



ANNUAL REPORT

Government Motor Transport



2005 / 2006

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Explanatory notes with regard to abbreviations

ABET	Adult Basic Education and Training
AFS	Annual Financial Statements
BAS	Basic Accounting System
CCGMT	Co-ordinating Committee for Government Motor Transport
CFO	Chief Financial Officer
Clipper	Computer programme language
COTO	Committee of Transport Officials
DPSA	Department of Public Service and Administration
CR	Creditor
DR	Debtor
eFuel	Electronic Fuel Purchasing System
EMS	Emergency Medical Service
fifo	First in first out
FleetMan	Fleet Management System
FMS	Financial Management System
GAAP	Generally Accepted Accounting Practice
Gb	Giga byte
GMT	Government Motor Transport
HIV/ Aids	Human immunodeficiency virus/ acquired immune-deficiency syndrome
i-FleetMan	Fleet Management System (web enabled)
IMLC	Institutional Labour Management Committee
LERWUA	Lower Elephants River Water Users Association
LOGIS	Logistical Information System
Mil	Million
MSP	Master Systems Plan
Oracle	Computer programme language
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999 as amended)
PPE	Property, Plant and Equipment
S & T	Subsistence and Travel
SDIP	Service Delivery Improvement Plan

GENERAL NOTE

Annual reports are produced after the end of the financial year. This is aimed at strengthening the accountability of departments to key stakeholders. The tables in this report are revised on a regular basis by the Department of Public Service and Administration (DPSA). If you wish to see additional information included in this report, please send suggestions (with a clear motivation) to:

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For a detailed description and explanation of the terminology used in this report, please consult the publication from the DPSA entitled 'A guide to understanding the oversight report of departmental annual reports'. A copy of the guide is available from all departments or can be accessed from the DPSA website (www.dpsa.gov.za).

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PART 1 | ORGANISATIONAL STRUCTURE

■ Senior Manager



■ Manager: Fleet Manager



■ Acting Manager: Fleet Logistics



■ Manager: Fleet Risk Management



■ Manager: Fleet Finance



2.1 SUBMISSION OF ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

The Annual Report for the period 1 April 2005 to 31 March 2006 is herewith submitted to the member of the Executive Council responsible for Transport and Public Works in terms of the Public Finance Management Act, 1999 (Act 1 of 1999).

2.2 LEGISLATIVE PRESCRIPTS

The achievement of the strategic goals are guided by the following constitutional and other legislative mandates, functional mandates as well as a service delivery improvement programme:

Adult Basic Education and Training Act, 2000 (Act 52 of 2000)
 Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
 Code of Conduct
 Collective Agreements
 Employment Equity Act, 1998 (Act 55 of 1998)
 Employment of Education and Training Act, 1998 (Act 76 of 1998)
 Further Education and Training Act, 1998 (Act 98 of 1998)
 General and Further Education and Training Quality Assurance Act, 2001 (Act 58 of 2001)
 Labour Relations Act, 1995 (Act 66 of 1995)
 National Archives Act, 1996 (Act 43 of 1996)
 National Education Policy Act, 1996 (Act 27 of 1996)
 Occupational Health and Safety Act, 1993 (Act 85 of 1993)
 Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)
 Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)
 Promotion of Access to Information Act, 2000 (Act 2 of 2000)
 Provincial Treasury Instructions
 Public Finance Management Act, 1999 (Act 1 of 1999 as amended by Act 29 of 1999) and Treasury Regulations
 Public Service Act, 1994 (Act 103 of 1994) and Regulations, 2001
 Public Service Regulations, 2001
 Public Service Staff Code
 Skills Development Act, 1998 (Act 97 of 1998)
 Skills Development Levies Act, 1999 (Act 9 of 1999)
 South African Qualifications Act, 1995 (Act 58 of 1995)
 South African Qualifications Regulations
 The Constitution of the Western Cape, 1998 (Act 20 of 1998)
 The Constitution, 1996 (Act 103 of 1996)
 Western Cape Road Traffic Act, 1998 (Act 12 of 1998)

2.3 HISTORIC PERSPECTIVE

Historically the national Department of Transport managed the government transport function from a centralised base since the early fifties. Research revealed that the First Transport circular that regulated the use of vehicles was issued in 1954. In terms of Transport Circular 1 of 1988, issued by the national Department of Transport the functions in respect of government motor transport were transferred to the then provincial administrations. National Cabinet approved such transfer of functions as from 1 April 1988. These functions have been derived from section D.IV of the Public Service Staff Code, which is still applicable in terms of Section 42 of the Public Service Act, 1994. The previous government garages were amalgamated into the present Government Motor Transport (GMT). GMT forms part of the administration of the Department of Transport and Public Works and operates as a separate Trading Entity organisation.

The trading activities of GMT focus mainly on the provision of state vehicles to national and provincial departments used for official transportation in order that each department may carry out its services efficiently and effectively. The fleet of 3 733 vehicles are allocated to the client departments for a period equal to the economical life cycle of each class or type of vehicle. A part (394) of the fleet vehicles is allocated on a relief and temporary basis from a general pool. In return GMT charges a Daily and a Kilometre tariff (client charges) on the vehicles to cover the capital, running and overhead costs. At the end of the economical life cycle of a vehicle, it is withdrawn from service and replaced with a new one. The old vehicles are sold at public auction.

2.4 VISION/MISSION

The Vision is set as the best Government motor transport service. The following Mission supports the vision:

To strive to become the leader in Government Motor Transport by providing quality, integrated and cost effective motor transport to provincial and national departments inclusive of a pleasant, safe and interactive environment where staff are offered the opportunity of development and self-improvement.

2.5 STRATEGIC GOALS

GMT's strategic goals together with the progress made to date are summarised below.

- **Keeping fleet within its life expectancy.**

The fleet replacement process was maintained during the past year. Only 5% of the vehicles are not within the economic life cycle.

The assistance of a further two technical inspectors has been obtained from the external vendor WesBank First Auto responsible for the facilitation of vehicle maintenance to perform inspections on merchants and the maintenance and repair work done on vehicles. Pre-and post-inspections on mechanical and accident repairs were undertaken to ensure value for money.

- **Improving vehicle management and control.**

The fitment of a vehicle tracking and control system in the vehicles (659 units) of the provincial Emergency Medical Service, and Traffic was fully implemented as at year-end. The fitment of the non-emergency vehicles has commenced and a total of 939 units were fitted as at 31 March 2006. The remainder 57% of the fleet is scheduled to be fitted during the next two financial years. The functionality was focussed to enhance operational efficiency with a specific objective to reduce operational costs and to prevent unauthorised trips. Research results indicate without any doubt that vehicle fleets cannot be managed effectively in the future without tracking and control systems.

A Management Information Bureau was launched. The tasks of the Bureau included the establishment of incident management facilities for reporting on accidents, breakdowns, hi-jacking, distress calls and alleged misuse of vehicles.

- **Full recovery of all outstanding debt.**

A strong emphasis was again placed on the follow-up of outstanding debt of client departments, with a focus on those older than one year. The amount has decreased to R32.526 mil at year-end and is made up as follows:

Identified for write-off (not recoverable)	R19.872 mil
Owed by –	
Eastern Cape Provincial Government	R7.147 mil
Water Affairs and Forestry	R5.507 mil

The follow-up process will be finalised in the next financial year to bring this to a closure.

- **Development and implementation of effective business processes.**

GMT revisited its business processes during the year and made changes to ensure the continuation of effective service delivery standards. A Business Analyst was contracted to draft all business processes, a project that should be finalised during the next financial year.

Draft service level agreements have been prepared and are intended to be concluded with client departments during the next financial year.

All operational procedures and policy changes were issued as circulars in an electronic format and published on the Intranet.

- **Improve and enhance electronic systems.**

The functionality of the Fleet Management system (FleetMan) was further enhanced as planned, to be in line with the business processes.

The FleetMan operating system (Oracle) has been updated to the latest version and the migration was implemented without any downtime.

The newly designed Risk Management module within FleetMan was completed and testing has commenced. It is intended to be fully operational during the next financial year.

- **Improve quality of service to client departments.**

Client department forums (operational and financial) met on a monthly basis as planned to manage operational and financial issues. The yearly client survey that was conducted measured the following aspects:

Friendliness and co-operation by staff

Reception and successful solving of complaints

Communication, in writing and verbal

Training and assistance

Availability of vehicles in general

Timely replacement of vehicles

Condition (neatness and roadworthiness of vehicles on reception)

Log sheet procedures

Accuracy of accounts

General impression and attitude

New and innovative initiatives

Processing of claims and losses

Direction of management

The results of the survey indicated an improving level of client satisfaction. The survey will be repeated in the next financial year.

Vehicle requirements that could not be supplied via the permanently allocated departmental and general hire fleets were addressed via private hiring contracts.

- **Empowerment of clients to manage their vehicles effectively.**

The web-enabled version of the Fleet Management system (i-FleetMan) was also made available to users.

In order to empower the departmental transport officers, GMT conducted operational training on nineteen days and i-FleetMan sessions on twenty-one days. The training of transport officers will be further enhanced through the launch of a comprehensive training manual.

The Management Information Bureau addressed the requirements of the clients via the publication of management reports.

It is planned to issue risk profiles to clients in future to ensure that the necessary action is taken at departmental level.

2.6 INTRODUCTION

GMT continued with the implementation of improvements to service levels and the further transformation of the traditional government garage to a more service orientated fleet management service.

GMT participated in the national Coordinating Committee for Government Motor Transport (CCGMT) as the responsible sub-committee of the governmental COTO structure, together with the national Department of Transport, other Provinces, the South African Police Service and the South African National Defence Force. CCGMT commenced with the formulation of a national strategy in support of the trading entity direction being the preferred and most cost effective option for the management of government fleet services.

The Western Cape's fleet management system, FleetMan was demonstrated to the other members of CCGMT after the Provincial Cabinet approved the sharing of computerised application systems with other Provincial/ National Departments. However, the intellectual ownership of the system will be retained by the Province of the Western Cape. The other Government Departments will be responsible to share any future enhancements made to such system with the Western Cape. Furthermore, enquires have been received from the Namibian Government showing interest in FleetMan. A formal request will be channelled via the Governmental protocols. Deepened interest by client departments in the functionality of the system at departmental level has necessitated further enhancements. It is planned to convert the full system to a web-enabled one during the next financial year. The risk management module should soon also be fully operational thus enabling GMT to roll-out improved risk profiles to its clients.

Contracted assistance had to be used to convert the Annual Financial Statements derived from the cash based Basic Accounting System (BAS) in accordance with Statements of Generally Accepted Accounting Practice (GAAP). The requirements of an accounting system that meets the requirements of GAAP have been compiled and a request to acquire such a system will be submitted to the Accountant-General in the next financial year. This will prevent any conversion of Statements in the future.

The positive spin-off from the furthering of the eFuel project in the fleet has culminated in a noticeable decrease in fuel fraud.

The vehicle tracking and control project was rolled-out further. The fitment of the full fleet should be finalised by the end of the 2007/08 financial year. The outcomes of the project were utilised to create a better platform to manage the fleet more effectively. This has necessitated the recent launch of the Management Information Bureau. The Bureau's formal establishment will be revisited and addressed during the revision of the overall organisational amendments.

To address the shortcoming of drivers with inadequate driving skills as an operational risk, provision will be made in the future GMT organizational establishment to create capacity to test drivers and to identify and to make recommendations for further training requirements.

The outcome of the investigation into the GMT proposal to take over the full vehicle maintenance management function (undertaken partly by an external vendor at present) revealed that the present staff establishment could not be increased in time before the new transversal vehicle maintenance management contract was awarded wef 1 November 2005. The external vendor will be utilised to strengthen the internal capacity in the interim until the matter can be considered further during the next financial year. It is planned to strengthen the capacity of the technical staff further via an electronic system to assist with the verification of quotations. The testing of a system has already commenced.

The present organisation of GMT has undergone minor adjustments over the last six years to cater for the increased demand to enhance service delivery, but continued requirements have outgrown the capacity. A strategic planning session identified the immediate needs to determine a realistic workforce supported by effective business process management, in turn supported by custom designed and fit for purpose electronic systems. The envisaged organisational adjustment that will be finalised in the next financial year is furthermore based on the demand for a managed hosted environment to deliver the integrated fleet management application (FleetMan vehicle tracking systems) to the desktop and/or laptop equipment of prospective clients via efficient infrastructure. This should position GMT as a major role player delivering services within a competitive environment. The implementation of the revised organisation will pave the way for the future and will enable the Entity to offer a full and comprehensive fleet managing service to its clients and to deliver a service of a high order. The organisation will continue to explore new grounds and technology to ensure a sustainable future at the most economical cost.

2.7 CHALLENGES AHEAD

GMT – with the resources at its disposal – will have to continue addressing the following challenges:

- The present day requirements of its client departments.
- A cost effective and competitive service.
- Improved service standards and efficiency levels.
- Human capital development to the advantage of service to the client departments.
- Continuing with research and development into the latest technology, systems, products and global best practices.

2.8 GOING CONCERN BASIS

The Trading Entity functioned in terms of the legislative prescripts prescribed in Public Finance Management Act, 1999 (Act 1 of 1999 as amended by Act 29 of 1999) and the related Treasury Regulations. The service has been assessed and it is hereby confirmed that it will continue as a going concern in the next financial year.

2.9 CORPORATE GOVERNANCE

A full Risk Assessment was conducted on the operations of GMT during July 2004. The weaknesses in controls and business risks were identified by means of process and control mapping. The findings together with the remedial steps taken in addressing the identified shortcomings will be implemented in terms of the Operational Internal Audit Plan 2004/05 for the Department of Transport and Public Works (as a whole).

The introduction of the eFuel devices in vehicles is a further measure to prevent fraudulent fuelling transactions.

The tracking and control system deployed in the fleet will also contribute in the prevention of unauthorised trips and the effective management of traffic offences and misuse of vehicles.

GMT has implemented a system to manage the possible conflict of interests of employees by ensuring that the national Policy that regulates this matter is brought to every staff member's attention. The necessary approvals have been processed where staff members receive income, over and above official remuneration.

3.1 INTRODUCTION

The following statistical information with regard to the performance of the Trading Entity is published in terms of Chapter 1, Part III J.3 of the Public Service Regulations, 2001 and has been prescribed by the Minister for the Public Service and Administration for all State departments.

3.2 SERVICE DELIVERY

The following tables are an extract from the transversal Service Delivery Improvement Plan (SDIP) published by the Department of Transport and Public Works together with achievements to date:

TABLE 3.1 MAIN SERVICE PROVIDED AND STANDARDS				
Main Services	Actual Clients	Potential Clients	Standard of Service	Actual Achievement
Provide a government motor transport service	National and provincial user departments. Political office bearers.	Government departments managing internally or utilising outsourced fleets.	Renewal, maintenance and repair of vehicle fleet. Collection of user tariffs and outstanding debts. Disposal of redundant vehicles. Ensure user satisfaction. Implementation of vehicle tracking management Manage the risk assessment strategy Management Information Bureau established	A 24/7/365 report line is used to facilitate the reporting and follow-up of alleged fraud and misuse of Government vehicles; A yearly user satisfaction survey was undertaken. User forums are maintained. A web-enabled fleet management system was further rolled out to users. A debtor management module was integrated into the fleet management system to assist with debt age analysis, billing and identification of funds via electronic fund transfers. The fleet management system updates the Accounting Officer, CFO, Head of the Trading Entity with the status of the Trading Account; The fitment of vehicle tracking to the emergency fleet was completed. The high risk & non-emergency fleet are currently fitted. The Fleet Management system (FleetMan) has been enhanced with the development of an Fleet Risk Module (implementation date – mid 2006/07) The Management Information Bureau main focus is to create incident management facilities for reporting on accidents, breakdowns, hi-jacking, distress calls and alleged misuse of vehicles. The Bureau also supplies vehicle activity information to client departments and to the Fleet Risk Division within GMT. The Bureau is intended to be fully operational in the 2006/07 financial year.

TABLE 3.2: CONSULTATION ARRANGEMENTS WITH CLIENTS

Type of Arrangement	Actual Clients	Potential Clients	Actual Achievements
Organised Labour forums	Employees within GMT	Affected staff from other departments	Regular meetings between Management and employee representatives at the Departmental IMLC with positive outcomes.
Workplace Skills Development Committees	Employees within GMT and Service Providers	Service providers	The Workplace Skills Development Committees met on regular basis.
Circulars	Employees within GMT and client departments	Affected staff from other departments	New policies, procedures and processes with an internal focus were communicated with staff members through internal communication memo's and circulars (electronic as well as paper based).
Committees, forums and meetings	Employees within GMT, merchants and other service providers	Affected staff and new service providers	Various forums were established to facilitate buy-in and decision making on appropriate levels.

TABLE 3.3: SERVICE DELIVERY ACCESS STRATEGY

Access Strategy	Actual Achievements
GMT adapted its organisation internally to meet service delivery demands from user departments	GMT consults with its users on a regular basis.

TABLE 3.4: SERVICE INFORMATION TOOL

Types of Information Tool	Actual Achievements
GMT published several reports, circulars and procedure manuals	This is an ongoing process that improves continuously. It includes the distribution of internal communication in electronic format.
Participating in exhibitions	Electronic systems were demonstrated at exhibitions to promote functional activities.
Establishment of various help desk facilities	The following Helpdesks were operational at GMT: - General enquiries. - Technical enquiries. - Misuse and incident reporting. - Vehicle tracking management
Electronic publications	Publications on the Cape Gateway website. Publications on Intranet. Roll out of i-FleetMan to user departments.

TABLE 3.5: COMPLAINTS MECHANISM	
Complaints Mechanism	Actual Achievements
A dedicated full time telephone report line staffed on a 7/24/365 basis is available to the public to report any alleged misuse of Government vehicles.	During the year 636 cases of complaints were recorded in FleetMan and followed up with client departments. Feedback is given when requested. Misuse of state property is a serious matter and leads to misappropriation of funds. Risk profiles are drawn and issued to client departments for the necessary action.
Traffic violations incurred with Government vehicles are received by GMT and processed.	During the year 6 268 cases of traffic violations were recorded in FleetMan and followed up with user departments. Feedback is given when requested. Drivers involved in traffic violations are held responsible for the settlement of fines. Risk profiles are drawn and issued to user departments for the necessary action.

PART 4 | HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

4.1 GENERAL

The figures included in this portion of the annual report differs from those as reflected in the financial statements as these figures were extracted from the Persal reports (which are a cash based system) whilst the figures in the financial statements have been converted to Generally Accepted Accounting Practice (GAAP).

The statistics and information published in this Part are required in terms of Chapter 1, Part III J.3 of the Public Service Regulations, 2002 and have been prescribed by the Minister for the Public Service and Administration for all departments within the Public Service. The statistical tables provide high-level information on key human resource issues. The information aims to empower legislatures, the media, public and other key stakeholders to monitor whether departments are -

- exercising the powers granted under Public Service and Public Finance legislation in a responsible manner, and
- achieving national transformation priorities established by the Cabinet, for example, affirmative action.

4.2 EXPENDITURE

The following tables summarise final audited expenditure (TABLE 4.1) and by salary bands (TABLE 4.2). In particular, it provides an indication of the amount spent on personnel costs or salary bands within the Entity.

TABLE 4.1 : PERSONNEL COST

Entity	Total Expenditure (R'000)	Compensation of Employees (R'000)	Training Expenditure (R'000)	Employee compensation as a percent of total expenditure	Average compensation cost per employee (R'000)
GMT	184 236	10 926	0	5.9%	112

Note: The budget for the Workplace Skills Plan is allocated within Programme 1 of the Department, from where the majority of the training interventions are funded.

TABLE 4.2: PERSONNEL COSTS BY SALARY BANDS

Salary bands	Compensation of Employees (R'000)	% of total employee compensation cost	Average compensation cost per employee (R'000)
Lower skilled (Levels 1-2)	861	7.8	64
Skilled (Levels 3-6)	4 780	43.7	88
Highly skilled production (Levels 7-9)	3 738	34.3	163
Highly skilled supervision (Levels 10-12)	1 100	10.1	275
Senior management (Level 13)	447	4.1	447
Total	10 926	100	112

The following tables provide a summary per programme (TABLE 4.3) and salary bands (TABLE 4.4), of expenditure incurred as a result of salaries, overtime, homeowners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

PART 4 | HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

TABLE 4.3: SALARIES, OVERTIME, HOME OWNERS ALLOWANCE AND MEDICAL ASSISTANCE BY PROGRAMME

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
GMT	7 733	70.7	153	1.4	253	2.3	732	6.69

TABLE 4.4: SALARIES, OVERTIME, HOME OWNERS ALLOWANCE AND MEDICAL ASSISTANCE BY SALARY BANDS

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	724	6.6	11	0.1	49	0.4	53	0.5
Skilled (Levels 3-6)	3 226	29.5	65	0.6	116	1.1	347	3.1
Highly skilled production (Levels 7-9)	2 634	24.1	39	0.4	88	0.890	250	2.3
Highly skilled supervision (Levels 10-12)	858	7.8	38	0.3	0	0	59	0.5
Senior management (Level 13)	291	2.6	0	0	0	0	23	0.2
Total	7 733	70.7	153	1.4	253	3.3	732	6.69

4.3 EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:- programme (TABLE 4.5), salary band (TABLE 4.6) and critical occupations (TABLE 4.7). The Entity has no critical occupations that need to be monitored. TABLE 4.8 provides establishment and vacancy information for the key critical occupations of the Entity.

The vacancy rate reflects the percentage of posts that are not filled.

PART 4 | HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

TABLE 4.5: EMPLOYMENT AND VACANCIES BY SALARY BANDS AS AT 31 MARCH 2006

Salary band	Number of posts	Number of posts filled	Vacancy Rate (%)	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	20	16	20	0
Skilled, (Levels 3-6)	62	52	16.1	0
Highly skilled production (Levels 7-9)	25	24	4	0
Highly skilled supervision (Levels 10-11)	4	4	0	0
Senior management (Level 13)	1	1	0	0
Total	112	97	13.4	0

4.4 JOB EVALUATION

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled.

No jobs were evaluated during the year under review.

4.5 EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year.

Turnover rates provide an indication of trends in the employment profile of the Entity. The following table provides a summary of turnover rates by salary band (TABLE 4.6).

TABLE 4.6: ANNUAL TURNOVER RATES BY SALARY BANDS

Salary Band	Number of employees per band as at 1 April 2005	Appointments and transfers into GMT	Terminations and transfers out of GMT	Turnover rate (%)
Lower skilled (Levels 1-2)	15	0	3	3
Skilled (Levels 3-6)	54	5	4	4
Highly skilled production (Levels 7-9)	23	0	1	1
Highly skilled supervision (Levels 10-11)	4	0	0	0
Senior management (Level 13)	1	0	0	0
Total	97	5	8	8

PART 4 | HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

TABLE 4.7: REASONS WHY STAFF ARE LEAVING THE ENTITY

Termination Type	Number	% of total
Resignation	3	33.5
Dismissal – misconduct	1	11
Discharged due to ill-health	1	11
Retirement	1	11
Transfers to other Public Service Departments	3	33.5
Total	9	100
Total number of employees who left as a % of the total employment		9

TABLE 4.8: PROMOTIONS BY SALARY BANDS

Salary Bands	Employees as at 1 April 2005	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	15	0	0	9	60
Skilled (Levels 3-6)	54	2	3.7	22	40.7
Highly skilled production (Levels 7-9)	23	1	1	4	17.3
Highly skilled supervision (Levels 10-11)	4	0	0	0	0
Senior Level 13)	1	0	0	1	10
Total	97	3	4.17	36	37.1

PART 4 | HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

4.6 EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

TABLE 4.9: TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) PER OCCUPATIONAL CATEGORIES AS AT 31 MARCH 2006

Occupational Categories	Male				Female				Total
	African	Col	Indian	White	African	Col	Indian	White	
Senior officials	0	0	0	1	0	0	0	0	1
Professionals and managers	0	3	0	11	0	1	0	3	18
Technicians and associate professionals	0	0	0	9	0	0	0	0	9
Clerks & Administrative office workers	1	12	0	9	1	21	0	6	51
Elementary occupations	2	11	0	1	0	1	0	0	15
Total	3	26	0	31	1	23	0	9	94
Employees with disabilities	0	1	0	2	0	0	0	0	3

TABLE 4.10: TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) PER OCCUPATIONAL BANDS AS AT 31 MARCH 2006

Occupational Bands	Male				Female				Total
	African	Col	Indian	White	African	Col	Indian	White	
Top Management (Levels 15 & 16)	0	0	0	0	0	0	0	0	0
Senior Management (Levels 13 & 14)	0	0	0	1	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	1	0	2	0	0	0	1	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	2	0	18	0	1	0	2	23
Semi-skilled and discretionary decision making	1	13	0	11	1	21	0	7	54
Unskilled and defined decision making	2	11	0	1	0	1	0	0	15
Total	3	27	0	33	1	23	0	10	97

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TABLE 4.11: RECRUITMENT

Occupational Bands	Male				Female				Total
	African	Col	Indian	White	African	Col	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Highly skilled supervision (Levels 9-10)	0	0	0	0	0	0	0	0	0
Highly skilled production (Levels 7-9)	0	0	0	0	0	0	0	1	1
Skilled (Levels 3-6)	0	1	0	0	0	3	0	0	4
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0	0	0
Total	0	1	0	0	0	3	0	1	5
Employees with disabilities	0	0	0	0	0	0	0	0	0

TABLE 4.12: TERMINATIONS

Occupational Bands	Male				Female				Total
	African	Col	Indian	White	African	Col	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	1	0	1	0	0	0	0	2
Semi-skilled and discretionary decision making	0	1	0	2	1	0	0	1	5
Unskilled and defined decision making	1	1	0	0	0	0	0	0	2
Total	1	3	0	3	1	0	0	1	9
Employees with disabilities	0	0	0	0	0	0	0	0	0

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TABLE 4.13: DISCIPLINARY ACTION

Disciplinary action	Male				Female				Total
	African	Col	Indian	White	African	Col	Indian	White	
	1	0	0	0	1	0	0	0	

TABLE 4.14: SKILLS DEVELOPMENT

Occupational categories	Male				Female				Total
	African	Col	Indian	White	African	Col	Indian	White	
Senior officials and managers	0	3	0	10	0	1	0	3	17
Technicians and associate professionals	0	0	0	9	0	0	0	0	9
Clerks	1	14	0	21	1	16	0	10	63
Total	1	17	0	40	1	17	0	13	89
Employees with disabilities	0	0	0	1	0	0	0	0	1

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4.7 PERFORMANCE REWARDS

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (TABLE 4.15), salary bands (TABLE 4.16) and critical occupations (TABLE 4.17).

TABLE 4.15: PERFORMANCE REWARDS BY RACE, GENDER AND DISABILITY

Race	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2006	% of total within group	Cost (R'000)	Average cost per employee (R)
African	1	4	25	2	2 235
Male	1	3	33	2	2 235
Female	0	1	0	0	0
Indian	0	0	0	0	0
Male	0	0	50	0	0
Female	0	0	0	0	0
Coloured	20	50	40	65	3 250
Male	11	27	40.7	39	3 545
Female	9	23	39.1	26	2 858
White	14	43	32.5	90	6 428
Male	7	33	21.2	49	7 000
Female	7	10	70	41	5 857
Total	35	97	36.1	157	4 485
Employees with a disability	0	0	0	0	0

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TABLE 4.16: PERFORMANCE REWARDS BY SALARY BANDS FOR PERSONNEL BELOW SENIOR MANAGEMENT SERVICE

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee (R)	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	6	15	40	13	2 166	1.5
Skilled (Levels 3-6)	21	54	38,3	72	3 428	1.5
Highly skilled production (Levels 7-9)	4	23	13	28	7 000	0.7
Highly skilled supervision (Levels 10-11)	4	4	100	44	11 000	4
Total	35	96	35.4	157	23 594	1.49

Note: The Department of Public Service and Administration has set a maximum of 1,5% of total personnel budget to be allocated as performance rewards. Percentage above does not reflect percentage of budget, but percentage of cost that excludes budget of vacant posts.

TABLE 4.17: PERFORMANCE RELATED REWARDS (CASH BONUS), BY SALARY BAND, FOR SENIOR MANAGEMENT SERVICE

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total SMS budget
	Number of beneficiaries	Number of employees	% of total within band			
Band A	1	1	100	14	14 215	2.8
Total	1	1	100	14	14 215	2.8

Note: The percentage of performance awards allocated to SMS in the entire Department did not exceed 1.5%.

PART 4 | HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

4.8 LEAVE UTILISATION

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (TABLE 4.18) and disability leave (TABLE 4.19). In both cases, the estimated cost of the leave is also provided.

TABLE 4.18: SICK LEAVE

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	198	0.64	15	100	13.2	32
Skilled (Levels 3-6)	556	0.74	54	98	10.2	145
Highly skilled production (Levels 7-9)	239	0.80	23	100	10.3	126
Highly skilled supervision (Levels 10-11)	13	0.46	4	100	3.2	11
Senior management (Level 13)	11	0.90	1	100	11	24
Total	1 017	3.54	97	7.92	48.13	3 230

Note: Estimated cost calculated against number of staff who took sick leave, not against total number of staff.

TABLE 4.19: DISABILITY LEAVE (TEMPORARY AND PERMANENT)

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	900	100	2	7.5	0.13	146
Skilled (Levels 3-6)	220	100	5	0.18	0.09	574
Highly skilled production (Levels 7-9)	237	100	1	4	0.04	124
Highly skilled supervision (Levels 10-11)	0	0	0	0	0	0
Senior management (Level 13)	0	0	1	0	0	0
Total	1 357	100	8	11,68	0.26	844

Note: The average days disability leave per employee excludes the 36 days normal sick leave allocated per leave cycle.

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TABLE 4.20 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

TABLE 4.20: ANNUAL LEAVE, 1 JANUARY 2005 TO 31 DECEMBER 2005		
Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	432	28
Skilled (Levels 3-6)	1 139	21
Highly skilled production (Levels 7-9)	610	26
Highly skilled supervision(Levels 10-11)	98	24
Senior management (Level 13)	26	26
Total	2 305	23

TABLE 4.21: CAPPED LEAVE, 1 JANUARY 2005 TO 31 DECEMBER 2005			
Salary Bands	Total days of capped leave taken	Average number of days taken per employee, using capped leave	Average capped leave per employee as at 31 December 2005
Lower skilled (Levels 1-2)	18	9	46
Skilled (Levels 3-6)	21	2.33	32
Highly skilled production (Levels 7-9)	11	3.66	60
Highly skilled supervision(Levels 10-11)	0	0	110
Senior management (Level 13)	0	0	100
Total	50	3.57	54

The following table summarises payments made to employees as a result of leave that was not taken.

TABLE 4 22: LEAVE PAYOUTS			
Reason	Total Amount (R'000)	Number of Employees	Average payment per employee (R)
Leave payout for 2005/06 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2005/06	58	2	29 172
Current leave payout on termination of service for 2005/06	0	0	0
Total	58	2	29 172

Note: Capped leave is only paid out in the case of medical or normal retirement.

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4.9 HIV & AIDS, AND HEALTH PROMOTION PROGRAMMES

TABLE 4.23: STEPS TAKEN TO REDUCE THE RISK OF OCCUPATIONAL EXPOSURE

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Specific categories of staff were not identified. All staff are regarded to be at risk of contracting HIV and related diseases.	<p>The measures taken in this regard for general staff are limited to:</p> <ul style="list-style-type: none"> • First Aiders use gloves when treating injuries • Awareness raising at VCT campaigns • Serialised communication to all staff through the e-mail system

TABLE 4.24: DETAILS OF HEALTH PROMOTION AND HIV AND AIDS PROGRAMMES (THE DETAILS BELOW REFLECT THE POSITION IN THE DEPARTMENT OF WHICH GMT FORMS AN INTEGRAL PART)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mr JA du Plessis: Senior Manager Human Resource Management
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		<p>The Department has employed a full time HIV & AIDS Co-ordinator who chairs a committee that meets on a monthly basis.</p> <p>The committee comprises 17 members who represent all sectors of the Department (inclusive of GMT)</p> <p>HIV & AIDS are incorporated within the component Special Programmes which has a total budget of R 1 338 000.00 for 3 sub components. The budget for HIV & AIDS may be regarded one-third = R 446 000.00 for the year under review.</p>
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/ services of this Programme.		X	Departmental policy has been developed and awaits final approval. It will be rolled out in the next financial year.

PART 4 | HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

TABLE 4.24: DETAILS OF HEALTH PROMOTION AND HIV AND AIDS PROGRAMMES (THE DETAILS BELOW REFLECT THE POSITION IN THE DEPARTMENT OF WHICH GMT FORMS AN INTEGRAL PART)

Question	Yes	No	Details, if yes
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		JS van Stade: Chairperson W Canterbury : Financial Management J van Eeden : Roads Infrastructure C Osman : Public Transport L Thomas : Public Works P Malgas : CBPWP D Muller : Ceres District Office D Lippert : Oudtshoorn District Office L Rhode : Paarl District Office G Hendricks : George Regional Office L Nicholson : Goulburn Centre S Morse : Bellville Workshop G Anderson : GMT Union representatives: R Fortuin : Nehawu C Petersen : PSA W Taylor : PSA
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies /practices so reviewed.	X		No specific changes have been made to employment policies but there is no discrimination during the recruitment process.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Nine staff members have tested positive, but have not disclosed as yet. The Departmental HIV & AIDS Policy and Workplace Programmes address this matter specifically. Issues pertaining to discrimination and stigmatisation are discussed at monthly meetings.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		Altogether 409 staff members have been tested by departmental initiatives. Nine have tested positive.
8. Has the department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/ indicators.		X	The impact of HIV and AIDS in the Department has been calculated in Rand terms. The calculation amounted to approximately R35 million which was based on a model developed by the HRM component of Corporate Affairs on an assumption that 10% of the total staff complement tests positive with HIV.

PART 4 | HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

4.10 LABOUR RELATIONS

The following table summarises the outcome of disciplinary hearings conducted within GMT for the year under review.

TABLE 4.25: MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED

Outcomes of disciplinary hearings	Number	% of total
Dismissal	2	100

TABLE 4.26: TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS

Type of misconduct	Number	% of total
Fraud	2	100

TABLE 4.27: GRIEVANCES LODGED

Type	Number	% of total
Number of grievances resolved	0	0
Number of grievances not resolved	1	100
Total number of grievances lodged	1	100

Note: GMT has a nil input to report on the following:

- Disputes lodged with Councils
- Strike actions
- Precautionary suspensions

PART 4 | HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

4.11 SKILLS DEVELOPMENT

This section highlights the efforts of the Entity with regard to skills development.

TABLE 4.28: TRAINING NEEDS IDENTIFIED

Occupational Categories	Gender	Number of employees as at 1 April 2005	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Senior officials and managers	Female	4	0	0	4	4
	Male	15	1	4	13	18
Technicians and associate professionals	Female	0	0	0	0	0
	Male	9	0	9	0	9
Clerks	Female	29	2	27	0	29
	Male	25	2	20	0	22
Elementary occupations	Female	1	0	0	0	0
	Male	14	1	3	0	4
Total		97	6	63	17	86

TABLE 4.29: TRAINING PROVIDED

Occupational Categories	Gender	Number of employees as at 1 April 2005	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Senior officials and managers	Female	4	0	0	4	4
	Male	15	1	0	13	14
Technicians and associate professionals	Female	0	0	0	0	0
	Male	9	0	9	0	9
Clerks	Female	29	2	10	0	12
	Male	25	2	10	0	12
Elementary occupations	Female	1	0	0	0	0
	Male	14	1	3	0	4
Total		97	6	32	17	55

Note: Other forms of training mainly refer to ABET.

PART 4 | HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

4.12 INJURY ON DUTY

The following table provides basic information on injury on duty.

TABLE 4.30: INJURY ON DUTY

Nature of injury on duty	Number	% of total
Required basic medical attention only	5	100

4.13 UTILISATION OF EXTERNAL RESOURCE/CONSULTANTS

GMT utilised the services of external/outsourced computer system development resources to assist with the upkeep and enhancement of FleetMan. The provincial government’s Centre for e-Innovation could not supply these resources. FleetMan that originates in 1989 from a Clipper developed system was replaced in the late nineties by an Oracle based system to support GMT’s core business activities namely vehicle procurement, fleet management, fleet logistics, fleet finance and fleet risk management. It assists GMT in providing cost-effective quality transport services to the provincial and national client departments and improving service delivery. To further assist with the prevention of unauthorised fuel transactions, an electronically based fuel purchasing technology facility (eFuel) was introduced. The latter’s transaction data was integrated with FleetMan. Further development during the year under review focused on enhancing GMT service delivery to departments eg the development of a risk management module.

The web enabled version [i-FleetMan] was further developed, which enable real-time fleet management at departmental level currently with a specific focus on expenditure management e.g. fuel/oil/maintenance/repair and the capturing of log sheet data. The external maintenance management service provider transaction data was also integrated with FleetMan. FleetMan consists of the following:

TABLE 4.31: SYSTEM CONFIGURATION

Facility	Quantum
Screens	117
Reports	154
Tables	485
Records	18 253 982
Space utilized	836 Mb
Database	8.2 Gb

The following table provides a summary of the outsourced resources utilised during the past year:

TABLE 4.32: OUTSOURCED SYSTEM RESOURCES UTILISATION

Resource Type	Quantum/Hours
System Development	9 469
System Management	4 541

SHARED AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDING 31 MARCH 2006

We are pleased to present our report for the above-mentioned financial year.

Appointment of the Shared Audit Committee

The Trading Entity: Government Motor Transport is served by a Shared Audit Committee which has oversight over the Department of Transport and Public Works in terms of Cabinet Resolution 75/2003 of 23 June 2003, for the two year period to March 2005, extended by Resolution 95/2005 for two more years to 31 March 2007.

Audit Committee Members and Attendance

The Committee consists of the independent members listed hereunder, is required to meet at least 4 times per annum as per its approved Terms of Reference. During the current year 11 meetings were held:

Members	Number of Meetings Attended
Mr J.A. Jarvis (Chairperson)	11
Mr J. January	9
Mr P. Jones	11
Mr R. Warley	7
Mr V.W. Sikobi (Resigned)	May 2005

Audit Committee Responsibility

The Committee has complied with its responsibilities arising from section 38 (1) (a) of the PFMA and Treasury Regulation 3.(1).(13) and 27(1) (10). The Committee has regulated its affairs and discharged its responsibilities in terms of the Audit Committee Charter and the PFMA except that no Internal Audit work was done.

Effectiveness of Internal Control

No internal audit work was performed for the year under review. However, in terms of the 3 year strategic and 1 year operational Internal Audit plan for the Department of Transport and Public Works, the audit of the high risk areas in Government Motor Transport will commence in the 2006/07 financial year.

The quality of in-year management and monthly / quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

The Committee has not reviewed the quality of in-year management and monthly / quarterly reports submitted in terms of the PFMA and the Division of Revenue Act, but has relied on the feedback of the Auditor General who has not reported adversely in this regard.

Evaluation of Financial Statements

The Committee has,

- Reviewed and discussed the audited annual financial statements included in the annual report with the Auditor General and the Accounting Officer
- Reviewed the Auditor General's management letter and management's response thereto;
- Reviewed the Auditor General's report.

The Committee concurs and accepts the qualified audit opinion of the Auditor General on the Annual Financial Statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General.

Appreciation

The Committee wishes to express its appreciation to the Provincial Treasury, Officials of the Department, the Auditor General and the Sihluma Sonke Consortium for their assistance and co-operation in compiling this report.



J.A. JARVIS
Chairperson of the Shared Audit Committee

Date: 10 August 2006

Statement of Responsibility

The Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, requires the Accounting Officer to ensure that Government Motor Transport of the Western Cape (GMT) keeps full and proper records of its financial affairs. The AFS should fairly present the state of affairs of GMT, its financial results, its performance against predetermined objectives and its financial position at the end of the year in terms of Generally Accepted Accounting Practice (GAAP).

The AFS are the responsibility of the Accounting Officer. The Auditor-General is responsible for independently auditing and reporting on the financial statements. The Auditor-General has audited GMT's AFS and the Auditor-General's Report appears on page 29-30.

The AFS have been prepared in accordance with Statements of Generally Accepted Accounting Practice (GAAP). These AFS are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The Accounting Officer has reviewed GMT's budgets and cash flow forecasts for the year ended 31 March 2006. On the basis of the review, and in view of the current financial position, the Accounting Officer has every reason to believe that GMT will be a going concern in the year ahead and has continued to adopt the going concern basis in preparing the AFS.

The Accounting Officer sets standards to enable management to meet the above responsibilities by implementing systems of internal control and risk management, where possible, that are designed to provide reasonable, but not absolute assurance against material misstatements and losses. The Trading Entity maintains internal financial controls to provide assurance regarding the -

- safeguarding of assets against unauthorised use or disposition, and
- maintenance of proper accounting records and the reliability of financial information used within GMT or for publication.

The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or the overriding of controls. An effective system of internal control, therefore, aims to provide reasonable assurance with respect to the reliability of financial information and the presentation of financial statements. However, because of changes in conditions, the effectiveness of internal financial controls may vary over time.

The Accounting Officer has reviewed GMT's systems of internal control and risk management for the period from 1 April 2005 to 31 March 2006. The Accounting Officer is of the opinion that GMT's systems of internal control and risk management were effective for the period under review, other than for the material losses, and irregular, fruitless or wasteful expenditure referred to in the Accounting Policies (number 5) on page 45 of the AFS.

In the opinion of the Accounting Officer, based on the information available to date, the AFS fairly present the financial position of GMT as at 31 March 2006 and the results of its operations and cash flow information for the year, and that the Code of Conduct has been adhered to.

The AFS for the year ended 31 March 2006, set out on pages 41 to 58, were submitted for auditing on the 31 May 2006.

REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL PARLIAMENT OF THE WESTERN CAPE ON THE FINANCIAL STATEMENTS OF THE GOVERNMENT MOTOR TRANSPORT FOR THE YEAR ENDED 31 MARCH 2006

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 34 to 48, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on these financial statements, based on the audit.

2. SCOPE

The audit was conducted in accordance with the International Standards on Auditing read with *General Notice 544 of 2006*, issued in *Government Gazette* no. 28723 of 10 April 2006 and *General Notice 808 of 2006*, issued in *Government Gazette* no. 28954 of 23 June 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

3. QUALIFICATION

Non-compliance with the prescribed reporting framework

In terms of the Treasury Regulations, Government Motor Transport (GMT) has to comply with the South African Statements of Generally Accepted Accounting Practice as an accounting framework to present financial statements.

Paragraph 50 of IAS 16/AC 123, which deals with Property, Plant and Equipment requires an entity to assess the residual value and the depreciation rate of a vehicle on an annual basis. By not performing this exercise, GMT has incorrectly accounted for depreciation resulting in expenditure being overstated.

At present, GMT's business process does not factor in the residual value of a vehicle, as GMT considers the residual value to be zero. In addition, they expect to utilize the vehicle to its full economic potential, which is greater than the estimated useful life, and as a result, a significant number of vehicles that have already been fully depreciated are still in use.

4. ADVERSE AUDIT OPINION

In my opinion, because of the significance of the matter described in the preceding paragraph and its effect on the financial statements, the financial statements do not present fairly, the financial position of Government Motor Transport at 31 March 2006 and the results of its operations and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act 1999 (Act no. 1 of 1999).

5. EMPHASIS OF MATTER

Without further qualifying the audit opinion expressed above, attention is drawn to the following matters:

5.1 COMPLETENESS OF REVENUE AND ACCOUNTS RECEIVABLE

The South African Statements of Generally Accepted Accounting Practice is based on an accrual system of accounting. GMT has however maintained financial records for the year under review on BAS, which is a system relevant for the cash basis of accounting.

The accrual basis of accounting requires management to record transactions when they have occurred. In this regard, we have identified several instances on a sample basis where revenue and receivables were not raised at year end. Management has amended the annual financial statements relating to the material audit findings, however, the current accounting processes of converting a cash accounting system to an accrual accounting system on a manual basis could result in errors not being identified and corrected by management.

Testing performed in this regard identified the weakness highlighted above; however these weaknesses were not material to my audit opinion above.

5.2 INTERNAL AUDIT

National Treasury Regulations, Part 2, paragraph 3.2 stipulate that the accounting officer must ensure that each institution has an internal audit function under the direction and supervision of an audit committee.

No internal audit review had been performed for the period under review.

6. APPRECIATION

The assistance rendered by the staff of the Government Motor Transport during the audit is sincerely appreciated.

I Jeewa for Auditor-General

Cape Town

31 July 2006



AUDITOR - GENERAL

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND THE PROVINCIAL PARLIAMENT

6.1 GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS**6.1.1 GOVERNMENT MOTOR TRANSPORT MANDATE**

All Government motor transport activities prior to 1988 were managed by the national Department of Transport. However, during June 1988 the provincial authorities of the day were commissioned by the National Cabinet to perform these functions by the respective government garages. The Provincial Government that inherited this competency from the pre 1994 dispensation later transformed the functions into Government Motor Transport (GMT) as a fleet management agency. The organisation operates within the administration of the Department of Transport and Public Works and is responsible for the execution of the fleet functions with regard to management, logistics, finance and risk.

6.1.2 ACCRUAL ACCOUNTING

In terms of Treasury Regulation 18.2 the Annual Financial Statements (AFS) of GMT must conform to Generally Accepted Accounting Practice (GAAP). This Trading Entity could not record its financial transactions to conform to GAAP as the Basic Accounting System (BAS) is cash based, while GAAP requires an accrual based accounting system. All transactions are recorded on BAS. The system requirements of a financial accounting system that will comply with GAAP have been prepared and will be submitted to the Accountant-General for approval. This action will be finalised during the 2006/07 financial year after which a suitable system will be acquired and implemented.

The following remedial steps within the accounting system constraints were introduced to assist with the compilation of the 2005/06 AFS of this Trading Entity in accordance with the standards of GAAP:

- The preparation of a separate GAAP compliance implementation framework.
- The preparation of AFS for 2005/06 including accounting policies.
- The compilation of Accounting Standard operating procedures.
- The transferring of skills integrated with the process in the aforementioned steps.

The expert knowledge and skill of a chartered accountant was contracted to assist. The financially related issues were addressed to enable the closure of the books of account at the end of the 2005/06 financial year and the required AFS. The books of account were successfully closed-off on 23 April 2006 after which the conversion to GAAP was undertaken.

6.1.3 RESERVE FUNDS

This represents the unspent funds paid by the client departments as part of the daily tariffs in the 2005/2006 financial year in respect of the replacement of vehicles. These funds were surrendered and are recognised in the books of account of the Department of Transport and Public Works.

6.1.4 DEBT CONTROL

The full implementation of the debtor management module within FleetMan has assisted in the management and follow-up processes. The billing process is now supported with up to date financial data to ensure that expenditure trends and cash flow projections can be done accurately at client department level. This will promote improved accountability.

PART 6 | ANNUAL FINANCIAL STATEMENTS (CONTINUED)

6.1.5 TRACKING AND CONTROL SYSTEM

A system to track and control the usage of government vehicles was implemented to enhance operational efficiency with specific focus on reducing operational costs. Since January 2005 the system was implemented in the vehicles allocated to the Emergency Medical Service (EMS) and to Community Safety (Traffic Control). The roll out of the system for the non-emergency part of the fleet has commenced and by year-end a total of 992 vehicles had already been equipped. The project will be finalised and implemented across the total fleet during the next two financial years. Movement of vehicles will be closely monitored to ensure that only authorised trips are permitted, alleged misuse reported by the public is tracked and followed-up as well as recovery of stolen or hi-jacked units is performed thus contributing to a cost effective one-stop service.

6.1.6 MANAGEMENT REPORTING

During the year focussed management reports were supplied to client departments. In addition manual log reporting will be replaced with electronic activity reports on an online basis.

6.1.7 RISK MODELLING AND REPORTING

Risk modelling and reporting has become an essential facility to pro-actively highlight driver behaviour and other risk areas for departmental follow-up. Apart from the transversal Provincial Loss Control system, FleetMan has been enhanced with a further module to produce management reports to assist GMT. This functionality is in the test phase and should be fully operational during mid 2006/07.

6.1.8 FLEET MANAGEMENT SYSTEM

The sophisticated electronic fleet management and other related systems developed by GMT have been enhanced further and fully utilised to the benefit of all client departments and internal use.

6.2 SERVICES RENDERED

6.2.1 COMPOSITION OF FLEET

GMT renders a fleet management agency service to national and provincial departments and related state institutions by providing and sharing its expertise gained in its various fleet administration sectors. The fleet consists of permanently allocated vehicles and temporary/relief vehicles. At year-end there were 3 733 vehicles in the fleet. The decrease in the fleet size as depicted in the table below is due to the withdrawal of vehicles not required by client departments and the suppliers not being able to deliver all ordered vehicles before year-end.

During the course of the year 186 replacement and 149 additional vehicles were purchased. The fleet (with the previous years figures) is compiled as follows:

Provincial Departments	2004/05	2005/06
Agriculture	166	169
Cape Nature	171	157
Community Safety	358	351
Cultural Affairs & Sport	76	78
Economic Development	8	12
Education	422	411

PART 6 | ANNUAL FINANCIAL STATEMENTS (CONTINUED)

Provincial Departments	2004/05	2005/06
Environmental Affairs & Development Planning	25	31
Gambling & Racing Board	1	1
Health	978	977
Local Government and Housing	64	67
Parliament	4	5
Premier	24	30
Social Services & Poverty Alleviation	324	336
Transport and Public Works	136	218 *
Government Motor Transport (General Pool)	545	394
Treasury	11	13
SUB TOTAL	3 313	3 250

* Includes new vehicles still to be allocated to client departments.

National Departments	2004/05	2005/06
Agriculture	4	2
Environmental Affairs & Tourism	123	120
Foreign Affairs	1	1
Government Communication Information Service	5	0
Home Affairs	33	28
Independent Complaints Directorate	5	5
Justice	120	128
Labour (Service Products)	2	2
Land Affairs	30	29
Mineral & Energy Affairs	1	1
Office of the Presidency	9	9
Parliament	3	3
Prosecuting Authority	14	12
Public Service Commission	1	1
Public Works	141	139
Treasury	2	2
Water Affairs (LERWUA)	25	1
SUB TOTAL	519	483
GRAND TOTAL	3 832	3 733

PART 6 | ANNUAL FINANCIAL STATEMENTS (CONTINUED)

6.2.2 FLEET MANAGEMENT SYSTEM

FleetMan assists GMT in providing cost-effective quality transport services to the provincial and national client departments and improving service delivery. GMT's core business activities are supported by the system. It further effectively manages income and expenditure activities including fuel purchased, as well as the maintenance, repairs and sale of vehicles. GMT also offers electronic solutions such as i-FleetMan to enable client departments to capture their own log sheets and an electronic cost calculator to ensure that departmental budgets could be managed pro-actively.

6.2.3 TARIFF POLICY

The client department's initial vehicle is purchased via competitive procurement processes. Thereafter a daily tariff is charged to recover the replacement and overhead cost over the economic life cycles of the vehicles. The kilometre tariff on the other hand is intended to recover the running costs of vehicles. Provincial Treasury approved the revised tariffs for 2005/06.

6.2.4 INVENTORIES

Refer to Note 10 of the Notes to the Annual Financial Statements.

6.3 CAPACITY CONSTRAINTS**6.3.1 THEFTS AND HIJACKING OF VEHICLES**

Thirty-two vehicles have been stolen/hijacked during the 2005/06 financial year. All thefts have a negative effect on service delivery as replacement vehicles have to be ordered and delivery periods cause delays. During hijackings officials are placed under serious stress that requires counselling afterwards. The project to install tracking and control devices in all vehicles was implemented to enhance operational efficiency and to assist with the recovery of stolen vehicles. The project that is only partly implemented to date (1 686 vehicles) is showing positive results as 12 of the vehicles fitted with the tracking devices have been recovered so far.

6.3.3 STAFF AND ESTABLISHMENT STRUCTURE

GMT managed to institute internal minor changes to its organisation and establishment structure to meet the continued requirements of its client departments. Additional functions such as the misuse report line, eFuel, tracking and control, computer and systems support, electronic billing and a management bureau were implemented to continue with the required service delivery standards. A strategic planning session was held to determine the future needs of GMT that includes effective communication and research and development. The report to expand the establishment has been submitted to the Executive Authority for approval. Any amendments will be effected in 2006/07 financial year.

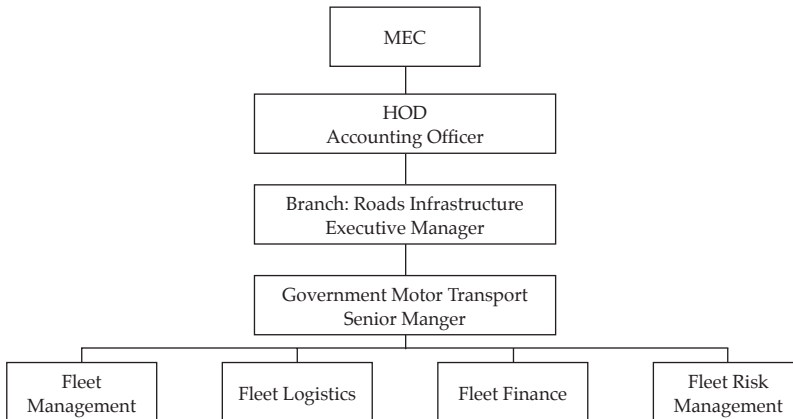
6.3.4 DEBT CONTROL

The conventional method to capture the logs of vehicles (kilometres travelled) manually has proved to be a very slow process that causes delays in the billing of all kilometres travelled in the financial year. A revised electronic process will be introduced in the 2006/07 financial year whereby the odometer readings and vehicle activity reports from the tracking devices will be utilised in the billing and reporting process. The payment history has further indicated that not all debt is settled within the 30 day allowed for in terms of the PFMA. This will be overcome through the implementation of an electronic interface between FleetMan and BAS and a debit order arrangement for all client departments. The planning process to initiate the aforementioned has commenced and will be followed by implementation programmes that will be consulted with the client departments.

6.4 TRADING ENTITY GMT

ACCOUNTABILITY ARRANGEMENTS

The Head of the Department: Transport and Public Works is also the Accounting Officer for the Trading Entity. The organisation is depicted below:



The required performance agreements in terms of the prescripts by the National Department of Public Service and Administration were entered into with the management of GMT. Each staff member has an individual performance and development plan. GMT strategic objectives are included in the Strategic Plan of the Department of Transport and Public Works covering the period 2005/06.

6.5 CORPORATE GOVERNANCE ARRANGEMENTS

This is reported on in PART 2 of the Annual Report.

6.6 NEW / PROPOSED ACTIVITIES

GMT implemented the following new activities:

(a) **FleetMan and i-FleetMan**

GMT developed FleetMan to serve as a core business tool in the execution of its functions. The system was enhanced during the financial year and the additional functionality will ensure an effective final product. In response to requests from other organs of State the Provincial Cabinet granted approval that the system be made available to promote co-operative governance and to prevent unnecessary development cost.

(b) **Tracking and control system**

A total of 1 686 vehicles (45% of vehicles) have been fitted with the devices by year-end. The implementation will continue in the next financial year until the total fleet is fitted. This project is aimed at enhanced service delivery, stable fleet expenditure and to enable client departments to manage their resources effectively. The necessary financial provision to cover the cost was made within the operational budget of the Trading Entity.

(c) **Service level agreement (SLA)**

A draft SLA was consulted with the client departments and intended to be finalised, signed and implemented in 2006/07 to ensure effective service delivery. The implementation of the SLA will be done without any additional cost to the client departments and GMT.

(d) Management bureau

The existing dedicated telephone report line where incidents on alleged misuse of vehicles are reported, the help desks for general enquiries and the monitoring of vehicle alarms have been integrated into a Management Bureau. The Bureau will focus on the delivering of professional information management bureau services to both GMT and its clients. The Bureau (fully implemented version) will be responsible to perform the following functions:

- The establishment of incident management facilities for reporting on accidents, breakdowns, hi-jacking, distress calls and alleged misuse of vehicles.
- The delivery of vehicle tracking management and reporting facilities.
- The management of stolen vehicle recovery services.
- The creation of a general enquiry terminal.
- The publishing of standard fleet management reports.
- The distribution and maintenance of fleet policy and procedures.

The creation of an appropriate structure and associated posts has been included in the proposal that has been submitted to the Executive Authority referred to in par 6.3. Staff and establishment structure. The necessary financial provision will be made within the operational budget of the Trading Entity.

(f) Business process analysis

A professional business analyst was contracted to perform a high level analysis of business processes to ensure alignment with the requirements of the client departments. Certain adjustments were made to ensure the continuation of effective service delivery standards. Operational procedures and policy changes were issued on a regular basis and distributed to the client departments. The necessary financial provision to cover the cost was made within the operational budget of the Trading Entity.

(g) Effective communication

Effective communication was identified as a priority. Provision was made in the proposed establishment referred to above to address this need. The necessary financial provision to cover the cost will be made within the operational budget of the Trading Entity.

(h) Research and development

The Government fleet transport environment in the Western Cape has over the past five years developed into a competitive business arena. The Trading Entity on the other hand serves as an effective tool to address most of the business challenges. The research and development (R & D) challenge was included in the proposed establishment referred to above. The necessary financial provision to cover the cost will be made within the operational budget of the Trading Entity.

6.7 ASSET MANAGEMENT

LOGIS is fully implemented in the Trading Entity to deal with the basic minimum requirements of an asset register set by the Accountant-General for immovable assets. Likewise an asset register is maintained in the FleetMan system for government motor vehicles.

6.8 EVENTS AFTER THE REPORTING DATE

Note 22 on page 58 of the Annual Financial Statements refers to a disclosure of preliminary claims from 3rd parties against GMT as well as the estimated loss value with regard to government vehicles after reporting date as non-adjusting events after the reporting date in the AFS.

6.9 APPROVAL

The Annual Financial Statements set out on pages 41 to 58 have been prepared in accordance with GAAP as prescribed in the Treasury Regulations, PFMA and relevant guidelines specified/issued by the National Treasury.



TW Manyathi

ACCOUNTING OFFICER

DATE: 31 May 2006

INCOME STATEMENT

For the year ended 31 March 2006

		2005/06	2004/05
	Notes	R'000	R'000
Revenue	2	171,317	143,740
Gross profit		171,317	143,740
Other income	3	7,434	19,094
		178,751	162,834
Administrative expenses	4	(18,036)	(17,451)
Staff costs	5	(11,036)	(10,646)
Transfers and subsidies	6	(26)	(24)
Other operating expenses	7	(98,141)	(75,686)
Depreciation	8	(63,658)	(66,887)
Loss from operations		(12,146)	(7,860)
Net loss for the year		(12,146)	(7,860)

BALANCE SHEET

as at 31 March 2006

		2005/06	2004/05
	Notes	R'000	R'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	128,209	150,211
Current assets		79,096	39,106
Inventories	10	44	10
Trade and other receivables	11	60,832	19,969
Non-current assets held for sale	9	225	-
Cash and cash equivalents	12	17,995	19,127
Total assets		207,305	189,317
EQUITY AND LIABILITIES			
Capital and reserves		176,202	174,675
Non-current liabilities			
Provisions	17	1,481	1,655
Current liabilities		29,622	12,987
Trade and other payables	13	5,185	2,124
Income received in advance	14	24,105	10,838
Current portion of provisions	15	332	25
Total equity and liabilities		207,305	189,317

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2006

	Accumulated Profit/(Loss)	Capital Fund	Replacement Fund	Total Equity
	R'000	R'000	R'000	R'000
Balance at 1 April 2004	(22,020)	167,386	-	145,366
Change in accounting policy	-	-	-	-
Increase due to purchases of vehicles	-	74,213	-	74,213
Decrease due to disposal of vehicles & depreciation	-	(92,525)	-	(92,525)
Increases due to depreciation	-	-	128,994	128,994
Decrease due to vehicles purchased	-	-	(73,513)	(73,513)
Net loss for the year	(7,860)	-	-	(7,860)
Transfer to Department of Transport and Public Works	-	-	-	-
Balance at 1 April 2005	(29,880)	149,074	55,481	174,675
Increase due to purchases of vehicles	-	42,346	-	42,346
Decrease due to movement in inventory	-	(34)	-	(34)
Decrease due to disposal of vehicles & depreciation	-	(66,636)	-	(66,636)
Increase due to depreciation	-	-	63,277	63,277
Decrease due to vehicles purchased	-	-	(25,280)	(25,280)
Net loss for the year	(12,146)	-	-	(12,146)
Balance at 31 March 2006	(42,026)	124,750	93,478	176,202

CASH FLOW STATEMENT**For the year ended 31 March 2006**

		2005/06	2004/05
	Notes	R'000	R'000
Operating activities			
Cash generated from operations	16	23,140	20,844
Net cash flow from operating activities		23,140	20,844
Net cash flow used in investing activities	17	(37,945)	(54,277)
Net cash flow from financing activities	18	13,673	37,169
Net (decrease)/increase in cash and cash equivalents		(1,132)	3,736
Cash and cash equivalents at the beginning of the year		19,127	15,391
Cash and cash equivalents at end of the year	12	17,995	19,127

The Annual Financial Statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice and the Public Finance Management Act, 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 as otherwise indicated:

1. BASIS OF PREPARATION

The AFS have been prepared on the historical cost basis.

2. CURRENCY

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

3. REVENUE RECOGNITION

Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

Revenue arising from the rendering of services, as well as related expenses are recognised according to the stage of completion of the transaction at balance sheet date.

4. STAFF COSTS

Post – employment benefit costs

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

Pension Fund

GMT offers a defined contribution 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) and GMT contributes 13 %.

5. IRREGULAR AND FRUITLESS AND WASTEFUL 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.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular and fruitless and wasteful expenditure is charged against revenue in the period in which the expenditure is incurred.

6. VEHICLES AND PLANT AND EQUIPMENT

Items of vehicles and plant and equipment are stated at historical cost less accumulated depreciation.

Vehicles and plant and equipment 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 period.

Property, plant and equipment are originally measured at cost and are depreciated on a basis considered appropriate to reduce the book value over the expected lifespan of the assets. In the case of vehicles the provider of the original funds decides on the expected life cycle.

Prescribed useful lives:

- Workshop equipment: Reducing balance (15% per annum)
- Vehicles: Straight line (3 – 7 years)
- Office equipment: Straight line (6 years)
- IT equipment: Straight line (3 years)
- Tools: Straight line (5 years)
- Domestic equipment: Straight line (6 years)
- Photographic equipment: Straight line (6 years)
- Computer software: Straight line (3 years)
- Plant and equipment < R5,000 Straight line (1 year)

Gains and losses on the disposal of property, plant and equipment are recognised in the income statement once they accrue to the entity.

Deviation from General Accepted Accounting Practice (GAAP) IAS 16/ AC123:

According to Generally Accepted Accounting Practice (GAAP) IAS 16/ AC123, an entity has to subtract the residual value from the cost of an asset, to obtain the recoverable amount and apply a depreciation rate. The entity deviated from this standard in the sense that it did not take the residual value of the asset in consideration in determining the depreciation. The entity uses a cash basis method of accounting during the financial year and only conforms to GAAP at the financial year end through a conversion process. The fleet management system, FleetMan, was set-up for a cash basis of accounting and could not be conformed to meet the said standard. A process is underway to determine the financial effect.

7. IMPAIRMENT OF PROPERTY PLANT AND EQUIPMENT

At each balance sheet date, the entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is calculated as the amount that can be obtained by the entity from the sale of the asset in an arm's length transaction between a willing and knowledgeable buyer or seller, less the cost of disposal.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

8. LEASING

Actual Operating Lease payments are expensed when incurred. Operating Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure note to the financial statements.

9. INVENTORIES

Inventories consist of stationery and photocopy paper. Inventories are valued at the lower of cost and net realisable value according to the first in first out (fifo) method.

10. FINANCIAL INSTRUMENTS**Recognition**

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

All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets

The entity's principle financial assets are accounts receivable and cash and cash equivalents.

- **Trade receivables**

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities

The entity's principle financial liabilities are, accounts payable.

- **Trade payables**

Trade and other payables are stated at their nominal value.

11. 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.

12. COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

13. CONTINGENT LIABILITIES

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.

14. EVENTS AFTER THE REPORTING DATE

The Entity considers events that occur after the reporting date for inclusion in the AFS. Events that occur between the reporting date (31 March 2006) and the date on which the audit of the financial statements is completed (31 July 2006) are considered for inclusion in the AFS.

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.
- (b) An estimate of its financial effect or a statement that such an estimate cannot be made.

1. ADOPTION OF SOUTH AFRICAN STANDARDS OF GAAP

The financial statements for the current year have been prepared in accordance with Standards of Generally Accepted Accounting Practice (except for the deviation as stated in Accountancy Policies No 7).

2. REVENUE

	2005/06	2004/05
	R'000	R'000
An analysis of the entity's revenue is as follows:		
Rendering of services:	171,317	143,740
National Departments	51,934	49,495
Provincial Departments	119,383	94,245
Total	171,317	143,740

3. OTHER INCOME

	2005/06	2004/05
	R'000	R'000
Profit on disposal of assets	6,603	17,045
Material losses recovered	-	-
Other	831	2,049
Total	7,434	19,094

4. ADMINISTRATIVE EXPENSES

	2005/06	2004/05
	R'000	R'000
General and administrative expenses	8,144	12,462
- Administrative	8,144	12,462
Travel and subsistence	9,548	4,710
Rentals in respect of operating leases (minimum lease payments)	344	280
- Plant, machinery and equipment	344	280
Total	18,036	17,452

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2006

5. STAFF COSTS

	2005/06	2004/05
	R'000	R'000
Wages and salaries		
Basic salaries	7,734	7,249
Performance awards	169	181
Periodic payments	636	561
Other non-pensionable allowance	497	364
Leave payments	138	269
Overtime and long service payments	124	186
Social contributions (employer's contributions)		
Medical	732	747
Official unions and associations	3	3
Pension	1,003	1,086
Total	11,036	10,646

Staff costs are shown at cost to entity package, based upon salary, bonuses, allowances and employee benefit contributions by GMT up to Balance Sheet date. Staff costs are charged to the Income Statement in the year to which it relates.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2006

The following Executive members' remuneration is included in the above mentioned staff costs.

ENTITY	Salary / Fee R'000	Performance Bonus R'000	Medical Aid Contribution R'000	Pension Contribution R'000	Retirement Annuity Fund R'000	Total R'000
Year ended 31 March 2005						
Senior Manager	292	13	12	20	5	342
Manager: Fleet Finance	146	8	6	12	-	172
Manager: Fleet Logistics	119	7	14	11	2	153
Manager: Fleet Management	151	8	17	14	-	190
Manager: Fleet Risk Management	136	8	6	11	2	163
TOTAL	844	44	55	68	9	1,020

ENTITY	Salary / Fee R'000	Performance Bonus R'000	Medical Aid Contribution R'000	Pension Contribution R'000	Retirement Annuity Fund R'000	Total R'000
Year ended 31 March 2006						
Senior Manager	342	9	12	22	5	390
Manager: Fleet Finance	208	11	8	15	-	242
Manager: Fleet Logistics	174	9	18	13	2	216
Manager: Fleet Management	208	11	15	15	-	249
Manager: Fleet Risk Management	208	11	8	15	2	244
TOTAL	1,140	51	61	80	9	1,341

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2006

6. TRANSFERS AND SUBSIDIES

	2005/06	2004/05
	R'000	R'000
Transfers		
Local Governments	26	24
Total	26	24

7. OTHER OPERATING EXPENSES

	2005/06	2004/05
	R'000	R'000
Staff training and development	14	18
Consultants, contractors and special services	5,312	3,349
Legal fees	6	25
Maintenance, repairs and running costs	82,148	69,248
- Property and buildings	141	131
- Machinery and equipment	82,007	69,117
Impairment losses recognised	2,630	309
Other material losses	-	2,721
Assets < R 5,000	80	-
Provision for doubtful debts	5,568	-
Tracking cost	1,611	-
Third party claims	758	-
Entertainment expense	14	16
Total	98,141	75,686

8. DEPRECIATION

	2005/06	2004/05
	R'000	R'000
- Plant, machinery and equipment	381	375
- Vehicles	63,277	66,512
Total	63,658	66,887

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2006

9. PROPERTY, PLANT AND EQUIPMENT (PPE)

	Plant and equipment R'000	Vehicles R'000	Total PPE R'000
Year ended 31 March 2005			
Carrying amount as at 1 April 2004	455	144,712	156,208
Gross carrying amount	693	375,452	376,145
Accumulated depreciation	(238)	(205,603)	(205,841)
Accumulated impairment losses	-	(25,137)	(25,137)
Revaluation adjustments		219	219
Additions at cost	695	74,213	74,908
Disposals at book value	-	(2,888)	(2,888)
Cost	-	(38,574)	(38,574)
Accumulated depreciation	-	35,686	35,686
Depreciation charge	(374)	(66,512)	(66,886)
Impairment loss	-	(309)	(309)
Net carrying amount 31 March 2005	776	149,435	150,211
Gross carrying amount	1,388	411,310	412,698
Accumulated depreciation	(612)	(236,429)	(237,041)
Accumulated impairment losses	-	(25,446)	(25,446)
Year ended 31 March 2006			
Carrying amount as at 1 April 2005	776	149,435	150,211
Gross carrying amount	1,388	411,310	412,698
Accumulated depreciation	(612)	(236,429)	(237,041)
Accumulated impairment losses	-	(25,446)	(25,446)
Revaluation adjustments	-	-	-
Additions at cost	1,121	45,308	46,429
Disposals at book value	-	(2,494)	(2,494)
- Cost	-	(18,517)	(18,517)
- Accumulated depreciation	-	16,023	16,023
Depreciation charge	(381)	(63,277)	(63,658)
Impairment loss	-	-	-
Assets still in use/Unidentifiable	(7)	(220)	(227)
Stolen and alienated	-	(1,827)	(1,827)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2006

	Plant and equipment R'000	Vehicles R'000	Total PPE R'000
Year ended 31 March 2005			
- Cost	-	(8,119)	(8,119)
- Accumulated depreciation	-	6,292	6,292
Non-current assets held for sale		(225)	(225)
- Cost	-	(5,311)	(5,311)
- Accumulated depreciation	-	5,086	5,086
Net carrying amount 31 March 2006	1,509	126,700	128,209
Gross carrying amount	2,509	424,671	427,180
Accumulated depreciation	(993)	(272,305)	(273,298)
Accumulated impairment losses	(7)	(25,666)	(25,673)

Included in property, plant and equipment are equipment items purchased to the amount of R1,021,445.80 (2004/05: R 694,634.43). This amount and its related depreciation expense of R 380,902.11 (2004/05: R 370,809.22) represent estimates arrived at by management. Estimates had to be made as the equipment register kept by management does not detail the exact purchase dates of the various equipment items. The prudent presumption had been made that all equipment purchased during a specific financial year had been obtained at the beginning of that specific financial year. Thus the depreciation expense for these equipment items is measured from the beginning of the financial year during which it had been purchased.

10. INVENTORIES

	2005/06	2004/05
	R'000	R'000
Consumable stores	44	10
Total	44	10

11. TRADE AND OTHER RECEIVABLES

	2005/06	2004/05
	R'000	R'000
Trade receivables	49,950	47,016
Department of Transport and Public Works	43,408	-
Less: Provision for doubtful debts	(32,526)	(26,958)
Total	60,832	20,058

The provision for doubtful debts has been determined by reference to past default experience and the current economic environment. Included in the provision for doubtful debts is an amount of R 19,872 m which GMT intends to write off as bad debts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2006

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and short-term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest rate risk. The carrying amount of these assets approximates their fair value.

	2005/06	2004/05
	R'000	R'000
Cash held by the Western Cape Department of Transport & Public Works	17,995	19,127
	17,995	19,127

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.

13. TRADE AND OTHER PAYABLES

	2005/06	2004/05
	R'000	R'000
Trade creditors	5,001	1,915
Commitments	184	209
Total	5,185	2,124

The Entity considered that the carrying amount of trade and other payables approximates to their fair value.

Commitments consist of amounts owing to staff in terms of performance bonuses, overtime and leave pay (cycle leave).

14. INCOME RECEIVED IN ADVANCE

	2005/06	2004/05
	R'000	R'000
Advances	24,105	10,838
	24,105	10,838

Advances represent funds received for services to be rendered.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2006

15. PROVISIONS

	2005/06	2004/05
	R'000	R'000
Salary and related expense provision		
Opening balance	1,655	1,431
Unused amounts reversed during the year	-	(11)
Provisions made during the year	158	260
Less: current portion of provision	(332)	(25)
Closing balance	1,481	1,655

The following is included in the provisions:

Capped leave pay

The provision for capped leave pay represents GMT's obligation to pay as 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 additional amount that is expected to be paid as a result of the leave days capped at 1 July 2000, taking into account the undiscounted amount of current cost to employer per employee.

16. RECONCILIATION OF CASH GENERATED FROM OPERATIONS

	2005/06	2004/05
	R'000	R'000
Loss from income statement	(12,146)	(7,860)
Adjusted for:		
- Revaluation adjustment	-	(217)
- Depreciation on property, plant and equipment	63,658	66,887
- Net increase in provision for employee benefits	(24)	249
- Impairment	2,054	309
- Increase in accruals for accidents and claims	(213)	264
- Profit on disposal of vehicles	(5,990)	(17,045)
- Increase in accruals for operating expenditure	1,682	445
- Increase in provisions	133	-
-Bad debt written off	-	847
-Write down of provision for doubtful debt	-	(847)
Operating cash flows before working capital changes	49,154	43,032
Working capital changes	(26,014)	(22,188)
- (Increase)/Decrease in inventories	(28)	16
- Decrease/(increase) in receivables	(40,869)	(11,142)
- Increase/(decrease) in payables	1,616	(11,062)
- Increase in income received in advance	13,267	-
Cash generated from operations	23,140	20,844

17. NET CASH FLOW USED IN INVESTING ACTIVITIES

	2005/06	2004/05
	R'000	R'000
Proceeds on disposal of property, plant and equipment	8,484	19,931
Acquisition of property, plant and equipment	(46,429)	(74,208)
Cash used in investing activities	(37,945)	(54,277)

18. NET CASH FLOW FROM FINANCING ACTIVITIES

	2005/06	2004/05
	R'000	R'000
Financing activities		
Increase in replacement fund	37,997	55,481
Decrease in capital fund	(24,324)	(18,312)
Cash from financing activities	13,673	37,169

19. 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 R 50,764.62 (2004/05: R 264,039) in respect of claims made against GMT and paid during the next financial year has been raised as a payable in the financial statements. The total amount of unpaid claims made against GMT at the end of the 2005/06 financial year is R 428,834.98. This implies that a contingent liability of R 378,070.36 exists, but has not been raised in the financial statements as the existence of this obligation will only be confirmed by the future payment of these claims.

Housing Loan Guarantees relating to employees amounts to R 88,654.00.

20. OPERATING LEASE ARRANGEMENTS

The Entity as lessee

At the balance sheet date the Entity had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2005/06	2004/05
	R'000	R'000
Up to 1 year	6,481	5,674
1 to 5 years	13,897	20,378
More than 5 years		-
	20,378	26,052

21. CAPITAL COMMITMENTS

	2005/06	2004/05
	R'000	R'000
Commitments for the acquisition of property, plant and equipment	18,140	10,578
- Property, plant and equipment ordered, but not provided in the financial statements	18,140	10,578

22. EVENTS AFTER THE REPORTING DATE

The following information is disclosed as non-adjusting events after the reporting date in the AFS and represents preliminary claims from 3rd 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:

3rd Party claims

69 (Sixty nine) cases with an estimated claim value of R 869,673.75.

Damages/Losses - government vehicles

171 (One hundred and seventy one) cases with an estimated value of R 788,036.10.