and entities of the WCG provide a footnote under this specific table, in all future annual reports, indicating the following: 5.2.1 The nature of the cases; 5.2.2 Which cases were referred to the South African Police Service for further investigation; and 5.2.3 The outcomes of all PFS cases.	Noted Letters to draw the Department as well as Government Motor Transport's attention to the request were sent to the Deputy Director-General: Finance and the Head: Government Motor Transport on 10 January 2019.	Yes

Resolution No.	Subject	Details	Response	Resolved (Yes/ No)
5.4	Paragraph 5 (Transversal departmental resolutions) – Page 474	The Committee resolved that all departments and entities report on the virements that were made between the Adjustment Appropriation period and end of each respective future financial year, including from which programmes and to which programmes the virements were made. Departments and entities should also report on motivation for such virements. Guidance can be taken from pages 16 to 19 of the Annual Report of the Department of Transport and Public Works for the 2017/18 financial year.	Noted Letters in this regard were sent to the Deputy Director-General: Finance and the Head: Government Motor Transport on 10 January 2019.	Yes
5.5	Paragraph 5 (Transversal departmental resolutions) – Page 474 and 475	Where a Department and/ or Entity undertook official international travel for the 2017/18 financial year, the Committee requests a Report on such travel. The Report should include the following information: 5.5.1 The motivation for such travel; 5.5.2 The expenditure on such travel; 5.5.3 Findings of the international travel; 5.5.4 An Implementation Plan for the Western Cape based on the outcomes of the travel; 5.5.5 Municipal areas where the Implementation Plan have been operationalized; and 5.5.6 Successes, challenges and outcomes of such an Implementation Plan.	The information was provided to the Committee Coordinator.	Yes

Resolution No.	Subject	Details	Response	Resolved (Yes/ No)
5.6	Paragraph 5 (Transversal departmental resolutions) – Page 475	<p>The Committee resolved that all departments and entities of the Western Cape Government, in all future annual reports, provide an indication of the gender responsive budgeting programmes.</p> <p>Gender responsive budgeting refers to the allocation of financial resources in a manner that is equally responsive to the needs and interests of women and men and which ensures that each gender benefits equitably from services delivered through the use of resources. It is a strategy for accelerating institutional transformation to eliminate structural inequality between women and men. Like Gender Mainstreaming, upon which it is rooted, gender budgeting and resource deployment processes, to ensure that women and men are given a fair share of the budget and related resources.</p> <p>The outcome of responsive gender budgeting is gender balanced distribution of resources and benefits. This presupposes that current budgets are gender biased in favour of men and their circumstances.</p>	<p>Noted</p> <p>A letter in this regard was sent to the Deputy Director-General: Strategy, Planning and Coordination on 10 January 2019.</p>	Yes
	Paragraph 8 (General Findings) - Page: 476 to 478	<p>The Committee wishes to advise departments and entities to be cognisant of the transversal risks that were identified by the Audit Committee during the 2017/18 financial year. These include the following:</p> <ul style="list-style-type: none"> • Audit interpretation issues related to Transfer Payments versus Goods & Services distracts management from core service delivery; • Inventory Disclosure – increasingly onerous requirements; • Integrated Financial Management System (IFMS) piloting in the Western Cape; 	<p>Noted</p> <p>Letters in this regard were sent to the Deputy Director-General: Finance and the Head: Government Motor Transport on 10 January 2019</p>	Yes

Resolution No.	Subject	Details	Response	Resolved (Yes/ No)
		<ul style="list-style-type: none"> • The move from Clean Audits to Performance Auditing (effective, efficient and economic audits) and service delivery; • Impact of applying the Modified Cash Standard reporting standards with respect to componentisation of assets and inventory; • Any impact resulting from the current review of Treasury Regulations; • Macroeconomic risks: Impact of downgrades on the fiscus; • Policy and budget execution risk: Unplanned or emergency expenditure requests leading to pressures on the expenditure ceiling; • Developing inventory management systems as the inventory disclosure note will become a requirement in future; • Any impact resulting from the current review of Treasury Regulations; and • Unapproved deviations from National Instruction Notes. 		
	<p>Paragraph 8 (General Findings) - Page: 476 to 478</p>	<p>Similarly, the Committee wishes to alert the departments and entities of the WCG of the following new pronouncements on risks that will require continuous monitoring during the 2018/19 financial year:</p> <ul style="list-style-type: none"> • National instruction notes: Instruction notes are issued by the National Treasury on a continuous basis in terms of section 76 of the PFMA. The arrangement in the Western Cape is that the Provincial Treasury reviews these instruction notes and re-issue them to the various departments and entities on a selective basis. The risk exists that material non-compliance 		

Resolution No.	Subject	Details	Response	Resolved (Yes/ No)
		<p>could arise if certain national instruction notes are not complied with, where the necessary approval from the National Treasury to depart from them was not obtained as required by section 79 of the PFMA.</p> <ul style="list-style-type: none"> • Treasury regulations: The treasury regulations are currently being revised, which may introduce a number of new requirements once effective. • 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. • 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. • Local content: The compliance requirements of local content for commodities within designated sectors are applicable for all tenders. The term tender in terms of the Preferential Procurement Regulations of 2017 is attributed to all awards above R30 000. • B-BBEE certificates: Footnote 3 in Treasury Instruction 4A of 2016-17 noted that the Central Supplier Database (CSD) does not verify B-BBEE status level and set a future date for verification of B-BBEE status (1 October 2016). The office of the chief procurement officer (OCPO) failed to achieve this deadline and up to now the CSD does not verify the B-BBEE status of suppliers. The instruction did not exempt institutions from 		

Resolution No.	Subject	Details	Response	Resolved (Yes/ No)
		<p>complying with the Preferential Procurement Policy Framework Act (PPPFA) requirements for obtaining a valid evidence of B-BBEE level status (e.g. sworn affidavits).</p> <ul style="list-style-type: none"> • B-BBEE Act: Paragraph 13G requires all spheres of government, public entities and organs of the state to report on their compliance with broad-based black economic empowerment in their audited annual financial statements and annual reports required under the PFMA. Discussions are ongoing between the AGSA and B-BBEE Commission to scope this requirement into the audit for the 2018-19 financial year. • Central Supplier Database: The OCPO introduced the Central Supplier Database on 1 September 2015, accessible on www.csd.gov.za, which will reduce the administrative burden on both the supplier and the administrator. The system verifies and validates information with the South African Revenue Service (SARS), the Companies and Intellectual Property Commission (CIPC), and Department of Home Affairs, amongst others. The system was mandatory from 1 April 2016 for all suppliers to national and provincial government and entities at these two spheres of government. • eTenders Portal: Suppliers who meet all compliance requirements can access opportunities on www.eTenders.gov.za. The portal enables suppliers to have access to tenders published on the platform. The compulsory implementation of this portal was from 1 April 2016. 		

Resolution No.	Subject	Details	Response	Resolved (Yes/ No)
	Paragraph 8 (General Findings) - Page 478 of the Public Accounts Committee report	<p>The Committee would like to bring to the attention of the entities of the WCG the following emerging risk for noting during the 2018/19 financial year:</p> <ul style="list-style-type: none"> Standard of GRAP: The ASB, on a regular basis, issues new GRAP standards and interpretations. These standards only become effective once an effective date has been gazetted by the Minister of Finance. A number of GRAP standards and interpretations have been issued by the ASB, but the effective dates have not yet been gazetted. Entities are encouraged to familiarise themselves with such standards to ensure that adequate processes are put in place to ensure full compliance once the standards become effective. 	<p>Noted A letter in this regard was sent to the Head: Government Motor Transport on 10 January 2019</p>	Yes

8.2 List of information required

Table 17: List of information requested

List of information requested:	Response
The Committee requested that the Government Motor Transport provide it with the unspent conditional grants, as highlighted under Note 5 on pages 112 and 125 of the Annual Report.	The information was provided to the Committee Coordinator.

9 Prior modifications to Audit Reports

There were no modifications to the Audit Reports.

10 Financial Governance Directorate

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

Table 18: Financial Governance work performed

Issues	Work performed
Financial delegations	PFMA Accounting Officers Delegations, 2018: <ul style="list-style-type: none"> • Finance Instruction 1 of 2018 issued on 19 April 2018; and • (Amendment 1 of 2018) issued on 26 September 2018. PFMA SCM Delegations, 2014: <ul style="list-style-type: none"> • Finance Instruction 6 of 2006 (Amendment 1 of 2018) – items 340 and 346 of the Construction Procurement System (CPS) delegations aligned to Financial Delegations.
The development, review, and amendment of standard operating procedures and policies to enhance financial governance	ERMCO Terms of Reference for 2018 – 2019: <ul style="list-style-type: none"> • Finance Instruction 2 of 2018 issued on 24 May 2018. Annual revision of Subsistence and Camping Allowances: <ul style="list-style-type: none"> • Finance Instruction 5 of 2018 issued on 20 July 2018. 2018/19 Amended ERMCO TOR to effect the new naming convention: <ul style="list-style-type: none"> • Finance Instruction 6 of 2018 issued 12 October 2018. 2018 Remuneration of Non-official Members – Commissions & Committees of Inquiry and Audit Committees: <ul style="list-style-type: none"> • Finance Instruction 8 of 2018 issued 24 October 2018. 2018 Adjustment of remuneration levels – Service benefit packages for office-bearers of certain statutory and other institutions: <ul style="list-style-type: none"> • Finance Instruction 9 of 2018 issued 24 October 2018. List of Finance Instructions still applicable and withdrawn: <ul style="list-style-type: none"> • Finance Instruction 10 of 2018 issued 5 December 2018. 2018-19 Regulatory audit by the AGSA: <ul style="list-style-type: none"> • Finance Instruction 11 of 2018 issued 5 December 2018.

Issues	Work performed	
	<p>2018-19 Departmental Fraud and Corruption Prevention Plan:</p> <ul style="list-style-type: none"> Finance Instruction 5 of 2010 (Supplementary 1 of 2018) issued 15 July 2018. <p>2018-19 Fraud Awareness Training:</p> <ul style="list-style-type: none"> Finance Instruction 15 of 2013 (Supplementary 1 of 2018) issued on 7 September 2018. <p>Catering Expenditure:</p> <ul style="list-style-type: none"> Finance Instruction 4 of 2014 (Amendment 1 of 2016) issued on 26 September 2018. <p>2018 Adoption of the WCG Anti-Fraud and Corruption Strategy:</p> <ul style="list-style-type: none"> Finance Instruction 13 of 2016 (Supplementary 1 of 2018) issued on 24 June 2018. <p>Departmental Anti-Fraud and Anti-Corruption Policy:</p> <ul style="list-style-type: none"> Finance Instruction 15 of 2016 (Supplementary 1 of 2018) issued on 24 July 2018. <p>2018 Adoption of the WCG Whistle-blowing Policy:</p> <ul style="list-style-type: none"> Finance Instruction 18 of 2016 (Supplementary 1 of 2018) issued on 7 September 2018. <p>Cost Containment measures:</p> <ul style="list-style-type: none"> Finance Instruction 31 of 2016 (Supplementary 1 of 2018) issued on 16 July 2018. <p>2018-19 Fraud and Corruption Prevention Implementation Plan:</p> <ul style="list-style-type: none"> Finance Instruction 32 of 2016 (Supplementary 1 of 2018) issued on 29 May 2018. 	
Provincial Forensic Services reports	Attended to the recommendations in the 8 reports received.	
External audit process	To ensure continuity with the prior year audit outcome, essential preparation work was performed prior to the commencement of the new audit cycle in December 2018.	
Internal audit process	As at 31 March 2019, 6 reports were received and the implementation of the recommendations are managed through the Departmental Corporate Governance Improvement Plan (DCGIP). Further to this, 3 consultation reports were received and administered.	
Retention of financial information	During the 2018-2019 financial year, 41 980 Basic Accounting System (BAS) expenditure vouchers were verified against the monthly document control reports to ensure completeness and safeguarding of financial information.	
Reporting	<p><u>Reporting done under the administration of DTPW</u></p> <ul style="list-style-type: none"> Public Accounts Committee (Resolutions); Public Service Commission (Financial Misconduct); Department of Public Service and Administration (Corruption and Fraud); Top Management (Departmental Corporate Governance Improvement Plan); Audit Committee (Departmental Corporate Governance Improvement Plan); 	<p>Annually Quarterly Quarterly Monthly Quarterly</p>

Issues	Work performed	
	<ul style="list-style-type: none"> • Top Management (Irregular, Fruitless and Wasteful Expenditure); • ERMCO (Fraud Prevention Strategy Implementation Plan and Fraud Risk Registers); and • IYM (in-year monitoring) (Irregular, Fruitless and Wasteful Expenditure). 	Monthly Quarterly Monthly
	<u>Reporting done by GMT</u> <ul style="list-style-type: none"> • In-Year Monitoring (IYM) (Top Management); • IYM (Audit Committee); • Interim Financial Statements (Top Management and Audit Committee); and • Annual Financial Statements (Top Management, Audit Committee, AGSA and Provincial Treasury). 	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 analysis, Provincial Forensic Services reports and PAC resolutions. At year-end, 17 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.	
Financial Inspections	<ul style="list-style-type: none"> • 35 compliance inspections and ad-hoc inspections were conducted; • 6 471 BAS and Logical Information System (LOGIS) payment vouchers were post-audited; and • As part of the Inspectorate's Operational Plan, the accruals for the financial year are verified for correctness prior to submission into the Annual Financial Statements. All LOGIS and BAS payments were verified. 	
Loss control case files: Cases relate to claims against the state, damages to government motor vehicles and loss off moveable assets	<ul style="list-style-type: none"> • 96 claims against the state received; and • 2 629 accidents and losses cases processed. 	
Irregular, fruitless and wasteful case files	<u>DIPW</u> <ul style="list-style-type: none"> • Opening balance 1 April 2018 (0) • New cases registered (2) • Total cases investigated (2) • Cases closed (2) • Balance as at 31 March 2019 (0) 	

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

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

Table 19: 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"> • Chapter 16A: Supply Chain Management for Goods and Services (Draft); • Section 53 of the Employment Equity Act, 1998 (Issued); • National Treasury instruction: Participation in any contract arranged by means of a competitive bidding process by any other organ of state (Draft); • Broad-Based Black Economic Empowerment Amendment Act (Draft); • CIDB Act (Draft); and • Review of National Travel Policy (Draft).
Public Accounts Committee	The Supply Chain Management Unit managed and performed preparation work, assistance and presentations for Standing Committee.
The issuance, development, review, and amendment of standard operating procedures and policies to enhance supply chain management	<ul style="list-style-type: none"> • SCM Instruction 1 of 2018/19: GMT: Subsidised motor transport: New subsidised motor transport handbook; • SCM Instruction 2 of 2018/19: Misuse of Government vehicles: procedures to ensure consistency with their application of discipline (misuse of Government Garage (GG) vehicles); • SCM Instruction 3 of 2018/19: Registration of all government vehicle driver's details on FleetMan database; • SCM Instruction 4 of 2018/19: Utilisation of Pool GG vehicles for department of transport (Head Office); • SCM Instruction 5 of 2018/19: Interim Financial Closure 2018/2019 compilation of LOGIS report for the compilation of the inputs for the disclosure note 27 annual financial statement; • SCM Instruction 6 of 2018/19: Year-end advertising dates; • SCM Instruction 7 of 2018/19: Travel and Accommodation; and

Issues	Work performed			
	<ul style="list-style-type: none"> SCM Instruction 11 of 2018/19: Procurement Plans for 2018/2019 Financial Year in respect of procurement of goods, works and/ or services exceeding R 100 000. 			
Capacity and skills programme implemented	Date	Description	Type of Training	No. of Attendees
	17-18 April 2018	Legal Process Dealing with Construction Disputes	External	3
	23 April 2018	Progressive discipline for managers/ supervisors	Internal	1
	21-23 May 2018	Smart Procurement World Summit	Conference	12
	9-11 May 2018	Public Finance Management Conference	Conference	5
	10 May 2018	Small Business Expo	Expo	3
	18-20 June 2018	Ethics and Risk Management-CPT	External	26
	25-27 June 2018	Ethics and Risk Management-CPT	External	26
	04-06 June 2018	IDMS SCM Course	External	4
	10 July 2018	POPI Act	Internal	19
	16-18 July 2018	Ethics and Risk Management-Eden	External	22
	07 August 2018	POPI Act	Internal	18
	07-08 August 2018	Legal Process Dealing with Construction Disputes	External	16
	21 August 2018	POPI Act	Internal	15
	22 August 2018	Public Sector Ethics Committee Workshop	External	2
	12-13 September 2018	Cape Construction Conference	Conference	5
	11 September 2018	POPI Act	Internal	16
	18-19 September 2018	Legal Process Dealing with Construction Disputes	External	15
	20 September 2018	POPI Act	Internal	17
	12-14 September 2018	Ethics and Risk Management-CPT	External	25
19-21 September 2018	Ethics and Risk Management-CPT	External	26	
26-28 September 2018	Ethics and Risk Management-CPT	External	21	
03-05 October 2018	Ethics and Risk Management-Beaufort West	External	36	

Issues	Work performed				
	15-17 October 2018	ACFE 11th African Summit	Conference	6	
	17-19 October 2018	Ethics and Risk Management-George	External	20	
	03-04 October 2018	Finance Indaba	Conference	5	
	14-15 November 2018	Construction Procurement Risk Management Africa Conference	Conference	22	
	23 November 2018	Anti-Corruption Workshop (DPSA)	Internal	9	
	23 November 2018	Ethics and Risk Management-George	External	27	
	23 December 2018	Ethics Management (DPSA)	Internal	15	
	30-31 January 2019	Ethics and Risk Management	External	23	
	06-08 February 2019	Ethics and Risk Management	External	25	
	06 February 2019	Ethics Management (DPSA)	Internal	5	
	13-15 February 2019	Ethics and Risk Management	External	25	
	01 February to 27 March 2019	Ethics and Risk Management	External	38	
Collaboration initiatives with Line Function	<ul style="list-style-type: none"> • Weekly engagements with the line-function on the implementation of the Accounting Officer's Supply Chain Management System; • Weekly engagements with the line-function regarding Supply Chain Management programme Delivery; and • Bi-weekly engagements with the Centre for E-Innovation on the visualisation of the Supply Chain Management System. 				
Reporting	<ul style="list-style-type: none"> • Procurement Statistics; <ul style="list-style-type: none"> ○ Head of Department ○ Chief Financial Officer ○ Provincial Treasury ○ National Treasury ○ Auditor-General • Monitoring of the Procurement Plan; • Awarded contracts; <ul style="list-style-type: none"> ○ CIDB register of contracts (I-Tender) • Departmental Corporate Governance Improvement Plan; • Top Management; 			<p>Monthly</p> <p>Monthly</p> <p>Monthly</p> <p>Monthly</p> <p>Monthly</p> <p>Monthly</p> <p>Monthly</p> <p>Monthly</p>	

Issues	Work performed																																								
	<ul style="list-style-type: none"> • Infrastructure Delivery Management Committee; • Public Accounts Committee; • Audit Committee; • Standing Committee on Transport and Public Works; and • Ethics. 	Monthly As required As required As required Quarterly																																							
Procurement through bidding processes	<p>Formal bids:</p> <table border="1" data-bbox="656 526 1292 651"> <thead> <tr> <th colspan="2">2018-19 financial year</th> </tr> </thead> <tbody> <tr> <td>Number of contracts awarded</td> <td>2 704</td> </tr> <tr> <td>Value of contracts awarded</td> <td>R5 030 349 749</td> </tr> </tbody> </table> <p>*Including framework packages In the main focussed on construction procurement. Value per BBEE Level Contributor:</p> <table border="1" data-bbox="656 762 1292 1171"> <thead> <tr> <th>BBEE Level Contributor</th> <th>Contract Value R</th> <th>Number of Records</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>114 043 747</td> <td>180</td> </tr> <tr> <td>1</td> <td>2 988 979 278</td> <td>2 173</td> </tr> <tr> <td>2</td> <td>1 148 137 752</td> <td>91</td> </tr> <tr> <td>3</td> <td>312 455 475</td> <td>10</td> </tr> <tr> <td>4</td> <td>299 500 834</td> <td>110</td> </tr> <tr> <td>6</td> <td>164 449 997</td> <td>137</td> </tr> <tr> <td>8</td> <td>2 782 665</td> <td>3</td> </tr> <tr> <td>Total</td> <td>5 030 349 749</td> <td>2 704</td> </tr> </tbody> </table> <p>Informal bids:</p> <table border="1" data-bbox="656 1214 1292 1335"> <thead> <tr> <th colspan="2">2018-19 financial year</th> </tr> </thead> <tbody> <tr> <td>Number of contracts awarded</td> <td>595</td> </tr> <tr> <td>Value of contracts awarded</td> <td>R37 523 031</td> </tr> </tbody> </table>		2018-19 financial year		Number of contracts awarded	2 704	Value of contracts awarded	R5 030 349 749	BBEE Level Contributor	Contract Value R	Number of Records	0	114 043 747	180	1	2 988 979 278	2 173	2	1 148 137 752	91	3	312 455 475	10	4	299 500 834	110	6	164 449 997	137	8	2 782 665	3	Total	5 030 349 749	2 704	2018-19 financial year		Number of contracts awarded	595	Value of contracts awarded	R37 523 031
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Issues	Work performed
Supply Chain Management Compliance Assessments	<p>Compliance inspections with the aim of improving compliance and assisting with the implementation of the Supply Chain Management Accounting Officer's System and its accompanying delegations: (2 Compliance Assessments were performed for the year under review):</p> <ul style="list-style-type: none"> • Formal assessment with defined methodology; • Plan; • Engage; • Prepare; • Assess; • Report; • Monitoring and evaluation; • Identify weakness; • Mutual agreement to address weaknesses; • Continuous one-on-one guidance; and • Asset verification.
Bidder and Staff Verification	<ul style="list-style-type: none"> • Monthly Compliance Report obtained from Provincial Treasury to identify and verify the potential conflict of interest of employees; • 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; • WCBD4 – combined SBD 4, 8 and 9 – declaration of interest, bidders' past SCM practices, and independent bid determination is applied; • Declaration of Interest by SCM practitioners is adhered to and the SCM Code of Conduct is applied; and • Declarations of interest of bid committee members.
Compulsory registration on the Western Cape Supplier Database – 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"> • Continual facilitation of registering suppliers on the WCSD 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; • CSD Roadshow in collaboration with the Provincial Treasury as well as to register suppliers on the CSD; • Monitoring the WCSD and CSD to ensure that suppliers are still active; and • Checklists that informs and enforces compliance to compulsory registration.

Issues	Work performed
Departmental Corporate Governance Improvement Plan	<ul style="list-style-type: none"> Redress any findings emanating from the AGSA Management Report, Internal Audit reports, Provincial Treasury GAP analysis and Public Accounts Committee resolutions in respect of SCM to close control gaps, review inefficiencies in the process, do skills transfers where necessary or any other relevant consequence management.
B-BBEE Compliance performance information	<p><u>Management Control Element</u> Refer to Part D: Human Resource Management – Table 3.5.1.</p> <p><u>Skills Development Element</u> Refer to Part D: Human Resource Management – Table 3.5.7.</p> <p><u>Enterprise and Supplier Development Element</u> Refer to Part C: SCM Governance and Demand Management – Procurement through bidding processes for the procurement spend on all suppliers. Refer to Part B: Performance information – Table 11.</p>

12 Internal Audit and Audit Committees

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

The following key activities are performed in this regard:

- Assess and make appropriate recommendations for improving the governance processes for achieving the Department'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.

The following assurance engagements were approved and completed in the 2018/19 Internal Audit Plan:

- Traffic Violations (GMT) (Assurance Engagement);

The Audit Committee is established as an oversight body, providing independent oversight over governance, risk management and control processes in the Department, 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 relevant information on the audit committee members:

Table 20: Audit Committee members

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date resigned	No. of meetings attended
Mr Francois Barnard	B.Proc; B.Compt (Honours); M.Com; CTA; Postgraduate Diploma in Auditing; CA (SA)	External	N/A	1 January 2016 (2 nd term)	2 nd term expired 31 December 2018	5
Mr Johannes Kleyn	Finance and Business Systems, Risk Management and Compliance	External	N/A	1 January 2015 (1 st term)	N/A	7
Ms Judy Gunther	B.Compt; CRMA; CIA; AGA; Masters in Cost Accounting	External	N/A	1 January 2016 (1 st term) (2 nd term as chair)	N/A	7
Mr Mervyn Burton	B.Compt; B.Compt (Hons); CA (SA)	External	N/A	1 January 2018 (1 st term)	N/A	7
Mr Ebrahiem Abrahams	B.Com (Accounting)	External	N/A	1 January 2019 (1 st term)	N/A	2

13 Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2019.

Audit Committee responsibility

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

The effectiveness of Internal Control

In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

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

- Traffic Violations (GMT) (Assurance Engagement).

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

In-Year Management and Monthly/Quarterly 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 and the Accounting Officer;
- Reviewed the AGSA's Management Report and management's response thereto;
- Reviewed changes to accounting policies and practices as reported in the Annual Financial Statements; and
- Reviewed material adjustments resulting from the audit of the Department.

Compliance

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

Performance Information

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

Report of the Auditor-General of South Africa

The Audit Committee has:

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

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

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

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



Ms J Gunther
Chairperson of the Audit Committee
Government Motor Transport
Date: 2 August 2019



PART D

Human Resource Management

Part D: Human resource management

1 Introduction

Our unique 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.

To consistently deliver improved services to the citizens of the Western Cape is not without its own challenges. The modern people management landscape has shifted significantly in recent years and requires complex navigation between a range of competing variables.

Apart from the fact that these variables are interdependent and interrelated, they are also governed by stringent rules and regulations, which prove difficult when retention and attraction initiatives are explored.

These include balancing service delivery imperatives, the attraction and retention of critical and scarce skills, workforce empowerment, career management, succession planning, employment equity and creating an enabling environment where employees are able to thrive. Further to this, the Department is required to function within an austere environment, which demands that managers consider the impact of "doing more with less".

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

2 Status of people management at the Department

2.1 Departmental workforce planning

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 its outcomes:

- An equitable workforce;
- Competent people in the right numbers at the right place at the right time with the right attitude;
- A performance conducive workplace;
- Leaders that 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 2018/19 financial year. The current Workforce Plan expires on 31 March 2020.

2.2 Employee performance management

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

All employees are required to complete a performance agreement before 31 May each year. The agreement is in essence a contract between the employer and the employee containing the projects, programmes, activities, expectations and standards for the required delivery. In order to facilitate a standardised administration process, the 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 incidents, training and targeted intervention, executive coaching and advocacy).

A quarterly report is prepared by the Directorate: Organisational Behaviour in the CSC that provides a trend analysis of utilisation, risk identification and its impact on productivity. Furthermore, ongoing reporting to the 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 SHEQ (Safety, Health, Environment 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, 2018/19

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	594 472	39 013	118	555 341	6.6%	309 627	126

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, 2018/19

Salary bands	Personnel expenditure (R'000)	% of total personnel expenditure	Average personnel expenditure per employee (R'000)	Number of employees
Interns	0	-	0	1
Lower skilled (Levels 1-2)	821	2.1	164	5
Skilled (Levels 3-5)	15 113	39.1	226	67
Highly skilled production (Levels 6-8)	16 017	41.5	381	42
Highly skilled supervision (Levels 9-12)	5 649	14.6	565	10
Senior management (Levels 13-16)	1 005	2.6	1 005	1
Total	38 606	100.0	306	126

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 3.1.3: Salaries, overtime, housing allowance and medical assistance by Entity, 2018/19

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	26 886	69.6	335	0.9	1 383	3.6	2 564	6.6

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

Table 3.1.4: Salaries, overtime, housing allowance and medical assistance by salary band, 2018/19

Salary Bands	Salaries		Overtime		Housing allowance		Medical assistance	
	Amount (R'000)	Salaries as a % of personnel expenditure	Amount (R'000)	Overtime as a % of personnel expenditure	Amount (R'000)	Housing allowance as a % of personnel expenditure	Amount (R'000)	Medical assistance as a % of personnel expenditure
Interns	-	-	-	-	-	-	-	-
Lower skilled (Levels 1-2)	475	1.2	39	0.1	58	0.2	145	0.4

Salary Bands	Salaries		Overtime		Housing allowance		Medical assistance	
	Amount (R'000)	Salaries as a % of personnel expenditure	Amount (R'000)	Overtime as a % of personnel expenditure	Amount (R'000)	Housing allowance as a % of personnel expenditure	Amount (R'000)	Medical assistance as a % of personnel expenditure
Skilled (Levels 3-5)	10 218	26.5	161	0.4	760	2.0	1 334	3.5
Highly skilled production (Levels 6-8)	11 437	29.6	101	0.3	502	1.3	1 017	2.6
Highly skilled supervision (Levels 9-12)	4 053	10.5	34	0.1	63	0.2	67	0.2
Senior management (Levels 13-16)	704	1.8	-	-	-	-	-	-
Total	26 886	69.6	335	0.9	1 383	3.6	2 564	6.6

3.2 Employment and vacancies

The following tables summarise the number of active posts on the establishment, the number of employees (excluding interns and the Minister), and the percentage active vacant posts as at the end of the financial year. This information is presented in terms of three key variables, namely: Programme (**Table 3.2.1**), Salary Band (**Table 3.2.2**) and Critical Occupations (**Table 3.2.3**). All information in this section is provided as a snapshot as at the end of the financial year under review.

Table 3.2.1: Employment and vacancies by entity, as at 31 March 2019

Entity	Number of active posts	Number of posts filled	Vacancy rate %
GMT	129	119	7.8%

Table 3.2.2: Employment and vacancies by salary band, as at 31 March 2019

Salary Band	Number of funded posts	Number of posts filled	Vacancy rate %
Lower skilled (Levels 1-2)	15	15	0.0
Skilled (Levels 3-5)	65	65	0.0
Highly skilled production (Levels 6-8)	34	28	17.6
Highly skilled supervision (Levels 9-12)	13	10	23.1
Senior management (Levels 13-16)	2	1	50.0
Total	129	119	7.8

Table 3.2.3: Employment and vacancies by critical occupation, as at 31 March 2019

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

Table 3.3.1: Job evaluation, 1 April 2018 to 31 March 2019

Salary Band	Total number of active posts as at 31 March 2019	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)	15	0	0.0	0	0.0	0	0.0
Skilled (Levels 3-5)	65	0	0.0	0	0.0	0	0.0
Highly skilled production (Levels 6-8)	34	2	1.6	0	0.0	0	0.0
Highly skilled supervision (Levels 9-12)	13	1	0.8	0	0.0	0	0.0
Senior Management Service Band A (Level 13)	2	0	0.0	0	0.0	0	0.0
Total	129	3	2.3	0	0.0	0	0.0

Table 3.3.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2018 to 31 March 2019

Beneficiaries	African	Coloured	Indian	White	Total
None					

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

Table 3.3.3: Employees who have been granted higher salaries than those determined by job evaluation per major occupation, 1 April 2018 to 31 March 2019

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 2018 to 31 March 2019

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 2018 to 31 March 2019

Salary Band	Number of employees as at 31 March 2018	Turnover rate % 2017/18	Appointments into the entity	Transfers into the entity	Terminations out of the entity	Transfers out of the entity	Turnover rate % 2018/19
Lower skilled (Levels 1-2)	4	0.0	1	0	0	0	0.0
Skilled (Levels 3-5)	61	14.9	6	1	2	2	6.6
Highly skilled production (Levels 6-8)	41	0.0	0	0	1	1	4.9

Salary Band	Number of employees as at 31 March 2018	Turnover rate % 2017/18	Appointments into the entity	Transfers into the entity	Terminations out of the entity	Transfers out of the entity	Turnover rate % 2018/19
Highly skilled supervision (Levels 9-12)	8	0.0	1	0	0	0	0.0
Senior Management Service Band A (Level 13)	1	100.0	0	0	0	0	0.0
Total	115	9.9	8	1	3	3	5.2
			9		6		

Note: Transfers refer to the lateral movement of employees from one public service entity to another (both provincially and nationally). The turnover rate is determined by calculating the total exits as a percentage of the baseline (Number of employees as at 31 March 2018).

Table 3.4.2: Annual turnover rates by critical occupation, 1 April 2018 to 31 March 2019

Critical occupation	Number of employees as at 31 March 2018	Turnover rate % 2017/18	Appointments into the entity	Transfers into the entity	Terminations out of the entity	Transfers out of the entity	Turnover rate % 2018/19
None							

Table 3.4.3: Staff leaving the employ of the Entity, 1 April 2018 to 31 March 2019

Exit category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2018
Death	0	0.0	0.0
Resignation	1	16.7	0.9
Expiry of contract	1	16.7	0.9
Dismissal – operational changes	0	0.0	0.0
Dismissal – misconduct	0	0.0	0.0
Dismissal – inefficiency	0	0.0	0.0
Discharged due to ill-health	0	0.0	0.0
Retirement	1	16.7	0.9
Employee initiated severance package	0	0.0	0.0
Transfers to statutory bodies	0	0.0	0.0
Transfers to other public service departments	3	50.0	2.6
Total	6	100.0	5.2

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

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

Table 3.4.4: Reasons why staff resigned, 1 April 2018 to 31 March 2019

Resignation reasons	Number	% of total resignations
Change of occupation	1	100.0
Total	1	100.0

Table 3.4.5: Different age groups of staff who resigned, 1 April 2018 to 31 March 2019

Age group	Number	% of total resignations
Ages <19	0	0.0
Ages 20 to 24	0	0.0
Ages 25 to 29	1	100.0
Ages 30 to 34	0	0.0
Ages 35 to 39	0	0.0
Ages 40 to 44	0	0.0
Ages 45 to 49	0	0.0
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
Total	1	100.0

Table 3.4.6: Employee initiated severance packages

Total number of employee initiated severance packages offered in 2018/2019	None
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Table 3.4.7: Promotions by salary band, 1 April 2018 to 31 March 2019

Salary Band	Employees as at 31 March 2018	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)	4	0	0.0	2	50.0
Skilled (Levels 3-5)	61	0	0.0	44	72.1
Highly skilled production (Levels 6-8)	41	1	2.4	11	26.8
Highly skilled supervision (Levels 9-12)	8	0	0.0	3	37.5
Senior management (Levels 13-16)	1	0	0.0	0	0.0
Total	115	1	0.9	60	52.2

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

Table 3.4.8: Promotions by critical occupation, 1 April 2018 to 31 March 2019

Critical occupation	Employees as at 31 March 2018	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 2019

Occupational level	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management (Levels 13-14)	0	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	4	0	2	0	2	0	2	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	1	10	0	17	0	9	0	3	0	0	40
Semi-skilled and discretionary decision making (Levels 3-5)	4	25	0	1	13	20	0	0	0	0	63
Unskilled and defined decision making (Levels 1-2)	1	2	0	1	1	0	0	0	0	0	5
Total	6	41	0	22	14	31	0	5	0	0	119
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	6	41	0	22	14	31	0	5	0	0	119

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 2019

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	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
Total	0	0	0	2	0	0	0	0	0	0	2
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	0	0	2	0	0	0	0	0	0	2

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

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

Table 3.5.3: Recruitment, 1 April 2018 to 31 March 2019

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	1	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	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	
Semi-skilled and discretionary decision making (Levels 3-5)	0	1	0	0	4	2	0	0	0	0	7
Unskilled and defined decision making (Levels 1-2)	0	1	0	0	0	0	0	0	0	0	1
Total	0	2	0	0	4	3	0	0	0	0	9
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	2	0	0	4	3	0	0	0	0	9

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

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

Table 3.5.4: Promotions, 1 April 2018 to 31 March 2019

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	0	0	0	0	1	0	0	0	0	1
Semi-skilled and discretionary decision making (Levels 3-5)	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	1	0	0	0	0	1
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	0	0	0	0	1	0	0	0	0	1

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 2018 to 31 March 2019

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	0	0	1	0	0	0	1	0	0	2
Semi-skilled and discretionary decision making (Levels 3-5)	0	2	0	0	1	1	0	0	0	0	4
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Total	0	2	0	1	1	1	0	1	0	0	6
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	2	0	1	1	1	0	1	0	0	6

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

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

Table 3.5.6: Disciplinary actions, 1 April 2018 to 31 March 2019

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

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

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

Table 3.5.7: Skills development, 1 April 2018 to 31 March 2019

Occupational level	Male				Female				Total
	A	C	I	W	A	C	I	W	
Senior management (Levels 13-14)	0	0	0	1	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	1	0	1	0	0	0	1	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	5	0	6	0	3	0	2	16
Semi-skilled and discretionary decision making (Levels 3-5)	4	10	0	0	11	15	0	0	40
Unskilled and defined decision making (Levels 1-2)	0	1	0	0	0	0	0	0	1
Total	4	17	0	8	11	18	0	3	61
Temporary employees	0	0	0	0	0	0	0	0	0
Grand total	4	17	0	8	11	18	0	3	61

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

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

3.6 Signing of performance agreements by SMS members

Table 3.6.1: Signing of performance agreements by SMS members, as at 31 May 2018

SMS level	Number of active SMS posts per level	Number of SMS members per level	Number of signed performance agreements per level	Signed performance agreements as % of SMS members per level
Salary Level 13-14	2	1	1	100.0

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

Table 3.6.2: Reasons for not having concluded performance agreements with all SMS members on 31 May 2018

Reasons for not concluding performance agreements with all SMS
None required

Table 3.6.3: Disciplinary steps taken against SMS Members for not having concluded performance agreements on 31 May 2018

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

3.7 Filling of SMS posts

Table 3.7.1: SMS posts information, as at 30 September 2018

SMS level	Number of active SMS posts per level	Number of SMS posts filled per level	% of SMS posts filled per level	Number of SMS posts vacant per level	% of SMS posts vacant per level
Salary Level 13-14	2	1	50.0%	1	50.0%

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

Table 3.7.2: SMS posts information, as at 31 March 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 13-14	2	1	50.0%	1	50.0%

Table 3.7.3: Advertising and filling of SMS posts, as at 31 March 2019

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

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

SMS level	Reasons for non-compliance
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

Table 3.8.1: Notch progressions by salary band, 1 April 2018 to 31 March 2019

Salary Band	Employees as at 31 March 2018	Progressions to another notch within a salary band	Notch progressions as a % of total employees within a salary band
Lower skilled (Levels 1-2)	4	2	50.0
Skilled (Levels 3-5)	61	44	72.1
Highly skilled production (Levels 6-8)	41	11	26.8
Highly skilled supervision (Levels 9-12)	8	3	37.5
Senior management (Levels 13-16)	1	0	0.0
Total	115	60	52.2

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

Table 3.8.2: Notch progressions by critical occupation, 1 April 2018 to 31 March 2019

Critical occupations	Employees as at 31 March 2018	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 2017/18, but paid in the financial year 2018/19. 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 2018 to 31 March 2019

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2018	% of total within group	Cost (R'000)	Average cost per beneficiary (R)
African	8	17	47.1	41	5 064
Male	4	6	66.7	21	5 130
Female	4	11	36.4	20	4 998
Coloured	17	70	24.3	158	9 270
Male	7	42	16.7	93	13 280
Female	10	28	35.7	65	6 462

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2018	% of total within group	Cost (R'000)	Average cost per beneficiary (R)
Indian	0	0	0.0	0	0
Male	0	0	0.0	0	0
Female	0	0	0.0	0	0
White	8	26	30.8	87	10 831
Male	5	20	25.0	59	11 749
Female	3	6	50.0	28	9 302
Employees with a disability	0	2	0.0	0	0
Total	33	115	28.7	286	8 629

Table 3.8.4: Performance rewards (cash bonus), by salary bands for personnel below Senior Management Service level, 1 April 2018 to 31 March 2019

Salary Band	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2018	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	1	4	25.0	5	4 718	0.0
Skilled (Levels 3-5)	16	61	26.2	83	5 205	0.2
Highly skilled production (Levels 6-8)	11	41	26.8	91	8 273	0.2
Highly skilled supervision (Levels 9-12)	5	8	62.5	106	21 150	0.3
Total	33	114	28.9	285	8 629	0.8

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

Table 3.8.5: Performance rewards (cash bonus), by salary band, for Senior Management Service level, 1 April 2018 to 31 March 2019

Salary Band	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2018	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of the total personnel expenditure
Senior Management Service Band A (Level 13)	0	1	0.0	0	0	0.0

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

Table 3.8.6: Performance rewards (cash bonus) by critical occupation, 1 April 2018 to 31 March 2019

Critical occupation	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2018	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of total personnel expenditure
None						

3.9 Foreign workers

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

Table 3.9.1: Foreign workers by salary band, 1 April 2018 to 31 March 2019

Salary Band	1 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% change
None						

Table 3.9.2: Foreign workers by major occupation, 1 April 2018 to 31 March 2019

Major occupation	1 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% change
None						

3.10 Leave utilisation for the period 1 January 2018 to 31 December 2018

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

Table 3.10.1: Sick leave, 1 January 2018 to 31 December 2018

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)	25	88.0	4	5	80.0	6	10
Skilled (Levels 3-5)	367	78.2	52	66	78.8	7	233
Highly skilled production (Levels 6-8)	254	56.7	36	42	85.7	7	277

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)
Highly skilled supervision (Levels 9-12)	51	90.2	7	10	70.0	7	86
Senior management (Levels 13-16)	0	0.0	0	1	0.0	0	0
Total	697	71.6	99	125	79.2	7	606

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

Table 3.10.2: Incapacity leave, 1 January 2018 to 31 December 2018

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
Skilled (Levels 3-5)	103	100.0	7	66	10.6	15	62
Highly skilled production (Levels 6-8)	2	100.0	1	42	2.4	2	3
Highly skilled supervision (Levels 9-12)	23	100.0	1	10	10.0	23	32
Senior management (Levels 13-16)	0	0.0	0	1	0.0	0	0
Total	128	100.0	9	125	7.2	14	97

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

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

Table 3.10.3: Annual leave, 1 January 2018 to 31 December 2018

Salary Band	Total days taken	Total number employees using annual leave	Average number of days taken per employee
Interns	4	1	4
Lower skilled (Levels 1-2)	78	4	20
Skilled (Levels 3-5)	1 555	64	24
Highly skilled production (Levels 6-8)	1 173	42	28
Highly skilled supervision (Levels 9-12)	206	8	26
Senior management (Levels 13-16)	19	1	19
Total	3 035	120	25

Table 3.10.4: Capped leave, 1 January 2018 to 31 December 2018

Salary Band	Total capped leave available as at 31 Dec 2017	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 2018	Total capped leave available as at 31 Dec 2018
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	436	10	1	10	13	428
Highly skilled production (Levels 6-8)	1 071	64	4	16	27	939
Highly skilled supervision (Levels 9-12)	264	0	0	0	6	264
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	1 772	74	5	15	46	1 632

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

Table 3.10.5: Leave pay-outs, 1 April 2018 to 31 March 2019

Reason	Total amount (R'000)	Number of employees	Average payment per employee
Leave pay-outs during 2018/19 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service	45	1	44 809
Current leave pay-outs on termination of service	22	4	5 520

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.</p>	<p>HIV and AIDS counselling and testing (HCT) and wellness screenings were conducted in general. Employee Health and Wellness Services are rendered to all employees in need and include the following:</p> <ul style="list-style-type: none"> • 24/7/365 telephone counselling; • Face to face counselling (4 session model); • Trauma and critical incident counselling; • Advocacy on HIV and AIDS awareness, including online E-Care services; and • Training, coaching and targeted interventions where these were required.

Table 3.11.2: Details of health promotion including HIV and AIDS Programmes, 1 April 2018 to 31 March 2019

Question	Yes	No	Details, if yes
<p>1. Has the trading entity designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2006? If so, provide her/his name and position.</p>	√		<p>Reygana Shade, Director: Organisational Behaviour, (Department of the Premier).</p>
<p>2. Does the trading entity have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.</p>	√		<p>The Corporate Services Centre in the Department of the Premier provides a transversal service to 11 departments, including the Department of Transport and Public Works, 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 eleven client institutions.</p> <p>The unit consists of a Deputy Director, three Assistant Directors, and three EHW Practitioners.</p> <p>Budget R2.756 m.</p>

Question	Yes	No	Details, if yes
<p>3. Has the trading entity introduced an employee assistance or health promotion programme for employees? If so, indicate the key elements/services of this programme.</p>	√		<p>The Department of the Premier has entered into a service level agreement with Independent Counselling and Advisory Services (ICAS) (an external service provider) to render an employee health and wellness service to the eleven departments served by the Corporate Services Centre, including GMT.</p> <p>The following sessions were conducted: diversity awareness, team cohesion, trauma management, empowering women from within, stress and work-life balance, disability and mental health, tipping point, enhancing relationships, HIV and STI (sexually transmitted infection) practices, eye screening, HCT and wellness screening and coaching for managers, E-Care profiling, and information desk and employee information.</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 promoting personal development; promoting healthy lifestyles; and improving coping skills. This involved presentations, workshops, group discussions to create awareness and encourage employees to have a proactive approach to limiting the impact of these problems in the workplace. Targeted interventions were also implemented to equip managers with tools to engage 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 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 PSCBC for the Western Cape Province on 10 August 2005.</p> <p>In this regard, all employment policies make provision for fair practices, regardless of the HIV status of staff or applicants. 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.</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. The document is in line with the four pillars of the EHW Strategic Framework 2008.</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>

Question	Yes	No	Details, if yes
<p>6. Has the trading entity introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.</p>	√		<p>The Provincial Strategic Plan on HIV & AIDS, STIs and TB 2017 – 2022 has been implemented to mainstream HIV and TB and its gender and rights-based dimensions into the core mandates to reduce HIV-related stigma.</p> <p>The aim is to:</p> <ul style="list-style-type: none"> • Reduce HIV and TB discrimination in the workplace. This included campaigns against unfair discrimination and empowerment of employees; and • Reduce unfair discrimination in access to services. This included ensuring that the Directorate: Employee Relations addresses complaints or grievances relating to unfair discrimination and provides training to employees. <p>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"> • Wellness screenings (blood pressure, glucose, cholesterol, TB, Body Mass Index); • HCT screenings; • TB talks and screenings; • Distributing posters and pamphlets; • Condom distribution and spot talks; • Commemoration of World AIDS Day; and • Wellness events.
<p>7. Does the trading entity encourage its employees to undergo HIV counselling and testing (HCT)? If so, list the results that you have achieved.</p>	√		<p>The following wellness and HCT screening sessions were conducted:</p> <ul style="list-style-type: none"> • The department participated in two (2) HCT and wellness screening sessions; and • 55 employees were tested and counselled for HIV, tuberculosis and sexually transmitted infections (STIs). <p>There was one (1) clinical referral for further management for TB, HIV or STIs.</p>

Question	Yes	No	Details, if yes
8. Has the trading entity developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	√		<p>The impact of health promotion programmes is indicated through information provided through the EHW contract with ICAS.</p> <p>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.</p>

3.12 Labour relations

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

Table 3.12.1: Collective agreements, 1 April 2018 to 31 March 2019

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 2018 to 31 March 2019

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

Table 3.12.3: Types of misconduct addressed at disciplinary hearings, 1 April 2018 to 31 March 2019

Type of misconduct	Number	% of total
None		

Table 3.12.4: Grievances lodged, 1 April 2018 to 31 March 2019

Grievances lodged	Number	% of total
Number of grievances resolved	0	0.0
Number of grievances not resolved	1	100.0
Total number of grievances lodged	1	100.0

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

Table 3.12.5: Disputes lodged with councils, 1 April 2018 to 31 March 2019

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 aggrieved. When a dispute is "dismissed", it means that the Council is not ruling in favour of the aggrieved.

Table 3.12.6: Strike actions, 1 April 2018 to 31 March 2019

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 2018 to 31 March 2019

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, whilst the case was being investigated.

3.13 Skills development

Table 3.13.1: Training needs identified, 1 April 2018 to 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2018	Training needs identified at start of reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	1	0	0	0	0
Professionals	Female	2	0	8	0	8
	Male	6	0	8	0	8
Technicians and associate professionals	Female	12	0	36	0	36
	Male	27	0	56	0	56
Clerks	Female	30	0	81	0	81
	Male	30	0	73	0	73
Elementary occupations	Female	1	0	1	0	1
	Male	3	0	1	0	1
Sub Total	Female	45	0	126	0	126
	Male	69	0	138	0	138
Total		114	0	264	0	264
Employees with disabilities	Female	0	0	0	0	0
	Male	2	0	0	0	0

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

Table 3.13.2: Training provided, 1 April 2018 to 31 March 2019

Occupational category	Gender	Number of employees as at 31 March 2019	Training provided within the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	1	0	5	0	4
Professionals	Female	4	0	3	0	3
	Male	6	0	5	0	8
Technicians and associate professionals	Female	12	0	15	0	14
	Male	26	0	13	0	3
Clerks	Female	33	0	52	0	35
	Male	30	0	22	0	13
Elementary occupations	Female	1	0	0	0	0
	Male	4	0	1	0	1
Sub Total	Female	50	0	70	0	52
	Male	69	0	46	0	29
Total		119	0	116	0	81
Employees with disabilities	Female	0	0	0	0	0
	Male	2	0	0	0	0

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 2018 to 31 March 2019

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0.0
Temporary disablement	2	100.0
Permanent disablement	0	0.0
Fatal	0	0.0
Total	2	100.0
Percentage of total employment		1.6

3.15 Utilisation of consultants

Table 3.15.1: Report on consultant appointments using appropriated funds for the period 1 April 2018 to 31 March 2019

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 (Pty) Ltd	Rendering of accounting services	Accounting Services	1	95 days	1 341 000	1	4
	Dimension Data (Pty) Ltd	Rendering of Information Communication Services	Information Communication Services	34	175 days	13 400 634	6	3
	Third Quarter Consulting CC	Rendering of Information Communication Services	Information Communication Services	33	92 days	7 771 375	6	2
Total				68	362 days	22 513 009	13	



PART E

Financial Information

Part E: Financial information

1 Report of the auditor-general 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 122 to 189, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Government Motor Transport as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the trading entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (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.

Responsibilities of the accounting officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting officer

determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting officer is responsible for assessing 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

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

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the trading entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the annual performance report of the trading entity for the year ended 31 March 2019:

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	47

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

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 46 to 49 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

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

Other information

19. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected objective presented in the annual performance report that has been specifically reported in this auditor's report.
20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
22. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
23. I have nothing to report in this regard.

Internal control deficiencies

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

Auditor General

Cape Town

31 July 2019



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 continuing as a going concern; and
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

2 Annual Financial Statements for the year ended 31 March 2019

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 2019

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 GRAP including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

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

In the light of the current financial position and the expected future cash flows for the 12 months ended 31 March 2020, the Accounting Officer is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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



J. Gooch

Accounting Officer

Date: 31-05-2019

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2018/19 R'000	Restated 2017/18 R'000
NET ASSETS AND LIABILITIES			
Net Assets			
Accumulated surplus		2,574,103	2,412,033
Total Net Assets		2,574,103	2,412,033
Non-current liabilities			
Employee benefit liability	1	616	820
Provisions	2	1,611	1,441
Total Non-current liabilities		2,227	2,261
Current liabilities			
Payables from exchange transactions	3	37,572	20,583
Payables from non-exchange transactions	4	2,909	7,068
Unspent conditional grants and receipts	5	22,631	68,487
Provisions	6	1,179	989
Total current liabilities		64,291	97,127
Total liabilities		66,519	99,388
Total Net Assets and Liabilities		2,640,621	2,511,421
ASSETS			
Non-current Assets			
Property, plant and equipment	7	265,330	182,894
Intangible assets	8	102,088	104,093
Heritage assets	9	140	140
Finance lease receivables	10	590,057	646,662
Total Non-current assets		957,615	933,789
Current Assets			
Inventory	11	198	190
Receivables from exchange transactions	12	28,549	53,320
Receivables from non-exchange transactions	13	9,066	7,865
Cash and cash equivalents	14	1,394,244	1,344,531
Finance lease receivables	10	250,948	171,726
Total current assets		1,683,006	1,577,632
Total Assets		2,640,621	2,511,421

**GOVERNMENT MOTOR TRANSPORT
 STATEMENT OF FINANCIAL PERFORMANCE
 FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2018/19 R'000	Restated 2017/18 R'000
REVENUE			
Revenue from Exchange Transactions			
Revenue	15	630,986	582,704
Other income	16	11,089	11,683
Interest earned	17	94,896	87,009
Government grants and subsidies received	18	12,717	5,649
Revenue from Non-exchange Transactions			
Other grants and subsidies received	18	-	8
Services in-kind	19	6,853	2,751
Total Revenue		756,541	689,805
EXPENDITURE			
Administrative expenses	20	(23,949)	(23,755)
Employee costs	21	(39,013)	(35,188)
Operating expenditure	22	(317,359)	(296,322)
Depreciation	23	(13,737)	(14,296)
Amortisation	24	(14,882)	(16,467)
Accidents and Impairment losses	25	(2,440)	(1,001)
Grants and subsidies paid	26	(150,000)	(150,000)
Operating leases	33	(33,092)	(32,064)
Total Expenditure		(594,472)	(569,093)
SURPLUS FOR THE YEAR		162,069	120,712

**GOVERNMENT MOTOR TRANSPORT
 STATEMENT OF CHANGES IN TOTAL NET ASSETS
 FOR THE YEAR ENDED 31 MARCH 2019**

Description	Accumulated Surplus	Total Net Assets
	R'000	R'000
Balance at 31 March 2017	2,291,320	2,291,320
Changes in net assets for the year ended 31 March 2018 Surplus for the year ended 31 March 2018	120,713	120,713
Balance at 31 March 2018	2,412,033	2,412,033
Changes in net assets for the year ended 31 March 2019 Surplus for the year ended 31 March 2019	162,070	162,070
Balance at 31 March 2019	2,574,103	2,574,103

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2018/19 R'000	Restated 2017/18 R'000
CASH FROM OPERATING ACTIVITIES			
Receipts			
Charges for services provided		655,759	552,502
Other receipts		6,427	4,181
Interest earned		94,896	87,009
Government grants and subsidies received		3,473	61,536
Payments			
Employee costs		(38,616)	(35,066)
Suppliers paid		(283,388)	(191,814)
Other payments		(211,091)	(204,802)
Vehicles and equipment procured as procuring agent		(36,613)	(33,472)
NET CASH FLOWS FROM OPERATING ACTIVITIES	27	190,849	240,075
CASH FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		13,276	15,661
Acquisition of property, plant and equipment		(118,916)	(83,097)
Intangible Assets - development cost capitalised		(12,877)	(11,844)
Increase in finance lease receivables		(22,618)	(84,963)
NET CASH FROM INVESTING ACTIVITIES		(141,135)	(164,244)
NET INCREASE IN CASH AND CASH EQUIVALENTS		49,713	75,829
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR		1,344,531	1,268,702
CASH AND CASH EQUIVALENTS - END OF THE YEAR	28	1,394,244	1,344,531

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2019

31 March 2019

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
	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	-	-	-	-	-	-	-	198	-	198	-	-
Receivables from exchange transactions	-	-	-	-	-	-	-	28,549	-	28,549	-	-
Receivables from non-exchange transactions	-	-	-	-	-	-	-	9,066	-	9,066	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	1,394,244	-	1,394,244	-	-
Finance lease receivables	-	-	-	-	-	-	-	250,948	-	250,948	-	-
Non-current assets												
Property, plant and equipment	203,555	44,817	-	248,372	-	-	248,372	265,330	-	16,958	107	130
Intangible assets	20,325	60	-	20,385	-	2,008	22,393	102,088	-	79,695	456	502
Heritage assets	-	-	-	-	-	-	-	140	-	140	-	-
Finance lease receivables	-	-	-	-	-	-	-	590,057	-	590,057	-	-
Total assets	223,880	44,877	-	268,757	-	2,008	270,765	2,640,622	-	2,369,856	975	1179
Current liabilities												
Payables from exchange transactions	-	-	-	-	-	-	-	37,572	-	37,572	-	-
Payables from non-exchange transactions	-	-	-	-	-	-	-	2,909	-	2,909	-	-
Unspent conditional grants and receipts	-	-	-	-	-	-	-	22,631	-	22,631	-	-
Provisions	-	-	-	-	-	-	-	1,179	-	1,179	-	-
Non-current liabilities												
Employee benefit liability	-	-	-	-	-	-	-	616	-	616	-	-
Provisions	-	-	-	-	-	-	-	1,611	-	1,611	-	-
Total liabilities	-	-	-	-	-	-	-	66,520	-	66,520	-	-
Total assets and liabilities	223,880	44,877	-	268,757	-	2,008	270,765	2,574,104	-	2,303,337	-	-
Net assets												
Accumulated surplus	-	-	-	-	-	-	-	2,574,103	-	2,574,103	-	-
Total Net assets	-	-	-	-	-	-	-	2,574,103	-	2,574,103	-	-

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2019

31 March 2019

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
	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	(598,485)	-	-	(598,485)	-	21,484	(577,001)	(630,986)	-	(53,985)	109	105
Other income	(16,579)	-	-	(16,579)	-	(25)	(16,604)	(11,089)	-	5,516	67	67
Interest earned	(80,967)	-	-	(80,967)	-	(14,605)	(95,572)	(94,896)	-	676	99	117
Government grants and subsidies received	(11,039)	-	-	(11,039)	-	-	(11,039)	(12,717)	-	(1,678)	115	115
Revenue from non-exchange transactions												
Other grants and subsidies received	(140)	-	-	(140)	-	-	(140)	-	-	140	-	-
Services in-kind	-	-	-	-	-	(6,853)	(6,853)	(6,853)	-	-	100	100
Financing through own funds	(150,000)	-	-	(150,000)	-	-	(150,000)	-	-	-	-	-
Total revenue	(857,210)	-	-	(857,210)	-	-	(857,210)	(756,541)	-	(49,331)	88	88
Expenditure												
Administrative expenses	24,848	77	-	24,925	-	342	25,267	23,949	-	(1,318)	95	96
Employee costs	47,669	-	-	47,669	-	-	47,669	39,013	-	(8,656)	82	82
Operating expenditure	344,822	109	-	344,931	-	(18,180)	326,751	317,359	-	(9,392)	97	92
Depreciation	15,377	-	-	15,377	-	(1,532)	13,845	13,737	-	(108)	99	89
Amortisation	25,607	-	-	25,607	-	(10,356)	15,251	14,882	-	(370)	98	58
Accidents and Impairment losses	2,515	-	-	2,515	-	(74)	2,441	2,440	-	(1)	100	97
Grants and subsidies paid	150,000	-	29,042	179,042	-	17,112	196,154	150,000	-	(46,154)	76	100
Operating leases	22,492	-	-	22,492	-	10,681	33,173	33,092	-	(82)	100	147
Total expenditure	633,330	186	29,042	662,558	-	(2,008)	660,550	594,472	-	(66,080)	90	94
Surplus for the year	-	186	29,042	(194,652)	-	(2,008)	(196,660)	(162,069)	-	(115,411)	-	-

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2019

31 MARCH 2019

Explanation of variances between the Original and Final Budget

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

STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

Revenue from exchange transactions

Revenue

A shifting of funds decrease of R21,484 million between the Original Budget and Final Adjustments Budget was done. The shift was done to allocate budget to services in-kind and interest earned on investments.

Other income

A shifting of funds increase of R25 000 between the Original Budget and Final Adjustments Budget was done. The shift increase of R25 000 was done to cater for business related recoveries.

Interest earned

A shifting of funds increase of R14,605 million between the approved and Final budget was done. The shift was done to allocate budget to interest earned on investments as investment opportunities were pursued which attracted higher interest yields than originally anticipated during the budget preparation.

Services in-kind

A shifting of funds increase of R6,853 million between the Original Budget and Final Adjustments Budget was done. The shift increase of R6,853 million was done to provide for the free use of operating premises.

EXPENDITURE

Administrative expenses

A budget commitments increase of R77 000 between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds increase of R342 000 between the Final Adjustments Budget to the Final Budget. The budget commitments of R77 000 were for purchase orders raised during the 2017/18 financial year for expenditure which were not yet invoiced by 31 March 2018. The shifting of funds increase of R342 000 was due to the requirement to re-allocate funds for the procurement of license fees.

Operating expenditure

A budget commitments increase of R109 000 between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds decrease of R18,18 million between the Final Adjustments Budget and Final Budget. The budget commitments increase of R109 000 were mostly due to purchase orders raised for IT related costs during the 2017/18 financial year which were not yet invoiced by 31 March 2018. The shifting of funds decrease of R18,18 million was done for the settlement of operating lease costs and to provide for grants and subsidies expenditure.

Depreciation

A shifting of funds decrease of R1,532 million between the Final Adjustments Budget and the Final Budget was done. The shifting of funds decrease of R1,532 million was due to the requirement to allocate funds to services in-kind.

Amortisation

A shifting of funds decrease of R10,356 million between the Final Adjustments Budget and the Final Budget was done. The shifting of funds decrease of R10,356 million was due to the requirement to allocate funds to grants and subsidies paid.

Accidents and impairment losses

A shifting of funds decrease of R74 000 between the Final Adjustments Budget and the Final Budget was done. The shifting of funds decrease of R74 000 was done as impairment losses were recognised on vehicles in the financial statements for 2018/19.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2019

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

Grants and subsidies paid

The augmentation of the budget to increase the budget by R29,042 million between the Medium Term Expenditure Framework and the Adjustment Budget and a shifting of funds increase of R17,112 million between the Final Adjustments Budget and the Final Budget was done. The augmentation and shifting of funds increase was done to provide for grants and subsidies paid expenditure incurred.

Operating leases

A shifting of funds increase of R10,681 million between the Final Adjustments Budget and the Final Budget was done. The shift increase of R10,681 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 R44,817 million between the Original Budget and Final Adjustments Budget was done. The budget commitments increase of R44,817 million were primarily for vehicle related purchase orders raised during the 2017/18 financial year which were not yet invoiced by 31 March 2018.

Intangible assets

A budget commitments increase of R60 000 between the Original and Final Adjustments Budget as well as a shifting of funds increase of R2,008 million from the Final Adjustments Budget and Final Budget were done. The budget commitments increase of R60 000 was for purchase orders raised during the 2017/18 financial year which were not yet invoiced by 31 March 2018 for projects. The shifting of funds increase of R2,008 million were to provide for projects.

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

STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

Revenue from exchange transactions

Other income

The actual other income earned is R5,516 million under the Final Budget. This line item includes profit generated from the sale of vehicles during auctions. Fewer vehicles were auctioned during 2018/19 than anticipated, resulting in lower revenue earned on this line item.

Government grants and subsidies received

The actual Government Grants and Subsidies Received is R1,678 million over the Final Budget. The budgeted revenue was calculated on previous year's actual revenue receipts and vehicle allocations. During 2018/19, the additional vehicles allocated to the Western Cape Department of Health were higher than the trends expected during the budget preparation.

Revenue from non-exchange transactions

Other grants and subsidies received

The variance of R140 000 under budget between the Final Budget and the Actual revenue. The budget estimate was based on the value of assets taken in from clients. No assets were taken in during 2018/19.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2019

Explanation of Variances between the Final Budget and the Actual expenditure (continued)

EXPENDITURE

Employee costs

The actual expenditure is R8,656 million under the Final Budget amount. The budget was calculated on some positions on the new organisational structure being filled. Some vacancies still existed during the 2018/19 financial year.

Grants and subsidies paid

The actual expenditure is R46,154 million under the Final Budget amount. GMT is considered to be a procuring agent during the process of procuring vehicles and equipment on behalf of clients when these items are then transferred to the clients, thus no expenditure is recognised on the chart of accounts of GMT.

FINANCIAL POSITION

The Final Budget is the total of the expected revenue earned and expenditure incurred during the 2018/19 financial year. The actual balances on the Statement of Financial Position is the carrying value of the line item which has accrued since its recognition until 31 March 2019.

Current assets

Inventories

The variance of R198 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 R28,549 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 R9,066 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.

Cash and cash equivalents

The variance of R1,39 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 R250,948 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 R79,695 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 2018/19 while the balance of R102,088 million is the carrying value of the line item which has accrued since its recognition until 31 March 2019.

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 2018/19 which had an impact on the carrying value of the asset. The value of this item must be disclosed in terms of the accounting standard on Heritage assets, thus the carrying value of R140 000 is reflected on the Statement of Financial Position.

GOVERNMENT MOTOR TRANSPORT

**NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2019**

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

Finance lease receivables

The variance of R590,057 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 R37,572 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 R2,909 million over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted under the relevant expenditure items on the Statement of Financial Performance and not under this line item.

Unspent conditional grants and receipts

The variance of R22,631 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 R1,179 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.

Non-current liabilities

Employee benefit liability

The variance of R616 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 R1,611 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 2019

	2018/19	Restated
	R'000	2017/18
		R'000
1 EMPLOYEE BENEFIT LIABILITY		
Provision for Long Service Awards	<u>616</u>	<u>820</u>
The movement in the Employee Benefit Liability is reconciled as follows:		
Balance at beginning of the year	820	805
Contributions to provision	(29)	197
	<u>791</u>	<u>1,002</u>
Transfer to current provisions	(175)	(183)
Balance at end of the year	<u>616</u>	<u>820</u>

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

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out at 31 March 2019 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 2019, 117 (31 March 2018: 114) employees were eligible for long service awards.

The current service cost for the year ended 31 March 2019 is estimated to be R40,505, whereas the cost for the year ending 31 March 2020 is estimated to be R37,865 (31 March 2018: R43,337).

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

Discount Rate	8.52%	8.20%
CPI (Consumer Price Inflation)	4.64%	5.87%
Normal Salary Increase Rate	5.30%	6.70%
Net Effective Discount Rate	3.71%	2.20%
Expected Retirement Age - Females	60	60
Expected Retirement Age - Males	64	64

Mortality rates:

Pre-Retirement SA 85 - 90 mortality tables

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 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	1,002	968	
Current service costs	41	43	
Interest cost	77	77	
Benefits paid	(204)	(138)	
Actuarial losses / (gains)	(125)	53	
Present Value of Fund Obligation at the end of the year	791	1,002	
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations	791	1,002	
Fair value of plan assets	-	-	
Total Benefit Liability	791	1,002	
The amounts recognised in the Statement of Financial Performance are as follows:			
Current service cost	41	43	
Interest cost	77	77	
Actuarial losses / (gains)	(125)	53	
Total Post-retirement Benefit included in Employee costs	(8)	173	
The history of experienced adjustments is as follows:			
	2018/19 R'000	2017/18 R'000	2016/17 R'000
Present Value of Defined Benefit Obligation	791	1,002	968
Fair Value of Plan Assets	-	-	-
Deficit	791	1,002	968
		Restated 2017/18 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		127	117
Effect on the defined benefit obligation		663	942
Decrease:			
Effect on the aggregate of the current service cost and the interest cost		108	117
Effect on the defined benefit obligation		592	1,070

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
2 PROVISIONS		
Capped leave pay:		
Opening balance	1,441	1,704
Increase in provisions during the year	19	106
Current portion transferred from/(to) current liabilities	151	(369)
	1,611	1,441

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

3 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors	37,460	17,607
Sundry creditors	112	170
Payments received in advance	-	2,806
	37,572	20,583

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.

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

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

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

4 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Staff leave accrued	1,346	1,201
Staff bonuses	1,048	955
Other creditors	515	4,912
	2,909	7,068

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

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

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

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

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

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Grants from Provincial Departments	22,631	68,444
Department of Community Safety	4,043	-
Department of Cultural Affairs and Sport	-	417
Department of Economic Development and Tourism	1,150	500
Department of Health	10,878	13,862
Department of Transport and Public Works	595	18,089
Department of Education	5,965	35,576
Grants from National Departments	-	43
Department of Justice and Constitutional Development	-	43
Total Conditional Grants and Receipts	22,631	68,487
GMT complied with the conditions attached to all grants received to the extent of revenue recognised.		
5.1 Grants from Provincial Departments:		
5.1.1 Department of Community Safety		
Balance at the beginning of the year	-	500
Current period receipts	4,043	-
Conditions met - transferred to revenue	-	(466)
Unspent grants refunded to the department	-	(34)
	4,043	-
5.1.2 Department of Cultural Affairs and Sport		
Balance at the beginning of the year	417	378
Current period receipts	3	418
Conditions met - transferred to revenue	(420)	(370)
Unspent grants refunded to the department	-	(9)
	-	417
5.1.3 Department of Economic Development and Tourism		
Balance at the beginning of the year	500	-
Current period receipts	650	500
	1,150	500
5.1.4 Department of Health		
Balance at the beginning of the year	13,862	4,074
Current period receipts	9,759	14,583
Conditions met - transferred to revenue	(12,297)	(4,795)
Unspent grants refunded to the department	(446)	-
	10,878	13,862

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
5.1 Grants from Provincial Departments (continued):		
5.1.5 Department of Transport and Public Works		
Balance at the beginning of the year	18,089	8,480
Current period receipts	250	20,000
Conditions met - payment against finance lease receivables	(10,845)	(5,821)
Equipment procured as procuring agent	(6,899)	(4,570)
	595	18,089
5.1.6 Department of Education		
Balance at the beginning of the year	35,576	32,649
Current period receipts	412	31,829
Vehicles procured as procuring agent	(29,714)	(28,902)
Unspent grants refunded to the department	(309)	-
	5,965	35,576
5.2 Grants from National Departments:		
5.2.1 Department of Justice and Constitutional Development		
Current period receipts	43	61
Conditions met - transferred to revenue	-	(18)
Unspent grants refunded to department	(43)	-
	-	43
6 PROVISIONS		
Personnel expense related commitments:		
Performance bonuses	787	437
Employee benefit liability	175	183
Capped leave	217	369
	1,179	989

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 of the outflow of these provisions is uncertain due to the nature of the specific provisions.

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

The movement on current provisions are reconciled as follows:

31 March 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	989
Contributions/(reductions) to provision	624	21	(151)	493
Transfer from non-current	-	175	-	175
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 2019

6 PROVISIONS (continued)

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

7 PROPERTY, PLANT AND EQUIPMENT

31 MARCH 2019

Reconciliation of Carrying Value

Description	Plant and Equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2018	1,398	181,496	182,894
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	1,423	117,492	118,916
Depreciation	(484)	(13,253)	(13,738)
Impairment losses	-	(2,335)	(2,335)
Disposals	-	(9,867)	(9,867)
Cost	(9,083)	(20,685)	(29,768)
Accumulated depreciation	9,083	9,733	18,816
Accumulated impairment	-	1,086	1,086
Vehicles moved from Departments to GMT	-	42,313	42,313
Cost	-	97,818	97,818
Accumulated depreciation	-	(55,505)	(55,505)
Vehicles moved from GMT to Departments	-	(52,449)	(52,449)
Cost	-	(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	2,335	262,994	265,330
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 2019

7 PROPERTY, PLANT AND EQUIPMENT (continued)

31 MARCH 2018

Reconciliation of Carrying Value

Description	Plant and Equipment	Vehicles	Restated Total
	R'000	R'000	R'000
Carrying amount at 1 April 2017	1,573	218,358	219,930
Gross carrying amount	17,625	289,376	307,001
Accumulated depreciation	(16,048)	(69,600)	(85,648)
Accumulated impairment losses	(4)	(1,418)	(1,422)
Additions at cost	327	82,771	83,098
Depreciation	(502)	(13,794)	(14,296)
Impairment losses	-	(845)	(845)
Disposals	-	(12,586)	(12,586)
Cost	-	(37,394)	(37,394)
Accumulated depreciation	-	23,390	23,390
Accumulated impairment	-	1,418	1,418
Vehicles moved from Departments to GMT	-	18,949	18,949
Cost	-	43,299	43,299
Accumulated depreciation	-	(24,350)	(24,350)
Vehicles moved from GMT to Departments	-	(110,997)	(110,997)
Cost	-	(112,548)	(112,548)
Accumulated depreciation	-	1,551	1,551
Stolen	-	(361)	(361)
Cost	-	(370)	(370)
Accumulated depreciation	-	9	9
Net Carrying amount - 31 March 2018	1,398	181,496	182,894
Cost	17,952	265,136	283,087
Accumulated depreciation	(16,550)	(82,795)	(99,345)
Accumulated impairment losses	(4)	(845)	(850)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
No restrictions are applicable on the Property, Plant and Equipment and no assets have been pledged as security for liabilities. The commitments for the acquisition of Property, Plant and Equipment is disclosed under the note for commitments for expenditure.		
7.1.1 Audio Equipment		
Carrying amount at the beginning of the year	1	1
Cost	54	54
Accumulated depreciation	(53)	(53)
Additions at cost	83	-
Depreciation	(2)	-
Carrying amount at the end of the year	81	1
Cost	137	54
Accumulated depreciation	(55)	(53)
7.1.2 Computer Equipment		
Carrying amount at the beginning of the year	977	1,029
Cost	6,416	6,128
Accumulated depreciation	(5,439)	(5,099)
Additions at cost	109	289
Depreciation	(298)	(340)
Carrying amount at the end of the year	789	977
Cost	6,526	6,416
Accumulated depreciation	(5,737)	(5,439)
7.1.3 Telephone		
Carrying amount at the beginning of the year	54	74
Cost	139	138
Accumulated depreciation	(85)	(64)
Additions at cost	2	1
Depreciation	(22)	(21)
Carrying amount at the end of the year	35	54
Cost	141	139
Accumulated depreciation	(107)	(85)
7.1.4 Workshop Equipment		
Carrying amount at the beginning of the year	63	89
Cost	206	206
Accumulated depreciation	(140)	(114)
Accumulated impairment losses	(3)	(3)
Depreciation	(23)	(26)
Carrying amount at the end of the year	40	63
Cost	206	206
Accumulated depreciation	(163)	(140)
Accumulated impairment losses	(3)	(3)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.5 Office Furniture and Fittings		
Carrying amount at the beginning of the year	153	218
Cost	1,637	1,630
Accumulated depreciation	(1,483)	(1,411)
Accumulated impairment losses	(1)	(1)
Additions at cost	417	7
Depreciation	(65)	(72)
Carrying amount at the end of the year	505	153
Cost	2,054	1,637
Accumulated depreciation	(1,548)	(1,483)
Accumulated impairment losses	(1)	(1)
7.1.6 Office Equipment		
Carrying amount at the beginning of the year	111	112
Cost	266	240
Accumulated depreciation	(155)	(128)
Additions at cost	39	26
Depreciation	(31)	(27)
Carrying amount at the end of the year	119	111
Cost	305	266
Accumulated depreciation	(186)	(155)
7.1.7 Domestic Equipment		
Carrying amount at the beginning of the year	11	16
Cost	41	41
Accumulated depreciation	(30)	(25)
Additions at cost	3	-
Depreciation	(4)	(5)
Carrying amount at the end of the year	10	11
Cost	44	41
Accumulated depreciation	(34)	(30)
7.1.8 Domestic Furniture		
Carrying amount at the beginning of the year	1	3
Cost	14	14
Accumulated depreciation	(13)	(11)
Additions at cost	140	-
Depreciation	(7)	(2)
Carrying amount at the end of the year	135	1
Cost	154	14
Accumulated depreciation	(20)	(13)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.9 Security Equipment and Systems		
Carrying amount at the beginning of the year	-	-
Cost	-	-
Accumulated depreciation	-	-
Additions at cost	569	-
Depreciation	(19)	-
Carrying amount at the end of the year	550	-
Cost	569	-
Accumulated depreciation	(19)	-
7.1.10 Kitchen Appliances		
Carrying amount at the beginning of the year	13	14
Cost	45	42
Accumulated depreciation	(32)	(28)
Additions at cost	30	3
Depreciation	(7)	(4)
Carrying amount at the end of the year	36	13
Cost	75	45
Accumulated depreciation	(39)	(32)
7.1.11 Photographic Equipment		
Carrying amount at the beginning of the year	11	15
Cost	41	41
Accumulated depreciation	(29)	(25)
Accumulated impairment losses	(1)	(1)
Depreciation	(4)	(4)
Carrying amount at the end of the year	7	11
Cost	41	41
Accumulated depreciation	(33)	(29)
Accumulated impairment losses	(1)	(1)
7.1.12 Crockery		
Carrying amount at the beginning of the year	1	1
Cost	4	4
Accumulated depreciation	(3)	(3)
Additions at cost	25	-
Depreciation	(3)	-
Carrying amount at the end of the year	23	1
Cost	29	4
Accumulated depreciation	(6)	(3)
7.1.13 Garden Equipment		
Carrying amount at the beginning of the year	1	1
Cost	1	1
Accumulated depreciation	-	-
Carrying amount at the end of the year	1	1
Cost	1	1
Accumulated depreciation	-	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 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	9,083
Accumulated depreciation	(9,083)	(9,083)
Carrying value of disposals:	-	-
Cost	(9,083)	-
Accumulated depreciation	9,083	-
Carrying amount at the end of the year	-	-
Cost	-	9,083
Accumulated depreciation	-	(9,083)

7.2 Impairment of Property, Plant and Equipment

Impairment losses on Property, Plant and Equipment to the amount of R2,335 million (31 March 2018: R845,000) was recognised in operating surplus and are included in Impairment losses in the Statement of Financial Performance as indicated in note 25.

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

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

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
8 INTANGIBLE ASSETS		
Net Carrying value at beginning of the year	104,094	108,715
Cost	173,045	161,199
Cost - Software Applications	28,118	28,118
Cost - Software License Fees Capitalised	10,282	8,468
Cost - Internal Development	134,643	124,613
Accumulated Amortisation	(68,952)	(52,484)
Accumulated Amortisation - Software Applications	(9,712)	(7,536)
Accumulated Amortisation - Software Licence Fees	(2,475)	(1,563)
Accumulated Amortisation - Internal Development	(56,765)	(43,385)
Software License Fees - Capitalised during the year	1,888	1,815
Internal Development - Cost capitalised	10,989	10,030
Amortisation during the year	(14,882)	(16,467)
Software Applications	(2,511)	(2,175)
Software License Fees	(1,420)	(912)
Internal Development	(10,951)	(13,379)
Net Carrying value at end of the year	102,088	104,093
Cost	185,921	173,045
Cost - Software Applications	28,118	28,118
Cost - Software License Fees Capitalised	12,170	10,282
Cost - Internal Development	145,632	134,643
Accumulated Amortisation	(83,833)	(68,952)
Accumulated Amortisation - Software Applications	(12,223)	(9,712)
Accumulated Amortisation - Software License Fees	(3,896)	(2,475)
Accumulated Amortisation - Internal Development	(67,715)	(56,765)
<u>Breakdown between systems:</u>		
8.1 <u>FleetMan System:</u>		
Net Carrying amount at beginning of the year	11,560	12,001
Cost	47,416	40,871
Cost - Internal Development	47,416	40,871
Accumulated Amortisation	(35,857)	(28,870)
Accumulated Amortisation - Internal Development	(35,857)	(28,870)
Internal Development - Cost capitalised	311	6,545
Amortisation during the year	(3,170)	(6,987)
Internal Development	(3,170)	(6,987)
Net Carrying amount at end of the year	8,701	11,560
Cost	47,727	47,416
Cost - Internal Development	47,727	47,416
Accumulated Amortisation	(39,027)	(35,857)
Accumulated Amortisation - Internal Development	(39,027)	(35,857)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
8 INTANGIBLE ASSETS (continued)		
8.2 <u>Oracle Financial System:</u>		
Net Carrying amount at beginning of the year	92,533	96,714
Cost	125,627	120,328
Cost - Software Applications	28,118	28,118
Cost - Software License Fees	10,282	8,468
Cost - Internal Development	87,227	83,742
Accumulated Amortisation	(33,095)	(23,614)
Accumulated Amortisation - Software Applications	(9,712)	(7,536)
Accumulated Amortisation - Software License Fees	(2,475)	(1,563)
Accumulated Amortisation - Internal Development	(20,908)	(14,515)
Software License Fees - capitalised during the year	1,888	1,815
Internal Development	10,678	3,485
Amortisation during the year	(11,712)	(9,480)
Software Applications	(2,511)	(2,175)
Software License Fees	(1,420)	(912)
Internal Development	(7,781)	(6,393)
Net Carrying amount at end of the year	93,387	92,532
Cost	138,193	125,627
Cost - Software Applications	28,118	28,118
Cost - Software License Fees Capitalised	12,170	10,282
Cost - Internal Development	97,905	87,227
Accumulated Amortisation	(44,807)	(33,095)
Accumulated Amortisation - Software Applications	(12,223)	(9,712)
Accumulated Amortisation - Software License Fees	(3,896)	(2,475)
Accumulated Amortisation - Internal Development	(28,689)	(20,908)

Intangible assets comprise of computer software in the following categories:

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

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

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

The following restrictions apply to Intangible assets:

- GMT ERP is not transferable.

8.3 Impairment of Intangible Assets

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

9 HERITAGE ASSETS	2018/19 R'000	Restated 2017/18 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 R182,000 at the reporting date.

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

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

10 FINANCE LEASE RECEIVABLES

Finance Lease Receivables	841,005	818,388
Sub-total	841,005	818,388
Less: Current Portion transferred to Current Assets	250,948	171,726
Finance Lease Receivables	250,948	171,726
Total Long-term portion of Finance Lease Receivables	590,057	646,662

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

10.1 Amounts receivable under Finance Leases

GMT as Lessor:

Finance Leases relate to vehicles that are permanently allocated to certain user departments with remaining lease terms of between 1 and 11 years as at 31 March 2019 (31 March 2018: 1 and 11 years). GDC 634G, GCY826G and GCC394G, all Toyota Hino trucks, have remaining lease terms of 8 to 11 years as at 31 March 2019. If these vehicles are excluded, the remaining lease terms are between 1 and 7 years. The effective annual interest rate on new vehicles purchased and permanently allocated to departments during the period under review is between 22.76% and 40.68% (31 March 2018: 12.96% and 40.14%).

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 2019

10 FINANCE LEASE RECEIVABLES (continued)

The amounts receivable under Finance Leases are as follows:

	Minimum Lease Receivables		Present Value of Minimum Lease Receivables	
	2018/19 R'000	2017/18 R'000	2018/19 R'000	2017/18 R'000
Amounts receivable under finance leases:				
Within one year	483,134	394,227	250,948	171,726
In the second to fifth years, inclusive	880,607	946,167	578,459	631,320
Over five years	14,056	19,123	11,598	15,341
	<u>1,377,797</u>	<u>1,359,517</u>	<u>841,005</u>	<u>818,388</u>
Less: Unearned Future Finance Income	536,791	541,129	-	-
Present Value of Minimum Lease Receivables	<u>841,005</u>	<u>818,388</u>	<u>841,005</u>	<u>818,388</u>
Less: Amounts due for settlement within 12 months (Current portion)			250,948	171,726
Finance lease receivables due for settlement after 12 months (Non-current portion)			<u>590,057</u>	<u>646,662</u>
GMT has finance lease agreements for the following significant classes of assets:				
- Vehicles				
Unguaranteed residual values (R'000)			521,148	461,096
Included in these classes are the following significant leases:				
i) GCG574G				
- Instalments are payable monthly in arrears				
- Average effective interest rate			32.17%	31.36%
- Average monthly instalment (Rands only)			R 9,772	R 8,348
- Annual escalation			5.1%	5.27%
ii) GCD412G				
- Instalments are payable monthly in arrears				
- Average effective interest rate			32.87%	32.45%
- Average monthly instalment (Rands only)			R 5,909	R 5,242
- Annual escalation			5.1%	5.27%
			2018/19 R'000	Restated 2017/18 R'000

11 INVENTORY

Consumables store	198	190
Total Inventory	<u>198</u>	<u>190</u>

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

The cost of inventories recognised as an expense for the year amounted to R224,811 (2017/18: R162,434).

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

12 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Accounts receivable	28,551	53,424
Less: Provision for impairment	(2)	(104)
Total receivables from Exchange Transactions	<u>28,549</u>	<u>53,320</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
12 RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
12.1 Ageing of Receivables from Exchange Transactions		
Current: 0 - 30 days	29,375	57,553
Gross Balances	29,375	57,569
Less: Provision for Impairment	-	(16)
More than 30 days and not more than 60 days	1,134	359
Gross Balances	1,134	359
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	915	192
Gross Balances	915	192
Less: Provision for Impairment	-	(1)
More than 90 days	4,457	6,089
Gross Balances	4,459	6,177
Less: Provision for Impairment	(2)	(88)
Adjustment for daily tariffs included in the finance lease receivables	(7,332)	(10,872)
Net Balances	28,549	53,320

As at 31 March 2019 receivables of R6,506 million (31 March 2018: R6,64 million) were past due but not impaired. The age analysis of these receivables are as follows:

More than 30 days and not more than 60 days	1,134	359
Gross Balances	1,134	359
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	915	191
Gross Balances	915	192
Less: Provision for Impairment	-	(1)
More than 90 days	4,457	6,089
Gross Balances	4,459	6,177
Less: Provision for Impairment	(2)	(88)
Net Balances	6,506	6,640

12.2 Summary of Receivables from Exchange Transactions by Customer Classification

	National and Provincial Government R'000	Other R'000
As at 31 March 2019:		
<u>Current:</u>		
0 - 30 days	21,904	139
<u>Past Due:</u>		
More than 30 days and not more than 60 days	1,133	1
More than 60 days and not more than 90 days	915	-
More than 90 days	3,893	566
Sub-total	27,845	706
Less: Provision for Impairment	-	(2)
Total Trade Receivables by Customer Classification	27,845	704
As at 31 March 2018:		
<u>Current:</u>		
0 - 30 days	46,662	35
<u>Past Due:</u>		
More than 30 days and not more than 60 days	344	15
More than 60 days and not more than 90 days	123	70
More than 90 days	5,578	599
Sub-total	52,707	718
Less: Provision for Impairment	(16)	(88)
Total Trade Receivables by Customer Classification	52,691	629

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
12 RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
12.3 Reconciliation of the Provision for Impairment		
Balance at beginning of the year	(104)	(965)
Provision impairment losses recognised	(2)	(32)
Amounts written off as uncollectable	104	893
Balance at end of the year	(2)	(104)

Provision for impairment of Receivables has been made for all consumer balances outstanding based on the collectability of the amounts outstanding. No further credit provision is required in excess of the Provision for Impairment.

12.4 Ageing of impaired Receivables from Exchange Transactions

Current:

0 - 30 days

- 16

Past Due:

More than 30 days and not more than 60 days

- -

More than 60 days and not more than 90 days

- 1

More than 90 days

2 88

Sub-total

- -

Less: Provision for Impairment

(2) (104)

Total

- -

13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Software license fees	3,021	3,129
Sundry debtors	5,946	4,596
Employees with leave debits	88	120
Warranties	11	19
Total Receivables from Non-exchange Transactions	9,066	7,865

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

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

Sundry debtors are in respect of debits outstanding at the reporting date on business transactions entered into by GMT.

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19	Restated
	R'000	2017/18
		R'000
14 CASH AND CASH EQUIVALENTS		
Bank accounts	786,125	641,144
Cash-on-hand	2	2
Current investment deposits	608,118	703,385
	<u>1,394,244</u>	<u>1,344,531</u>
<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	3,422	3,604
Cash book balance at the end of the year	<u>5,126</u>	<u>3,422</u>
<i>Nedbank Account Number: 1452 049 831</i>		
Bank statement balance at the beginning of the year	3,422	3,604
Bank statement balance at the end of the year	<u>5,126</u>	<u>3,422</u>
Primary bank account		
<i>Nedbank Account</i>		
Cash book balance at the beginning of the year	637,723	469,905
Cash book balance at the end of the year	<u>780,999</u>	<u>637,723</u>
<i>Nedbank Account Number: 1452 056 226</i>		
Bank statement balance at the beginning of the year	637,818	470,285
Bank statement balance at the end of the year	<u>780,655</u>	<u>637,818</u>
14.2 Cash-on-hand		
Cash float	<u>2</u>	<u>2</u>
14.3 Current investment deposits		
<i>Investments through Provincial Treasury:</i>		
Corporation of Public Deposits	608,118	703,385
	<u>608,118</u>	<u>703,385</u>
Total Cash and Cash Equivalents	<u>1,394,244</u>	<u>1,344,531</u>

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

The entity did not pledge any of its cash and cash equivalents as collateral for its financial liabilities.

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

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

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

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

15 REVENUE	2018/19 R'000	Restated 2017/18 R'000
An analysis of the entity's revenue is as follows:		
Rendering of services:		
National Departments	44,775	38,165
Provincial Departments	315,777	296,876
Local authorities	1,371	1,471
Interest earned:		
Finance lease receivables	269,063	246,191
	630,986	582,704
An analysis of the entity's revenue as per:		
Kilometre tariffs	323,411	311,941
Daily tariffs	38,512	24,571
Interest earned	269,063	246,191
	630,986	582,704

The amounts disclosed above for revenue are in respect of services rendered, which are billed to the clients on a monthly basis according to approved tariffs, as well as interest earned on finance lease receivables.

16 OTHER INCOME		
Profit on sale of vehicles and PPE	3,460	3,885
Reimbursive income	7,629	7,798
Total Other Income	11,089	11,683

17 INTEREST EARNED		
Bank accounts	39,958	28,562
Investments	54,733	58,193
Accounts receivable	205	254
Total Interest Earned	94,896	87,009

18 GOVERNMENT GRANTS AND SUBSIDIES RECEIVED		
Conditional Grants		
Grants from Provincial Departments	12,717	5,631
Department of Community Safety	-	466
Department of Cultural Affairs and Sport	420	370
Department of Health	12,297	4,795
Grants from National Departments	-	18
Department of Justice and Constitutional Development	-	18
Government Grants and Subsidies from exchange transactions	12,717	5,649
Government Grants and Subsidies from non-exchange transactions		
Other grants and subsidies received	-	8
	12,717	5,657

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	6,853	2,751

GMT occupies buildings and sites owned 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

These buildings and sites are considered significant as per GRAP 23 for the operations of GMT on 31 March 2019. The increase in the revenue is due to the occupation by GMT of the 3 Rusper Street, Maitland, Cape Town building and site during the 2018/19 financial year.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
20 ADMINISTRATIVE EXPENSES		
Bank charges	6,131	6,011
Fees for services		
- Housing and hosting	5,635	5,761
Legal fees	45	87
License and software support fees	9,915	9,728
Other administrative expenses	1,462	1,310
Stationery and printing	477	589
Training and staff development	118	215
Travel and subsistence	166	53
Total Administrative expenses	23,949	23,755

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	27,374	24,330
Performance awards	273	351
Periodic payments	2,155	1,873
Other non-pensionable allowances	2,835	2,663
Overtime and long service awards	336	371
Social contributions		
Medical	2,545	2,267
Official unions and associations	10	10
Pension	3,493	3,147
Injury on duty	-	4
Defined Benefit Plan expense (see note 1):		
Current service cost	41	43
Interest cost	77	77
Net actuarial (gains) / losses recognised	(125)	53
Total Employee costs	39,013	35,188

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 2019

21 EMPLOYEE COSTS (continued)

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 2018				
Director: Fleet Finance	359	-	36	395
Acting Director: Fleet Services	888	6	76	970
Deputy Director: Financial Accounting	724	-	76	799
Deputy Director: Management Support Services	699	26	74	798
Deputy Director: Fleet Risk Management	674	-	71	745
TOTAL	3,344	32	331	3,707

	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

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
22 OPERATING EXPENDITURE		
Consultant, contractors and special services	26,105	35,643
- Audit fees	3,143	2,627
- Computers and systems service providers	19,861	28,879
- Consultant fees - contracted accountants	1,341	1,896
- Consultant fees - project management	1,593	2,086
- Contractors' services - wash bay and removal services	167	155
Maintenance, repairs and running costs	238,861	213,411
- Machinery, equipment and vehicles: repairs and maintenance	73,707	68,861
- Machinery, equipment and vehicles: fuel and oil	165,154	144,550
Loss on sale of PPE	454	1,171
Loss on finance lease receivables	17,550	13,094
Non-rental costs of leases	25,055	27,892
Services-in-kind	6,853	2,751
Third party claims	1,639	1,551
Stores and consumables	202	55
Communication costs	580	689
Courier and delivery charges	6	12
Municipal services	55	52
	317,359	296,322
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	73,589	68,836
- General maintenance and services	58,316	51,671
- Tyres and tubes	2,260	1,847
- Glass repairs	1,160	1,056
- Accident repairs	10,279	12,988
- Exhaust repairs	45	41
- Shocks	123	93
- Batteries	1,406	1,139
Plant and Equipment	118	24
- Computer equipment	117	5
- Office furniture and fittings	-	7
- Buildings	-	3
- Office and domestic equipment	2	9
	73,707	68,861
23 DEPRECIATION		
Plant and equipment	484	502
Vehicles	13,253	13,794
	13,737	14,296
24 AMORTISATION		
Intangible asset - FleetMan	3,170	6,987
Intangible asset - Oracle financial system	11,712	9,480
	14,882	16,467
25 ACCIDENTS AND IMPAIRMENT LOSSES		
25.1 Impairment losses on fixed assets		
<i>Impairment losses recognised:</i>		
Property, plant and equipment	2,335	845
- Vehicles	2,335	845
25.2 Impairment losses on financial instruments		
<i>Impairment losses recognised:</i>		
Receivables from exchange transactions	105	156
- Bad debt written off	104	124
- Provision for bad debt	2	32
	2,440	1,001

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
26 GRANTS AND SUBSIDIES PAID		
Funds transferred to the Asset Finance Reserve	150,000	150,000
	150,000	150,000

Funds transferred to the Asset Finance Reserve

Government Motor Transport transferred funds from its investment held through the Provincial Treasury to the Asset Finance Reserve during 2018/19.

27 RECONCILIATION OF CASH GENERATED FROM OPERATIONS

Profit for the year	162,069	120,712
Adjustment for:		
Revenue - services in-kind	(6,853)	(2,751)
Operating expenditure - services in-kind	6,853	2,751
Depreciation - property, plant and equipment	13,737	14,296
Amortisation - intangible assets	14,882	16,467
Vehicles moved from GMT to Departments	52,449	110,997
Vehicles moved from Departments to GMT	(42,313)	(18,949)
Impairment losses	2,335	845
Increase in provision for doubtful debts	2	32
Loss on disposal of property, plant and equipment	454	1,171
Profit on disposal of property, plant and equipment	(3,460)	(3,885)
Increase in provisions	634	723
Operating cash flows before working capital changes	200,789	242,410
Working capital changes	(9,940)	(2,334)
Increase in inventories	(8)	(129)
(Increase)/decrease in trade receivables from exchange transactions	24,771	(30,234)
Increase in trade receivables from non-exchange transactions	(1,202)	(3,617)
Increase/(decrease) in payables from non-exchange transactions	(4,159)	217
Increase in payables from exchange transactions	16,991	9,839
Increase/(decrease) in unspent conditional grants and receipts	(45,855)	22,406
Cash payments made against provisions	(477)	(817)
Cash generated from operations	190,849	240,075

28 CASH AND CASH EQUIVALENTS - STATEMENT OF CASH FLOWS

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

Bank balances, investments and cash-on-hand	1,394,244	1,344,531
	1,394,244	1,344,531

29 TAXATION

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

30 CONTINGENT LIABILITIES

Claims are instituted against GMT by third parties who are party to a motor vehicle accident involving a government vehicle. An amount of R111,589 for the year (2017/18: R170,330) in respect of claims made against GMT as at 31 March 2019 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 2019 amounts to R3,949,670. A contingent liability of R3,838,082 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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
31 COMMITMENTS FOR EXPENDITURE		
31.1 Capital commitments		
Commitments for the acquisition of capital expenditure:		
Approved and contracted for:	53,141	57,911
Property, plant and equipment	53,141	57,857
Intangible assets	-	54
Total capital commitments	53,141	57,911
This expenditure will be financed from:		
Own resources	53,141	57,911

31.2 Other commitments

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

32 EVENTS AFTER THE REPORTING DATE

32.1 Non-adjusting events

32.1.1 Claims, losses and damages

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

32.1.2 Third Party claims

Eleven claims with a total estimated value of R470,369 was issued to GMT after 31 March 2019.

32.1.3 Damages/Losses - government vehicles

337 cases were registered after 31 March 2019 with a probable loss amount of R1,523,442.

32.1.4 Extension of contract - tracking and related services

A contract for tracking and related services was extended on 3 April 2019. The extension period is six months from 1 May 2019 to 31 October 2019. The estimated expenditure which will be incurred during the extension period is R24,321,402 (incl. VAT).

32.1.5 Award of contract - provisioning of auctioneering services for vehicles and other goods

A contract for the provisioning of auctioneering services for vehicles and other goods was awarded on 15 April 2019. The period is thirty six months. The estimated expenditure which will be incurred during the contract period is R1,071,225 (incl. VAT).

32.2 Adjusting events

Five cases were settled in terms of an agreed payment after the reporting date but before the financial statements were issued and amounts to R111,589 (2017/18: R170,330).

33 OPERATING LEASE ARRANGEMENTS

GMT as Lessor:

Leasing arrangements:

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

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

33 OPERATING LEASE ARRANGEMENTS (continued)

	2018/19 R'000	Restated 2017/18 R'000
GMT as Lessee:		
Leasing arrangements:		
<p>GMT uses vehicle identification unit devices fitted to vehicles in its fleet for fueling and associated services. The ownership of the device remains at 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</p> <p>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:</p> <ul style="list-style-type: none"> - no later than one year - later than one year and not later than five years - later than five years. <p>Operating leases relate to office equipment and vehicle tracking units 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.</p> <p>At the reporting date GMT had outstanding commitments under non-cancellable operating leases, which fall due as follows:</p>		
Up to 1 year	2,108	2,346
2 to 5 years	-	247
More than 5 years	-	-
Total Operating Lease Arrangements	2,108	2,593
<p>The following payments have been recognised as an expense in the Statement of Financial Performance:</p>		
Minimum lease payments	33,092	32,064
Contingent rentals	-	-
Total Operating Lease Expenses - as Lessee	33,092	32,064
<p>In respect of non-cancellable Operating Leases the following liability has been recognised:</p>		
Operating lease liability as at reporting date:		
Balance at beginning of the year	-	-
Operating expenses recorded	33,092	32,064
Operating lease payments effected	(33,092)	(32,064)
Total Operating Lease Liabilities	-	-

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

- Office equipment
- Vehicle tracking units

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

34 RELATED PARTY DISCLOSURES

34.1 Western Cape Department of Transport and Public Works

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

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

GMT occupies four 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 Island, Cape Town
- 34 Roeland Street, Cape Town
- 49 Hope Street, Cape Town
- 3 Rusper Street, Maitland, Cape Town

The Western Cape Department of Transport and Public Works incurred costs at the stipulated sites during the 2018/19 financial year for use by Government Motor Transport:

3 Rusper Street, Maitland, Cape Town R10 031 985 (incl. VAT) (2017/18: R11,503,782 incl. VAT)
Erf 3472, York Road, George R1,570,412 (incl. VAT).

The construction at the York Road site in George commenced during the 2018/19 financial year.

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

34 RELATED PARTY DISCLOSURES (continued)

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:

	2018/19 R'000	Restated 2017/18 R'000
Revenue		
Transport claims	59,849	54,072
Reimbursiv e income	21,801	26,184
Interest earned on finance lease receivables	22,506	20,768
Services in-kind	6,853	2,751
Interest earned on accounts receiv able	2	5
	<u>111,011</u>	<u>103,781</u>
Expenditure		
License fees	4,521	4,837
Services in-kind	6,853	2,751
	<u>11,375</u>	<u>7,589</u>
Balances included under assets as at the reporting date		
Finance lease receiv ables	80,054	69,110
Trade receiv ables from exchange transactions	5,518	5,650
Receiv ables from non-exchange transactions	5,946	4,596
	<u>91,518</u>	<u>79,356</u>
Balances included under liabilities as at the reporting date		
Unspent conditional grants and receipts	595	18,089
Remuneration of key management personnel within Government Motor Transport		
Mr. Yasir Ahmed - Chief Director: Transport Regulation and Acting Chief Director: GMT		
Salary	1,344	1,259
Medical aid contributions	21	21
Pension contributions	109	104
	<u>1,474</u>	<u>1,384</u>
Equipment procured as procuring agent	<u>6,899</u>	<u>4,570</u>

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 GMT.

Switchboard costs for the site office in George

Monthly switchboard costs of R301.62 per month are paid by the Department of Transport and Public Works (Western Cape) and refunded by GMT.

34.2 Related party relationships

Key management personnel (as defined in IPSAS 20) of GMT are:

Members of the governing body (Department of Transport and Public Works (Western Cape))

Mr. Donald Grant - Provincial Minister of Transport and Public Works (Western Cape)
Ms. Jacqueline Gooch - Head of Department
Adv. Chantal Smith - Deputy Director General: Finance
Adv. Kyle Reinecke - Deputy Director General: Transport Management

Members of the key management personnel within Government Motor Transport

Mr. Yasir Ahmed - Chief Director: Transport Regulation and Acting 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
Mrs. Gadja Hartley - Deputy Director: Internal Control
Mrs. Bianca Hendricks - Deputy Director: Management Accounting
Mr. Clarence Hansby - Deputy Director: Fleet Risk Management
Mr. Shawn Tyman - Acting Deputy Director: Fleet Repairs and Maintenance

34.3 Compensation of the key management personnel

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

34.3 RELATED PARTY DISCLOSURES (continued)

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

Management	Family Member	Relationship	Remuneration R
Mr. Anthonie Janse van Rensburg - Acting Director: Fleet Services	Mr. H. Janse van Rensburg (Administration clerk)	Brother	282,117
Mrs. Kathy Proctor Fourie - Deputy Director: Financial Accounting	Mr. JC Fourie (Assistant Director: Fleet planning and acquisition)	Husband	464,929

34.4 OTHER INTER-GOVERNMENTAL TRANSACTIONS NOT DEFINED AS RELATED PARTIES

34.4.1 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

34.4.2 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.

35 FINANCIAL INSTRUMENTS

35.1 Classification of financial instruments

Financial Assets:

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

Financial Assets:	Classification	2018/19 R'000	Restated 2017/18 R'000
Finance lease receivables (non-current portion)	Financial assets at amortised cost	590,057	646,662
Receivables from exchange transactions	Financial assets at amortised cost	28,549	53,320
Receivables from non-exchange transactions	Financial assets at amortised cost	6,034	4,716
Cash and cash equivalents	Financial assets at amortised cost	1,394,244	1,344,531
Finance lease receivables (current portion)	Financial assets at amortised cost	250,948	171,726
Total financial assets		2,269,833	2,220,955

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000	Restated 2017/18 R'000
35 FINANCIAL INSTRUMENTS (continued)		
<u>Summary of financial assets:</u>		
<i>Financial assets at amortised cost:</i>		
Finance lease receivables (non-current portion)	590,057	646,662
Finance lease receivables (current portion)	250,948	171,726
Receivables from exchange transactions	28,549	53,320
Receivables from non-exchange transactions	6,034	4,716
Cash and cash equivalents	1,394,244	1,344,531
	2,269,833	2,220,955
Total Financial Assets	2,269,833	2,220,955

Financial Liabilities:

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

Financial Liabilities	Classification	2018/19 R'000	Restated 2017/18 R'000
Payables from exchange transactions			
Trade creditors	FLAC	37,460	17,607
Sundry creditors	FLAC	112	170
Payments received in advance	FLAC	-	2,806
Payables from non-exchange transactions			
Staff leave accrued	FLAC	1,346	1,201
Staff bonuses	FLAC	1,048	955
Other creditors	FLAC	515	4,912
Unspent conditional grants and receipts	FLAC	22,631	68,487
Total financial liabilities		63,112	96,138

Summary of financial liabilities:

Financial liabilities at amortised cost (FLAC):

Trade creditors	37,460	17,607
Sundry creditors	112	170
Payments received in advance	-	2,806
Staff leave accrued	1,346	1,201
Staff bonuses	1,048	955
Other creditors	515	4,912
Unspent conditional grants and receipts	22,631	68,487
Total Financial Liabilities	63,112	96,138

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

35 FINANCIAL INSTRUMENTS (continued)

35.2 Capital Risk Management

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

	2018/19 R'000	Restated 2017/18 R'000
<u>Gearing ratio</u>		
The gearing ratio at year-end was as follows:		
Debt	66,519	99,388
Equity	<u>2,574,103</u>	<u>2,412,033</u>
Debt to equity ratio	<u>3%</u>	<u>4%</u>

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

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

35.3 Financial risk management objectives

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

35.4 Significant accounting policies

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

35.5 Interest rate management

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

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

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

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

35.6 Credit risk management

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

	2018/19 R'000	Restated 2017/18 R'000
Maximum credit risk exposure		
Finance lease receivables (non-current portion)	590,057	646,662
Cash and cash equivalents	1,394,244	1,344,531
Receivables from exchange transactions	28,549	53,320
Receivables from non-exchange transactions	6,034	4,716
Finance lease receivables (current portion)	250,948	171,726
	<u>2,269,833</u>	<u>2,220,955</u>

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

	2018/19 R'000	Restated 2017/18 R'000
Financial assets past due		
<i>Accounts receivable:</i>		
More than 30 days and not more than 60 days	1,134	359
More than 60 days and not more than 90 days	915	191
More than 90 days and not more than 120 days	4,457	6,089
Total	<u>6,506</u>	<u>6,639</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

35 FINANCIAL INSTRUMENTS (continued)

35.7 Liquidity risk management

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

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

Liquidity and interest risk tables

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

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

	Within 1 year	Between 2 - 5 years	More than 5 years
2018/19			
<i>Non-interest bearing:</i>			
Payables from non-exchange transactions	2,909	-	-
<i>Variable interest rate instruments:</i>			
Payables from exchange transactions	37,572	-	-
	40,481	-	-
2017/18:			
<i>Non-interest bearing:</i>			
Payables from non-exchange transactions	7,068	-	-
<i>Variable interest rate instruments:</i>			
Payables from exchange transactions	20,583	-	-
	27,651	-	-

35.8 Fair value

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

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

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

36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

36.1 Unauthorised expenditure

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

36.2 Fruitless and Wasteful expenditure

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

36.3 Irregular expenditure

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

37 GOING CONCERN

Management considered the following matters relating to the going concern:

- (i) On 14 March 2018 the budget was tabled and accepted. This three-year Medium Term Revenue and Expenditure Framework is to support the ongoing delivery of services to clients.
- (ii) The entity's budget is subjected to an assessment process. The budget is cash backed.
- (iii) Strict daily cash management processes are embedded in the entity's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the budget. The cash management processes is complemented with monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.
- (iv) As the entity has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of services. Certain key financial ratios, such as liquidity and solvency are closely monitored and the necessary corrective actions instituted.

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

38	CORRECTION OF ERROR	2017/18						
		R'000						
38.1	STATEMENT OF FINANCIAL PERFORMANCE							
38.1.1	OPERATING EXPENDITURE (note 22)							
	The expenditure incurred for the monthly rental of fueling devices was incorrectly recognised under operating expenditure.							
	Total previously reported as at 31 March 2018:	38,082						
	Remove:							
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Component</th> <th style="width: 40%;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Non-rental costs of leases</td> <td>Expenditure incurred for the monthly rental of fueling devices</td> <td style="text-align: right;">(10,190)</td> </tr> </tbody> </table>	Component	Detail		Non-rental costs of leases	Expenditure incurred for the monthly rental of fueling devices	(10,190)	
Component	Detail							
Non-rental costs of leases	Expenditure incurred for the monthly rental of fueling devices	(10,190)						
	Restated balance as at 31 March 2018	27,892						
38.1.2	OPERATING LEASES (note 33)							
	The expenditure incurred for the monthly rental of fueling devices was incorrectly recognised under operating expenditure.							
	Total previously reported as at 31 March 2018:	21,874						
	Add:							
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Component</th> <th style="width: 40%;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Non-rental costs of leases</td> <td>Expenditure incurred for the monthly rental of fueling devices</td> <td style="text-align: right;">10,190</td> </tr> </tbody> </table>	Component	Detail		Non-rental costs of leases	Expenditure incurred for the monthly rental of fueling devices	10,190	
Component	Detail							
Non-rental costs of leases	Expenditure incurred for the monthly rental of fueling devices	10,190						
	Restated balance as at 31 March 2018	32,064						
38.1.3	OPERATING LEASE ARRANGEMENTS (note 33)							
	The expenditure incurred for the monthly rental of fuel devices was incorrectly recognised under operating expenditure.							
	Totals previously reported as at 31 March 2018:							
	GMT as lessee:							
	Leasing arrangements:							
	The following payments have been recognised as an expense in the Statement of Financial Performance:							
	Minimum lease payments	21,874						
	Contingent rentals	-						
	Total operating lease expenses - as lessee	21,874						
	In respect of non-cancellable operating leases the following liability has been recognised:							
	Operating lease liability as at reporting date:							
	Balance at beginning of the year	-						
	Operating expenses recorded	21,874						
	Operating lease payments effected	(21,874)						
	Total operating lease liabilities	-						
	Add:							
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">Component</th> <th style="width: 40%;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Non-rental costs of leases</td> <td>Expenditure incurred for the monthly rental of fueling devices</td> <td style="text-align: right;">10,190</td> </tr> </tbody> </table>	Component	Detail		Non-rental costs of leases	Expenditure incurred for the monthly rental of fueling devices	10,190	
Component	Detail							
Non-rental costs of leases	Expenditure incurred for the monthly rental of fueling devices	10,190						
	Restated totals on 31 March 2018:							
	Leasing arrangements:							
	The following payments have been recognised as an expense in the Statement of Financial Performance:							
	Minimum lease payments	32,064						
	Contingent rentals	-						
	Total operating lease expenses - as lessee	32,064						
	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	32,064						
	Operating lease payments effected	(32,064)						
	Total operating lease liabilities	-						

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2017/18 R'000						
38.1.4 GRANTS AND SUBSIDIES PAID (note 26)							
Correction of grants and subsidies paid relating vehicles and equipment procured as procuring agent for the Department of Education and the Department of Transport and Public Works.							
Total previously reported as at 31 March 2018:	180,900						
Add:							
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%; text-align: left;">Component</th> <th style="width: 40%; text-align: left;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Vehicles and equipment alienated</td> <td>Correction against property, plant and equipment: vehicles alienated. Vehicles and in-vehicle technology equipment procured as procuring agent for the Department of Education and Department of Transport and Public Works.</td> <td style="text-align: right;">(30,900)</td> </tr> </tbody> </table>	Component	Detail		Vehicles and equipment alienated	Correction against property, plant and equipment: vehicles alienated. Vehicles and in-vehicle technology equipment procured as procuring agent for the Department of Education and Department of Transport and Public Works.	(30,900)	
Component	Detail						
Vehicles and equipment alienated	Correction against property, plant and equipment: vehicles alienated. Vehicles and in-vehicle technology equipment procured as procuring agent for the Department of Education and Department of Transport and Public Works.	(30,900)					
Restated balance as at 31 March 2018	150,000						
38.1.5 GOVERNMENT GRANTS AND SUBSIDIES RECEIVED (note 18)							
Correction of grants and subsidies received relating to in-vehicle technology equipment procured as procuring agent for the Department of Transport and Public Works which was purchased during the year ended 31 March 2018.							
Total previously reported as at 31 March 2018:	1,999						
Add:							
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%; text-align: left;">Component</th> <th style="width: 40%; text-align: left;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Government grants and subsidies received: Department of Transport and Public Works</td> <td>Correction against property, plant and equipment: vehicle additions at cost. In-vehicle technology equipment procured as procuring agent for the Department of Transport and Public Works.</td> <td style="text-align: right;">(1,999)</td> </tr> </tbody> </table>	Component	Detail		Government grants and subsidies received: Department of Transport and Public Works	Correction against property, plant and equipment: vehicle additions at cost. In-vehicle technology equipment procured as procuring agent for the Department of Transport and Public Works.	(1,999)	
Component	Detail						
Government grants and subsidies received: Department of Transport and Public Works	Correction against property, plant and equipment: vehicle additions at cost. In-vehicle technology equipment procured as procuring agent for the Department of Transport and Public Works.	(1,999)					
Restated balance as at 31 March 2018	-						
38.1.6 GOVERNMENT GRANTS AND SUBSIDIES RECEIVED (note 18)							
Correction of grant revenue relating to 46 busses procured as procuring agent for the Department of Education was purchased during the year ended 31 March 2018.							
Total previously reported as at 31 March 2018:	28,902						
Add:							
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%; text-align: left;">Component</th> <th style="width: 40%; text-align: left;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Government grants and subsidies received: Department of Education</td> <td>Correction against property, plant and equipment: vehicle additions at cost. 46 busses procured as procuring agent for the Department of Education.</td> <td style="text-align: right;">(28,902)</td> </tr> </tbody> </table>	Component	Detail		Government grants and subsidies received: Department of Education	Correction against property, plant and equipment: vehicle additions at cost. 46 busses procured as procuring agent for the Department of Education.	(28,902)	
Component	Detail						
Government grants and subsidies received: Department of Education	Correction against property, plant and equipment: vehicle additions at cost. 46 busses procured as procuring agent for the Department of Education.	(28,902)					
Restated balance as at 31 March 2018	-						
38.1.7 RELATED PARTY DISCLOSURES (note 34)							
The remuneration of the Chief Director: Transport Regulation and Acting Chief Director: GMT was omitted from the disclosure of key management remuneration during 2017/18.							
Total previously disclosed as at 31 March 2018:	-						
Add:							
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%; text-align: left;">Component</th> <th style="width: 40%; text-align: left;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td>Remuneration of key management personnel within Government Motor Transport</td> <td>Remuneration of the Chief Director: Transport Regulation and Acting Chief Director: GMT</td> <td></td> </tr> </tbody> </table>	Component	Detail		Remuneration of key management personnel within Government Motor Transport	Remuneration of the Chief Director: Transport Regulation and Acting Chief Director: GMT		
Component	Detail						
Remuneration of key management personnel within Government Motor Transport	Remuneration of the Chief Director: Transport Regulation and Acting Chief Director: GMT						
Restated totals as at 31 March 2018:							
Chief Director: Transport Regulation and Acting Chief Director: GMT							
Salary	1,259						
Medical aid contributions	21						
Pension contributions	104						
	1,384						

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

38.2 STATEMENT OF FINANCIAL POSITION **2017/18**
R'000

38.2.1 PROPERTY, PLANT AND EQUIPMENT (note 7)

Correction of property, plant and equipment relating to vehicles and equipment procured as procuring agent for the Department of Education and the Department of Transport and Public Works during the year ended 31 March 2018.

Total previously reported as at 31 March 2018: 191,286

Movements:

Component	Detail	
Property, plant and equipment: vehicle additions	Unspent conditional grants and receipts: in-vehicle technology equipment procured as procuring agent for the Department of Transport and Public Works which.	(2,571)
Property, plant and equipment: vehicle additions	Government grants and subsidies received: Department of Transport and Public Works. In-vehicle technology equipment procured as procuring agent for the Department of Transport and Public Works which.	(1,999)
Property, plant and equipment: vehicle additions	Government grants and subsidies received: Department of Education. 46 busses procured as procuring agent for the Department of Education.	(28,902)
Property, plant and equipment: equipment moved from GMT to Departments	In-vehicle technology equipment capitalised against finance lease receivables	(5,821)
Property, plant and equipment: vehicles alienated	Correction of grants and subsidies paid: vehicles and equipment alienated. Vehicles and in-vehicle technology equipment procured as procuring agent for the Department of Education and Department of Transport and Public Works.	30,900

Restated balance as at 31 March 2018

182,894

38.2.2 UNSPENT CONDITIONAL GRANTS AND RECEIPTS (note 5.1.5)

Correction of unspent conditional grants relating to vehicles and equipment procured as procuring agent for the Department of Education and the Department of Transport and Public Works during the year ended 31 March 2018.

Total previously reported as at 31 March 2018: 26,481

Deduct:

Component	Detail	
Unspent conditional grants and receipts	Correction against property, plant and equipment: vehicle additions at cost. In-vehicle technology equipment procured as procuring agent for the Department of Transport and Public Works.	(2,571)
Unspent conditional grants and receipts	Conditions met - payment against finance lease receivables	(5,821)

Restated balance as at 31 March 2018

18,089

38.3 DISCLOSURE NOTES

38.3.1 RELATED PARTY TRANSACTIONS (note 34)

Correction of in-vehicle technology equipment procured as procuring agent for the Department of Transport and Public Works which was purchased during the year ended 31 March 2018.

	Total previously reported as at 31 March 2018	Adjustment	Restated balance as at 31 March 2018
Revenue:			
Government grants and subsidies received	1,999	(1,999)	-
Expenditure:			
Grants and subsidies paid	1,999	(1,999)	-
Balances included under liabilities as at the reporting date:			
Unspent conditional grants and receipts	26,481	(8,392)	18,089
Equipment procured as procuring agent	-	4,570	4,570

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

		2017/18 R'000
38.3.2 OPERATING EXPENDITURE (note 22)		
The expenditure incurred on fuel and oil was disclosed under repairs, maintenance and running costs as at 31 March 2018.		
Previously stated on 31 March 2018:		
Maintenance, repairs and running costs		213,411
- Machinery, equipment and vehicles		213,411
Restated on 31 March 2018:		
Maintenance, repairs and running costs		213,411
- Machinery, equipment and vehicles: repairs and maintenance		68,861
- Machinery, equipment and vehicles: fuel and oil		144,550
38.3.3 FINANCIAL INSTRUMENTS (note 35)		
Correction of software licence fees and warranties included in the disclosure of financial instruments as at 31 March 2018. Financial instruments include the right to receive cash or another financial assets, rather than the receipt of goods or services.		
	Total previously reported as at 31 March 2018	Adjustment
		Restated balance as at 31 March 2018
Financial assets:		
Receivables from non-exchange transactions	7,865	(3,149)
		4,716
39 CHANGE IN ESTIMATES		2018/19 R'000
39.1 Reassessment of residual values and useful lives of vehicles		
Residual values and useful lives of vehicles are annually reassessed and the impact on the depreciation expense in the current year and future periods, on all vehicles purchased in the prior years which were available for use as at 31 March 2018 and 31 March 2019, is as follows.		
<i>Depreciation expense</i>		
Decrease in the depreciation expense for the year ended 31 March 2019		(25)
Decrease in the depreciation expense for future periods after 31 March 2019		(2,288)
		(2,313)
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 2019, is as follows:		
<i>Revenue</i>		
Increase in interest earned on finance lease receivables within one year		27,315
Increase in interest earned on finance lease receivables for future periods, after one year		33,569
		60,884
<i>Amounts receivable under finance leases</i>		
Increase in the present value of finance lease receivables within one year		(52,472)
Decrease in the present value of finance lease receivables for future periods, after one year		52,472
		-
39.2 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:		
<i>Depreciation expense:</i>		
Decrease in the amortisation expense for the year ended 31 March 2019		(623)
Increase in the amortisation expense for future periods		623
		-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

40 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

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

This fund does not fall under the ambit of the Pension Funds Act (1956) since it is governed by its own statute.

The Government Employee Pension Fund is a multi-employer plan and is subject to actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension fund due to the following reasons:

- (i) The assets of the fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for the fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that the fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of GMT with respect to the pension fund is to make the specified contributions. Where employees leave the fund prior to full vesting of the contributions, the contributions payable by GMT are reduced by the amount of forfeited contributions.

The Pension Fund has been valued by making use of the Discounted Cash Flow method of valuation.

The fund is subject to an actuarial valuation. The last statutory valuation was performed as at 31 March 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 future.

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 2019

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

The following GRAP standards have been issued but are not yet effective and have therefore not been early adopted by GMT:

- GRAP 18 Segment reporting - issued March 2005
- GRAP 20 Related party disclosures (Revised)
- GRAP 32 Service concession arrangement grantor
- GRAP 105 Transfers between entities under common control - issued November 2010
- GRAP 106 Transfers between entities not under common control - issued November 2010
- GRAP 107 Mergers - issued November 2010
- GRAP 108 Statutory receivables
- GRAP 109 Accounting by principals and agents
- IGRAP 17 Service concession arrangements where a grantor controls significant residual interest in an asset
- IGRAP 18 Recognition and derecognition of land
- IGRAP 19 Liabilities to pay levies

All standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Standard	Summary of standard	Annual periods beginning on or after
GRAP 18 - Segment reporting	<p>Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management. Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.</p> <p>Requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to management of the entity. The precise impact of this on the financial statements of the entity is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting.</p>	1 April 2019
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 2020
GRAP 32 – Service Concession Arrangement Grantor and IGRAP 17 Service Concession arrangements where a grantor controls a significant residual interest in an asset	These standards deals with contractual arrangements between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. It is unlikely that the entity will enter into any such arrangements in the near future.	Not yet determined

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

41 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE AND ADOPTED (continued)

GRAP 105 – Transfer of Function Between Entities Under common Control	This standard provides the accounting treatment for transfers of functions between entities under common control. However the impact on the entity's financial statements is not expected to be significant due to the fact that the entity rarely enters into such transactions. The standard is only expected to have an impact on the entity in respect of any future transfers of functions.	1 April 2019
GRAP 106 – Transfer of Function Between Entities Not Under common Control	This standard deals with other transfers of functions (i.e. between entities not under common control) and requires the entity to measure transferred assets and liabilities at fair value. It is unlikely that the entity will enter into any such transactions in the near future.	1 April 2019
GRAP 107 – Mergers	This standard deals with requirements for accounting for a merger between two or more entities, and is unlikely to have an impact on the financial statements of the entity in the foreseeable future.	1 April 2019
GRAP 108 – Statutory receivables	This standards deals with receivables that arise from legislation, supporting regulations or similar means and require settlement by another entity in cash or another financial asset. It is unlikely that this standard will be applicable to GMT because GMT's receivables arise from contractual arrangements which are entered into voluntarily by client departments and are not entered into as a result of specific legislative requirements. Contractual receivables, to the extent that they otherwise meet the definition of a financial asset, are within the scope of the Standard of GRAP on Financial Instruments.	Not yet determined
GRAP 109 Accounting by principals and agents	This standard outlines principles to assess whether an entity is party to a principal-agent arrangement. The definition of a principal-agent arrangement refers to an entity acting on behalf of another entity in relation to transactions with third parties. It is unlikely that the entity will enter into any such arrangements in the near future.	Not yet determined
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.	1 April 2019
IGRAP 18 Recognition and derecognition of land	The Interpretation provides guidance on the recognition of land based on "control". Control includes, but is not limited to, legal title to land. Other rights are also considered in assessing whether land is controlled. No impact on the financial statements of the entity is expected.	1 April 2019
IGRAP 19 Liabilities to pay levies	The Interpretation provides guidance on when to recognise liabilities to pay levies, i.e. when the activity that triggers the payment of a liability occurs. A levy is a non-exchange transaction that is imposed by government (local, provincial or national) on entities in accordance with legislation or similar means (with some exceptions). GMT needs to review payments made to other levels of government to assess whether they are in the scope of IGRAP 19, and if they are recognised correctly in the financial statements.	1 April 2019

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2018/19 R'000
42 RECONCILIATION BETWEEN BUDGET AND THE STATEMENT OF FINANCIAL PERFORMANCE	
Reconciliation between budget surplus with the surplus in the Statement of Financial Performance	
Surplus per the Statement of Financial Performance	162,069
Over budgeted income and expenses	
Financing through own funds	150,000
Over/under spending of approved budget:	
Revenue	
Under budgeted revenue from daily tariffs for permanently allocated vehicles subject to finance leases	(53,985)
Over budgeted interest income from bank accounts and accounts receivable	676
Under budgeted on Government grants and subsidies received	(1,538)
Over budgeted Other income	5,516
Expenditure	
Over budgeted Administrative expenditure	(1,318)
Over budgeted Employee costs	(8,656)
Over budgeted Operating expenditure	(9,392)
Over budgeted Depreciation	(108)
Over budgeted Amortization	(370)
Over budgeted Grants and subsidies paid	(46,154)
Over budgeted Accident and impairment losses	(1)
Over budgeted Operating lease expenditure	(82)
Surplus per approved budget	196,660
Refer to the Statement of Comparison between Budget and Actual amounts for explanations of variances between budget and actual amounts.	

Accounting Policies

for the year ended 31 March 2019

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 2019

➤ **Impairment of Property, Plant and Equipment, Intangible assets, Heritage assets and Inventories**

Accounting policy 11.1 and 11.2 on PPE - Impairment of cash generating and non-cash generating assets, 9.2 on Intangible assets - Subsequent Measurement, Amortisation and Impairment and 13.2 on Inventory - Subsequent measurement and 10 on Heritage assets - Impairment of non-cash generating assets describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the entity. Significant estimates and judgements are made relating to PPE impairment testing, intangible assets impairment testing and write down of Inventories to the lowest of cost and net realisable values.

➤ **Impairment of financial assets**

Accounting policy 14.6 on Impairment of Financial Assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the entity considered the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of GMT is satisfied that the impairment of financial assets recorded during the period is appropriate.

➤ **Revenue recognition**

Accounting policy 5.2 on Revenue from Exchange Transactions and 5.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the entity.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-exchange Transactions. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the entity is satisfied that recognition of the revenue in the current period is appropriate.

➤ **Financial assets and liabilities**

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting policy 14.2 on Financial Assets Classification and Financial Liabilities Classification describes the factors and criteria considered by the management of the entity in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments.

➤ **Provisions and contingent liabilities**

Provisions for capped leave

GMT has an obligation to pay capped leave in terms of instructions of the Provincial Bargaining Council's Resolution 7 of 2000. Provision is made for this obligation based on the cost.

Contingent liabilities

Claims are instituted against GMT by third parties who are party to a motor vehicle accident involving a government vehicle. The existence of this obligation will only be acknowledged by the future payment of these claims.

Accounting Policies

for the year ended 31 March 2019

➤ **Budget information**

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the budget vs. actual statement which is included in the financial statements.

➤ **Defined benefit plan liabilities**

As described in Accounting Policy 6.3, the entity obtains an actuarial valuation of its defined benefit plan liability. The defined benefit obligation of GMT which is identified as Long Service Allowances. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liability and the key assumptions made by the actuaries in estimating the liability are provided in note 1 to the Annual Financial Statements.

2. **Currency**

These financial statements are presented in South African Rand, as that is the currency in which the entity's transactions are denominated.

3. **Going concern**

The Annual Financial Statements have been prepared on a going concern basis.

4. **Offsetting**

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

5. **Revenue recognition**

5.1. **General**

Revenue is derived from a variety of sources which include daily and kilometre tariffs, interest earned on finance lease receivables, bank accounts and accounts receivable; grants received, profit on sale of vehicles and reimbursive income. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the entity's activities. Revenue is shown net of returns, rebates and discounts.

The entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to GMT and when specific criteria have been met for each of the entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the revenue have been resolved. The entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to GMT directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Accounting Policies

for the year ended 31 March 2019

5.2. Revenue from Exchange Transactions

5.2.1 Daily and kilometre tariffs

Revenue arising from the rendering of services, as well as related expenses is recognised according to the stage of completion of the transaction at the reporting date. Revenue from daily tariffs are calculated and charged against user departments over the estimated useful life cycle of vehicles to enable GMT to replace the vehicle at the end of its life cycle and to cover GMT overheads. Revenue is also charged against user departments for all kilometres covered in GMT vehicles according to a tariff per classification code of the vehicle to cover the maintenance and running costs of the fleet.

5.2.2 Interest earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is recognised in the statement of financial performance:

- interest earned on finance lease receivables;
- interest earned on bank accounts; and
- interest earned on accounts receivable.

5.2.3 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

5.2.4 Government Grants and Receipts

Income received from conditional grants and funding is recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

5.3. Revenue from Non-exchange Transactions

An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

Accounting Policies

for the year ended 31 March 2019

5.3.1 Government Grants and Receipts

Government grants and subsidies from non-exchange transactions comprise of vehicles donated to the entity and stolen vehicles recovered.

Income received from donations (take-in vehicles) is recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement.

5.3.2 Services in-kind

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

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

6. Employee benefits

6.1 Short-term employee benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The entity treats its balance for leave pay as a payable.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at the end of the period. The entity recognises the expected cost of performance bonuses only when the entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

GMT offers post-employment benefits to its employees in the form of retirement benefits. These benefits represent pension payments.

6.2 Defined contribution plan

A defined contribution plan is a plan under which the entity pays fixed contributions into a separate fund. The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The entity's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions made on behalf of the employees to the fund are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The entity has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

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

Accounting Policies

for the year ended 31 March 2019

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

6.3 Long-service allowance

The entity has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the entity instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 20, 30 and 40 years of continued service. The entity's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

7. Unauthorised, Irregular, Fruitless and Wasteful expenditure

7.1 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for. All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the period that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

7.2 Irregular expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA, or
- Any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure is recorded in the notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine, in which case reasons therefore is provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

7.3 Fruitless and Wasteful expenditure

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

Accounting Policies

for the year ended 31 March 2019

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 2019

Estimated useful lives:

➤ Office and workshop equipment:	Straight-line (6 years)
➤ Office furniture and fittings:	Straight-line (6 years)
➤ Domestic equipment:	Straight-line (6 years)
➤ Photographic equipment:	Straight-line (6 years)
➤ Computer equipment:	Straight-line (3 years)
➤ Audio visual equipment:	Straight-line (6 years)
➤ Telephones:	Straight-line (3 years)
➤ Vehicle tracking units:	Straight-line (7 years)
➤ Crockery and Cutlery:	Straight-line (3 years)
➤ Domestic Furniture and Fittings:	Straight-line (6 years)
➤ Gardening Equipment:	Straight-line (5 years)
➤ Kitchen Appliances:	Straight-line (6 years)

Gains and losses on the disposal of plant and equipment are recognised in the Statement of Financial Performance once they accrue to the entity.

The estimated useful lives are reviewed monthly. The assets residual values, estimated useful lives and depreciation are adjusted prospectively if appropriate, at each reporting date.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Motor Vehicles

Motor Vehicles are tangible assets held by the entity for use in the supply of fleet management services, which are expected to be used for more than a one year. Motor vehicles are originally measured at cost and are depreciated on a basis considered appropriate to reduce the carrying amount over the useful life of the assets. Depreciation is calculated after taking residual values into account.

The actual useful lives of motor vehicles are assessed monthly based on the condition of vehicles and the replacement policy of GMT.

The change in useful life will be accounted for as a change in accounting estimate, thus the depreciation for the current and future periods will be restated.

Estimated useful lives:

➤ Vehicles:	Straight-line (4 - 15 years)
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Gains and losses on the disposal of motor vehicles are recognised in the Statement of Financial Performance once they accrue to the entity.

Finance Lease Assets

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as Property, Plant and Equipment controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term.

8.4 Derecognition of Property, Plant and Equipment

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

Accounting Policies

for the year ended 31 March 2019

The gain or losses arising from derecognition of an item of Property, Plant and Equipment is included in surplus or deficit when the item is derecognised.

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

8.5 Impairment

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

9. Intangible Assets

9.1 Initial recognition

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

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

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

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

9.2 Subsequent Measurement, Amortisation and Impairment

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

Accounting Policies

for the year ended 31 March 2019

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.

10.1 Initial recognition

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

Accounting Policies

for the year ended 31 March 2019

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

10.2 Subsequent measurement

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

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

10.3 Derecognition of heritage assets

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

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

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

11.1 Impairment of cash generating assets

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

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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

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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.

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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.

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.

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Determining whether an arrangement contains a lease

At inception of an arrangement, the GMT determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to GMT the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, GMT separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If GMT concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using GMT's incremental borrowing rate.

13. Inventories

13.1 Initial recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

The historical cost of inventory includes:

- Purchasing costs (which include all costs directly attributable to the acquisition of the inventories);
- Other costs incurred in bringing inventories to their current location and condition; and
- From these costs, trade discounts and rebates are deducted if included.

13.2 Subsequent measurement

Consumable stores and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

14. Financial instruments

The entity has various types of financial instruments and these can be broadly categorised as financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The entity only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

14.1 Initial recognition

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument.

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.

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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.

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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.

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.

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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.

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.

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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.

20. Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel are defined as the Director and all other managers reporting directly to the Director or as designated by the Director.

Government Motor Transport operates as a trading entity under the administration of the Western Cape Department of Transport and Public Works and is therefore also regarded as a related party.

21. Capital commitments

Capital commitments are not recognised in the Statement of Financial Position as a liability but are included in the disclosure notes.

Capital commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date;
- Items are classified as commitments where GMT commits itself to future transactions that will normally result in the outflow of resources; and
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

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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
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