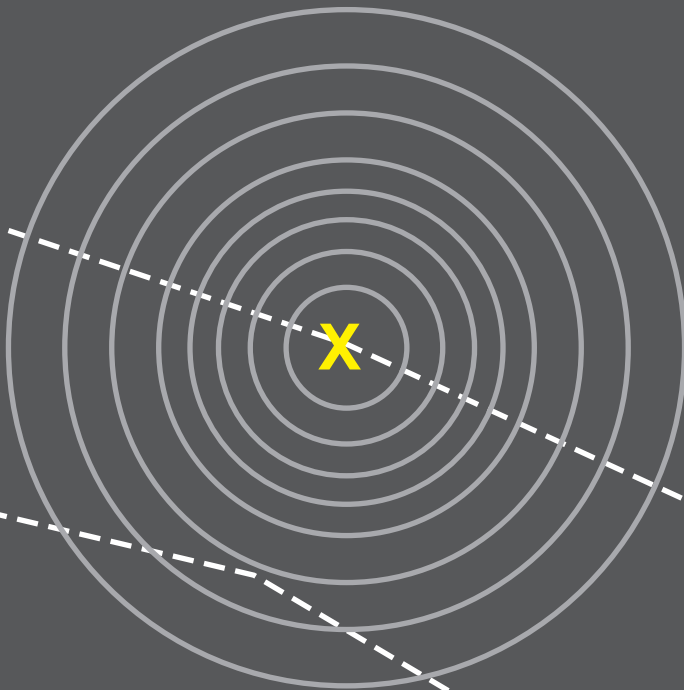


# DEPARTMENT OF TRANSPORT AND PUBLIC WORKS

**ANNUAL REPORT  
2007/2008**



**GOVERNMENT MOTOR TRANSPORT**



## CONTACT/ABBREVIATIONS ●

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Address: Room B8, Roeland Building, 34 Roeland Street, Cape Town  
Tel: 021 467 4752  
Fax: 021 483 7093  
Email: lsampson@pgwc.gov.za

### **Explanatory notes with regard to abbreviations**

ABET	Adult Basic Education and Training
AFS	Annual Financial Statements
BAS	Basic Accounting System
BBBEE	Broad Based Black Economic Empowerment
CCGMT	Co-ordinating Committee for Government Motor Transport
CFO	Chief Financial Officer
Clipper	Computer programme language
COTO	Committee of Transport Officials
CR	Creditor
DPASA	Department of Public Service and Administration
DR	Debtor
EAP	Employee Assistance Programme
e-Billing	Electronic billing
eFuel	Electronic Fuel Purchasing System
EMS	Emergency Medical Service
FAR	Fixed Asset Register
fifo	First in first out
FleetMan	Fleet Management System
GAAP	Generally Accepted Accounting Practice
Gb	Giga byte
GMT	Government Motor Transport
HIV/Aids	Human immunodeficiency virus/acquired immune-deficiency syndrome
ICT	Information communication technology
IDP	Individual Development Plan
IMLC	Institutional Management Labour Committee
IYM	In Year Monitoring
LOGIS	Logistical Information System
MIB	Management Information Bureau
Mil	Million
MSP	Master Systems Plan
Oracle	Computer programme language
Persal	Personnel and Salary System
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999 as amended)
PGWC	Provincial Government Western Cape
PAA	Public Audit Act, 2004 (Act 25 of 2004)
PPE	Property, Plant and Equipment
SASSA	South African Social Security Agency
S & T	Subsistence and Travel
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
VCT	Voluntary Counselling and Testing

## ● CONTACT/ABBREVIATIONS

### 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:

The Director-General  
Department of Public Service and Administration  
ATTENTION: Public Service Information Unit  
PO Box 916  
PRETORIA  
0001

E mail: [psiu@dpsa.gov.za](mailto:psiu@dpsa.gov.za)  
Fax: 012 314 7020

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](http://www.dpsa.gov.za)).

### APOLOGY

We fully acknowledge the Province's language policy and endeavour to implement it. It has been our experience that the English version is in the greatest demand. Consequently, the document will be available in the other two official languages as soon as possible. In the event of any discrepancy between the different translations of this document, the English text shall prevail.

### VERSKONING

Ons gee volle erkenning aan die Provinsie se taalbeleid en streef daarna om dit toe te pas. Praktyk het egter geleer dat die Engelse weergawe van die dokument in aanvraag is. Die dokument sal gevolglik so gou as moontlik in die ander twee amptelike tale van die Wes-Kaap beskikbaar wees.

### ISINGXENGXEZO

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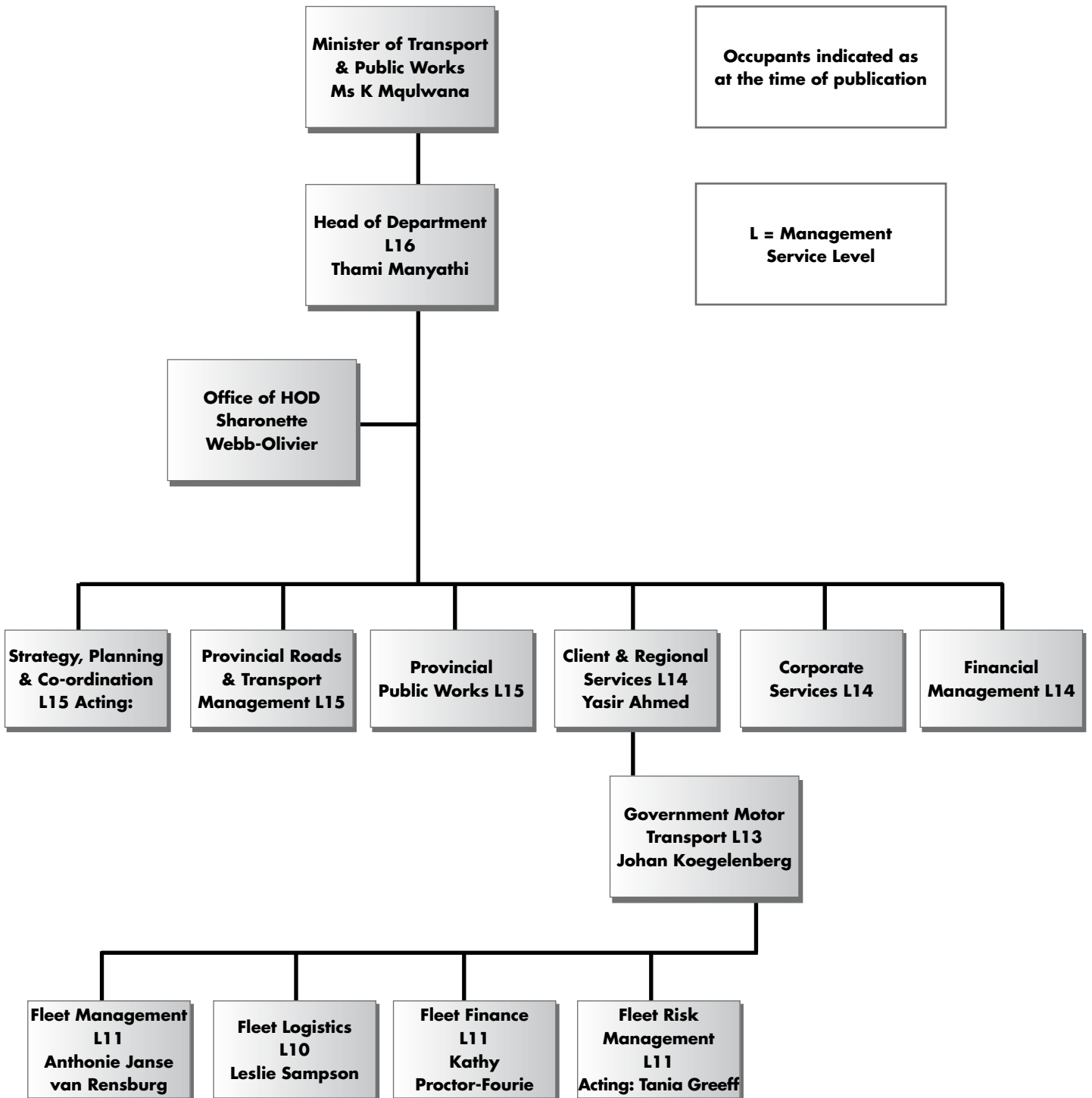
## INDEX ●

<b>CONTENTS</b>	<b>PAGE</b>	<b>CONTENTS</b>	<b>PAGE</b>
<b>PART 1: ORGANISATIONAL STRUCTURE</b> .....	<b>5</b>	Utilisation of External Resources .....	27
<b>PART 2: GENERAL INFORMATION</b> .....	<b>6</b>	<b>PART 5: REPORT BY THE AUDIT COMMITTEE</b> .....	<b>28</b>
Submission of Annual Report to the Executive Authority .....	6	<b>PART 6: ANNUAL FINANCIAL STATEMENTS</b> .....	<b>30</b>
Legislative Prescripts .....	6	Statement of Responsibility .....	30
Historic Perspective .....	6	Report of the Auditor-General .....	31
Introduction .....	6	Accounting Officer's Report .....	34
Vision and Mission .....	7	Income Statement .....	39
Strategic Goals .....	7	Balance Sheet .....	40
Challenges Ahead .....	10	Statement of Changes in Equity .....	41
<b>PART 3: PROGRAMME PERFORMANCE</b> .....	<b>11</b>	Cash Flow Statement .....	42
Introduction .....	11	Accounting Policies .....	43
Service Delivery .....	11	Notes to the Annual Financial Statements .....	47
Consultation Arrangements with Clients and Staff .....	13	<b>LIST OF TABLES</b>	
<b>PART 4: HUMAN RESOURCES MANAGEMENT</b> .....	<b>14</b>	<u>TABLE 2.1</u> : Tracking fitment statistics .....	7
General .....	14	<u>TABLE 2.2</u> : Debtors not settled at year-end .....	8
Expenditure .....	14	<u>TABLE 3.1</u> : Strategic Goals, Measurable Objectives and Achievements .....	11
Employment and Vacancies .....	15	<u>TABLE 3.2</u> : Consultation Arrangements with Clients .....	13
Job Evaluation .....	16	<u>TABLE 4.1</u> : Personnel cost .....	14
Employment Changes .....	16	<u>TABLE 4.2</u> : Personnel cost by salary bands .....	14
Employment Equity .....	17	<u>TABLE 4.3</u> : Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands .....	15
Performance Rewards .....	19	<u>TABLE 4.4</u> : Employment and vacancies by salary bands as at 31 March 2008 .....	15
Leave Utilisation .....	21	<u>TABLE 4.5</u> : Annual turnover rates by salary bands .....	16
HIV & Aids and Health Promotion Programmes .....	23	<u>TABLE 4.6</u> : Reasons why staff are leaving the Entity .....	16
Labour Relations .....	26	<u>TABLE 4.7</u> : Promotions by salary bands .....	17
Skills Development .....	26		
Injury on Duty .....	27		

**INDEX**

<b>CONTENTS</b>	<b>PAGE</b>	<b>CONTENTS</b>	<b>PAGE</b>
<u>TABLE 4.8</u> : Total number of employees (including employees with disabilities) per occupational categories as at 31 March 2008 .....	17	<u>TABLE 4.20</u> : Capped leave, 1 January 2007 to 31 December 2007 .....	22
<u>TABLE 4.9</u> : Total number of employees (including employees with disabilities) per occupational bands as at 31 March 2008 .....	18	<u>TABLE 4.21</u> : Leave payouts .....	23
<u>TABLE 4.10</u> : Recruitment .....	18	<u>TABLE 4.22</u> : Steps taken to reduce the risk of occupational exposure .....	23
<u>TABLE 4.11</u> : Terminations .....	19	<u>TABLE 4.23</u> : Details of Health Promotion and HIV and AIDS Programmes .....	24
<u>TABLE 4.12</u> : Disciplinary action .....	19	<u>TABLE 4.24</u> : Misconduct and disciplinary hearings finalised .....	26
<u>TABLE 4.13</u> : Skills development .....	19	<u>TABLE 4.25</u> : Types of misconduct addressed at disciplinary hearings .....	26
<u>TABLE 4.14</u> : Performance Rewards by race, gender and disability .....	20	<u>TABLE 4.26</u> : Grievances lodged .....	26
<u>TABLE 4.15</u> : Performance Rewards by salary bands for personnel below Senior Management Service .....	20	<u>TABLE 4.27</u> : Training needs identified .....	26
<u>TABLE 4.16</u> : Performance related rewards (cash bonus), by salary band, for Senior Management Service .....	21	<u>TABLE 4.28</u> : Training provided .....	27
<u>TABLE 4.17</u> : Sick leave .....	21	<u>TABLE 4.29</u> : Injury on duty .....	27
<u>TABLE 4.18</u> : Disability leave (temporary and permanent) .....	22	<u>TABLE 4.30</u> : System Configuration .....	27
<u>TABLE 4.19</u> : Annual leave, 1 January 2007 to 31 December 2007 .....	22	<u>TABLE 4.31</u> : Outsourced Resources Utilisation .....	27

## PART 1: ORGANISATIONAL STRUCTURE ●



## ● PART 2: GENERAL INFORMATION

### 2.1 SUBMISSION OF ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

It is my pleasure to formally submit the Annual Report for the period 1 April 2007 to 31 March 2008 of Government Motor Transport (GMT) in terms of the Public Finance Management Act, 1999 (Act 1 of 1999) to the Provincial Minister of Transport and Public Works.



**T W MANYATHI**  
**ACCOUNTING OFFICER**

Date: 29 August 2008

### 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
- Criminal Procedure Act, 1977 (Act 51 of 1977)
- Debt Collectors Act, 1998 (Act 114 of 1998)
- 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)
- Institution of legal proceedings against certain Organs of the State Act, 2002 (Act 40 of 2002)
- 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)
- National Road Traffic Act, 1966 (Act 93 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)
- Public Audit Act, 2004 (Act 25 of 2004)
- Public Finance Management Act, 1999 (Act 1 of 1999 as amended by Act 29 of 1999), Treasury Regulations and

- Provincial Treasury Instructions
- Public Service Act, 1994 (Act 103 of 1994) and 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

GMT forms part of the Department of Transport and Public Works and operates as a separate Trading Entity.

The trading activities of GMT focus mainly on the provision of vehicles to national and provincial departments and institutions used for transportation in order that each client may carry out its services efficiently and effectively. The fleet of vehicles are allocated to the clients for a period equal to the economical life cycle of each class/type of vehicle. The fleet comprises of the following types of vehicles and their utilisation:

- Sedans – staff carriers
- Light delivery vehicles – transport of goods
- 2X4/4X4's/trucks – field and rough terrain work as well as laundry
- Buses – large volumes of staff
- VIP sedans – VIP's and important guests
- Micro buses – staff and patient carriers
- Ambulances – patient transporters
- Response, reaction and recovery vehicles – emergency/medical staff
- Mortuary vans – pathology services
- Mobile clinics – patients in rural areas
- Patrol vehicles - traffic services
- Trailers – goods

A part of the fleet is available on a relief and temporary basis from a general pool. In return GMT charges a daily and a kilometre tariff (usage charges) on the vehicles to cover the replacement, running and overhead costs. Transfer of voted funds (grants) to GMT occurs rarely and only in special circumstances, e.g. additional vehicles. The fleet is not conventionally insured with a private insurance company, as the government carries its own risks. 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 auctions.

### 2.4 INTRODUCTION

GMT participated in the national Coordinating Committee for Government Motor Transport (CCGMT) as the responsible sub-

## PART 1: GENERAL INFORMATION

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 is in the process to formulate a national strategy for the management of government fleet services. The proposed strategy requires further work.

The Provincial Cabinet has approved the roll out of FleetMan to other Organs of State in 2007/2008.

GMT in association with Nedfleet, AFS, AFSOL and DigiCore formally launched a fully integrated vehicle tracking, maintenance and fuel management system. The rollout and associated implementation of the system to Other Organs of State will be furthered in the next financial year.

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 approval for GMT to acquire a GAAP compliant system is expected in April 2008.

The vehicle tracking and control project was rolled-out further. The fitment of the full fleet should be finalised by the end of December 2008. The outcomes of the project were utilised to create a better platform to manage the fleet more effectively.

### 2.5 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 services 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.

### 2.6 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. The vehicles are re-assessed annually to determine if they are within their economic life cycle.

Pre-and post-inspections on mechanical and accident repairs were undertaken to ensure value for money. The facilities of the merchants are subject to regular inspections by the technical staff of GMT and the external vendor WesBank First Auto (till 30 September 2007) and Nedfleet (from 1 October 2007) which is

responsible for the facilitation of fleet maintenance management. Furthermore, GMT's own technical staff, with the assistance of the departmental transport officers, performed regular vehicle checks to ensure that the fleet is maintained and kept in a roadworthy condition.

#### ***Improving vehicle management and control***

The fitment of the vehicle tracking units to new vehicles continued. The following table depicts the fitment statistics at year-end:

<b>TABLE 2.1: Tracking fitment statistics</b>	
<b>Category</b>	<b>Quantity</b>
EMS and Traffic vehicles	761
Non-emergency vehicles	3362
<b>Total</b>	<b>4123</b>

The request to speed-up fitment by the client departments (as was the outcome of the GMT annual evaluation) was entertained to be able to obtain better operational tools to effectively manage vehicle utilisation. Tracking management reports are issued by the GMT Management Information Bureau (MIB). The latter also logs all misuse complaints and spearheads the recovery of vehicles after thefts and hijacking incidents. It is still the intention to commence (2008/09 financial year) with the compilation of management reports on a pro-active basis identifying, inter alia, irregular driver behaviour, e.g. speeding, harsh breaking and over revving as well as trips undertaken during week-ends and after normal office hours, to enable client departments to institute remedial action.

The e-Billing (electronic billing) module in FleetMan whereby odometre readings are utilised for the creation of electronic logs to streamline the account procedures, has proven to be very successful and has prevented the audit enquiries experienced during previous years. In 2007/08 financial year, GMT "fine-tuned" this process to incorporate further information to make the e-Billing module more user friendly for the client departments.

Tenders for vehicle fleet maintenance management and associated fuel acquisition and control were awarded by GMT during March 2007 and was successfully implemented on 1 October 2007 thus replacing the national transversal contract in place for the last thirteen years. As part of the new contracts that make provision for the specific requirements of the Western Cape, fuelling real-time transactional data will be fed to FleetMan as they occur on the forecourts of the filling stations. This data needs to be allocated towards each vehicle (cost centre principle) and further incorporated for internal management and control purposes. This will replace the pure vehicle statistics with regard to fuel consumption per make/model.



## ● PART 1: GENERAL INFORMATION

### **Full recovery of all outstanding debt**

A strong emphasis is still placed on the follow-up of debtors accounts (client departments), with a focus on those older than one financial year. The following Table depicts the position at year-end of debt not as yet settled in terms of the prescripts of the PFMA:

**TABLE 2.2: Debtors not settled at year-end**

<b>Client Departments Provincial, Western Cape</b>	<b>Outstanding Debt</b>
Agriculture	1,180,737.08
Cape Nature	3,249,213.58
Community Safety	281,583.64
Cultural Affairs and Sport	973,839.78
Economic Development	85,968.74
Education	20,754.11
Environmental Affairs and Development Planning	118,470.55
Health	10,977,441.32
Local Government and Housing	1,615,175.28
Premier	4,001,792.28
Parliament	190,791.05
South African Social Security Agency (SASSA)	3,250,968.25
Social Development	2,932,714.65
Treasury	304,441.77
Western Cape Gambling and Racing Board	4,524.64
Youth Commission	45,044.96
<b>Subtotal</b>	<b>R18,759,168.78</b>
<b>Client Departments Provincial, other:</b>	
Free State	2,438.14
Gauteng	2,913.79
North West	13,240.00
Northern Cape	32,513.36
<b>Subtotal</b>	<b>R51,105.29</b>
<b>Client Departments National:</b>	
Arts & Culture	622.41
Education	38,116.94
Environmental Affairs and Tourism	1,494,332.43
Foreign Affairs	15,517.01
Government Communication Information Service	116,883.98
Home Affairs	200,929.06
Independent Complaints Directorate	73,610.82
Justice and Constitutional Development	9,846,538.89
Labour	117,636.56
Land Affairs	819,237.34
Mineral and Energy Affairs	79,338.62
Intelligence Services	6,925.83
Prosecuting Authority	1,764,310.01
Treasury	80,574.86
Office of the Presidency	1,007,908.02
Public Service and Administration	10,199.77
Public Service Commission	58,175.43
Public Works	1,589,332.77
Secretary of Parliament	131,946.26
Social Development	230,524.06
South African Central Statistical Services	674,476.92
South African National Defence Force	106,729.29
South African Police Services	21,144.93
Water Affairs and Forestry – Lower Elephants	
River Water Users Association	274,153.57
<b>Subtotal</b>	<b>R29,233,461.68</b>
<b>Total Outstanding Debt</b>	<b>R48,043,735.75</b>

## PART 1: GENERAL INFORMATION ●

In the 2007/08 financial year, GMT had received old outstanding debt (2006/07 and older) to the value of R 42,098,281.67. The remaining balance of this debt is R 6,750,899.21 of which the provincial clients owe R 1,508,942.03.

The current debt collection process regarding the national clients needs to be further streamlined. A single account is envisaged to be delivered electronically to each institution as well as their head office in Pretoria. The latter can then arrange with its institutions to settle the debt within 30 days as prescribed. It was anticipated that this process could be concluded in the 2007/08 financial year, however due to other priority FleetMan development requirements regarding the new maintenance and fuel management tender; GMT was compelled to put this issue on hold. In the meanwhile, the GMT Debtor Control Section does e-mail the accounts to the client departments where possible. It is hoped that the process will be enhanced through similar arrangements with all clients by delivering the account via electronic means, where possible, during the 2008/09 financial year.

### ***Development and implementation of effective business processes***

GMT will continue revisiting its current business processes during the year and will make changes to ensure the continuation of effective service delivery standards. Due to the implementation of the new maintenance and fuel management tender requirements on FleetMan as well as the system enhancements, the Business Analyst that was contracted to draft and evaluate all business processes has not finalised the project. It is planned to finalise this project during the next financial year.

The planned service level agreements have been finalised through consultation with the client departments and GMT is now in the process of concluding a service level agreement with each of its client departments and will aim to have this process finalised by the next financial year.

All operational procedures and policy changes are issued as circulars in an electronic format and published on the PGWC's Intranet.

### ***Improvement and enhancement of electronic systems***

The general functionality of FleetMan was further enhanced as planned, to be in line with the current business processes.

GMT successfully formed part of the Western Cape provincial commercial banking tender process to provide for maintenance and fuel management to replace the existing transversal national contract with effect from 1 October 2007. This process has been completed and the implementation took place without any problems resulting in a smooth transition to the new contracts that provide for an innovative fully automated authorisation server-

based solution regarding real time flow of transactions, on-line oil/fuel/maintenance transactions and associated processes.

The authorisation server not only records the fuelling transactions as they take place on the forecourts of the participating filling stations, but allows for a web-based immediate and on-line view of transactions processed to date and time inclusive of the opportunity to allow for vehicles to refuel via a pre-determined set of parameters and/or to immediately decline authorisation to refuel if deemed necessary i.e. in the event of abuse, thus immediate cost saving is the result.

Recently a fully automated Management Information System (MIS – web based server) has been implemented to deliver on-line fuel management information allowing GMT to access real time fuel management information which is essential to the GMT Process Monitoring Section.

To enable a further rollout of FleetMan on a provincial, national and international level FleetMan has been upgraded to Oracle 11g including three servers i.e. a development server, a test server and a production server whereas Oracle financial modules will be integrated that subject to the specific client requirements can be customized by Other Organs of State. GMT thus can deliver on the Cabinet approval to render its services as per pre-approved norms and standards to other Organs of State, in the process eliminating possible duplication of systems and networks.

### ***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 various service delivery measures and the outcome of the survey indicated a satisfactory 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 MIB addressed the requirements of the clients via the publication of management reports.

Minor enhancements to the debtors module in FleetMan assisted the client departments to monitor and manage the cost of their fleet more effectively.

## ● PART 1: GENERAL INFORMATION

### 2.7 CHALLENGES AHEAD

GMT identified the following challenges:

- Addressing the present day requirements of its client departments.
- Delivering a cost effective and competitive service.
- Improving service standards and efficiency levels.
- Continuing with research and development into the latest technology, systems, products and global best practices.
- Exploring alternative models of fleet financing, e.g. full maintenance leases.
- Recovering debt within the time frames as prescribed by the PFMA.
- Increasing the BBBEE business share with regard to distribution of maintenance/repair/conversion work activities.
- Migration to Generally Accepted Accounting Practice (GAAP)

## PART 3: PROGRAMME PERFORMANCE

### 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.

### 3.2 SERVICE DELIVERY

Key measurable objectives were developed per focal area/strategic goal within GMT and incorporated into the Strategic Plan. The following Table depicts the aforementioned information and achievements realised:

**TABLE 3.1: Strategic Goals, Measurable Objectives and Achievements**

Measurable Objectives	Performance Measure / Indicator	Achievements		
		Target 2007/08	Actual 2007/08	Deviation %
<b>Strategic Goal 1</b>	Keep fleet within its life expectancy Evaluation of business processes			
Replacement of vehicles	% of fleet within norms	93	90	-3
Service and maintenance of vehicles	Vehicle not serviced and maintained	0	0	0
Technical inspections	% of fleet inspected	98	95	-3
Identify under utilisation of vehicles	Monthly publications	12	12	0
Maintain the vehicle asset register	Quarterly issues	4	4	0
<b>Strategic Goal 2</b>	Improving vehicle management and control			
Training of transport officials (operational)	Sessions completed	20	5	-75
Training of transport officials (FleetMan)	Sessions completed	0*	0	0
Implementation of vehicle tracking and control	Vehicles completed	1300	4123	+217
Implementation of vehicle tracking and control (new vehicles)	% Additional Vehicles completed	100	100	0
Maintaining of vehicle tracking and control system	% fleet completed	100	100	0
Equitable distribution of maintenance/repair/conversion work activities to merchants.	% Value of monthly expenditure	21	26	+5
Misuse complaints logged and followed up	Number of cases reported	0*	571	+100
Manage traffic violation incident documentation	Number of violation incident documentation received	0*	12693	+100
Logging of incidents at MIB	Number of cases reported	0*	740	+100
Implement risk management module in FleetMan	% executed	100	100	0
<b>Strategic Goal 3</b>	Full recovery of all outstanding debt			
Decrease amount of old outstanding debt (older than 1 year)	Outstanding in Rand value	R10 mil	R11 mil	+10
Full implementation of debtor management module in FleetMan	Monthly publications	0*	0	0
<b>Strategic Goal 4</b>	Development & implementation of effective business processes			
Drafting of business processes	Processes completed	100	116	+16
Maintaining/upkeep of business processes	% processes documented	0	0	0
Evaluation of business processes	% completed	100	100	0

## PART 3: PROGRAMME PERFORMANCE

<b>Strategic Goal 5</b>		Improvement and enhancement of electronic systems		
<b>Measurable Objectives</b>	<b>Performance Measure / Indicator</b>	<b>Achievements</b>		
Updating of computer server and associated desktop hardware	% of maintenance programme	100	80	-20
Development of GMT web site	% Functional web site completed	100	0	-100
Full deployment of the MIB	% posts filled	100	57	-43
<b>Strategic Goal 6</b>		Improvement of quality of service to clients		
<b>Achievements</b>	<b>Achievements</b>	<b>Achievements</b>		
Maintain regular operational and financial client forums	Monthly meetings	10	10	0
Conduct client surveys	Yearly survey	1	1	0
Provision of new additional vehicles (over above normal replacements)	% of vehicles ordered	100	100	0
Provision of general hire vehicles and privately hired vehicles	% of vehicles hired	100	100	0
Vehicle Technical helpdesk maintained	% of requests processed	100	100	0
<b>Strategic Goal 7</b>		Empowerment of clients to manage vehicles effectively		
<b>Measurable Objectives</b>	<b>Performance Measure / Indicator</b>	<b>Achievements</b>		
Compile and publish operational management information	Monthly publication	1	12	+1100
Compile and publish risk analyses profiles	Monthly publication	1	0	-100
Maintain a full time misuse report line	% cases reacted upon	100	100	0
Provide for a web-enabled FleetMan	Number of FleetMan users	95	315	+232

\* Numbers not known at the beginning of the target year. All cases received were dealt with.

Below is an explanation of each variance which is addressed in the same order as it appears in Table 3.1.

### Strategic Goal 1

#### Replacement of vehicles

Some of the vehicles which exceeded their economic life cycle could not be replaced during the year under review. These vehicles will be included in the replacement programme for the 2008/09 financial year.

#### Technical Inspections

Vehicle inspections that are performed in sync with the project to upgrade certain electronic components of the e-Fuel devices are still in progress. It is planned to finalise this project during July 2008.

### Strategic Goal 2

#### Training of Transport Officials (operational)

The training sessions were scaled down during the upgrading of the training manuals to accommodate the latest fleet procedures and

business processes. Furthermore, the associated enhancements required to the FleetMan system to provide for a separate module to assist the transport officers had to be finalised first. The new staff in the Training Section also had to be skilled.

#### Implementation of Vehicle Tracking and Control

More vehicles were fitted than planned due to the establishment of increased capacity by the vendor.

#### Equitable Distribution of Work Activities to Merchants

The GMT special focus project to increase the equitable distribution of work to PDI/HDI's had a positive result in that the target could be exceeded.

#### Misuse complaints logged and followed up

The statistics are not known at the beginning of the target year. All cases were dealt with.

#### Manage traffic violation incident documentation

The statistics are not known at the beginning of the target year. All cases were dealt with.

## PART 3: PROGRAMME PERFORMANCE

### Logging of incidents at MIB

The statistics are not known at the beginning of the target year. All cases were dealt with.

### Strategic Goal 3

#### Decrease Amount of Debt

The follow-up procedures were optimised by GMT that resulted in the increased amount of debt recovery that represents the 10% above the set target.

### Strategic Goal 4

#### Drafting of Business Processes

The Business Analysts responsible for the drafting of the business processes was able to draft more of these processes than originally set as the minimum requirement.

### Strategic Goal 5

#### Upgrading of Computer Server and Associated Desktop Hardware

The finalisation of the user requirements and the reprioritisation of the ICT infrastructure replacement programme contributed to the 20% deviation.

### Development of GMT web site

The design of the web site had to be split between the intra and internet versions. The progress as per the target was hampered due to capacity constraints.

### Full Deployment of the MIB

The creation of additional posts to increase the capacity of the MIB forms part of the investigation into the micro structure of GMT that will only commence in the 2008/09 financial year.

### Strategic Goal 7

#### Compile and Publish Risk Analysis Profiles

The design and finalisation of the risk profile reports linking all the high risk areas in order to generate all inclusive reports took longer than planned. The first reports should be ready for release by July 2008.

### Provide a Web-Enabled FleetMan

The original target excluded the departmental transport and financial officials utilising FleetMan. The error will be rectified in the next Annual Performance Plan.

## 3.3 CONSULTATION ARRANGEMENTS WITH CLIENTS AND STAFF

**TABLE 3.2: Consultation Arrangements with Clients and Staff**

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	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	Three forums continued to facilitate buy-in and decision making at operational levels.

## ● PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

### 4.1 GENERAL

The figures included in this part of the annual report differs from those as reflected in the AFS as these figures were extracted from the Persal reports (which are from a cash based system) whilst the figures in the AFS 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 GMT.

**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	189 901	12 764	0	6.7	133

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

**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)	802	6.3	73
Skilled (Levels 3-6)	5827	45.7	104
Highly skilled production (Levels 7-9)	4184	32.8	167
Highly skilled supervision (Levels 10-12)	1400	10.9	466
Senior management (Level 13)	551	4.3	551
<b>Total</b>	<b>12 764</b>	<b>100</b>	<b>1361</b>

The following table provides a summary by salary bands (TABLE 4.3), 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

## PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

**TABLE 4.3: Salaries, Overtime, Home Owners Allowance and Medical Assistance by 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)	595	4.7	45	0.3	93	0.7	47	0.3
Skilled (Levels 3-6)	3949	31	55	0.4	224	0.2	491	0.4
Highly skilled production (Levels 7-9)	3255	26	20	0.1	102	0.7	311	0.2
Highly skilled supervision (Levels 10-12)	674	5.2	0	0	0	0	32	0.3
Senior management (Level 13)	326	2.6	0	0	4	0.3	22	0.2
<b>Total</b>	<b>8799</b>	<b>9</b>	<b>120</b>	<b>0.8</b>	<b>423</b>	<b>0.3</b>	<b>903</b>	<b>1.4</b>

### 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 4.4), salary band (TABLE 4.5) and critical

occupations (TABLE 4.6). The Entity has no critical occupations that need to be monitored. TABLE 4.7 provides establishment and vacancy information for the key critical occupations of GMT.

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

**TABLE 4.4: Employment and vacancies by salary bands as at 31 March 2008**

Salary band	Number of posts	Number of posts filled	Vacancy Rate (%)	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	19	13	32	0
Skilled, (Levels 3-6)	62	54	13	0
Highly skilled production (Levels 7-9)	25	25	0	0
Highly skilled supervision (Levels 10-12)	4	3	25	0
Senior management (Level 13)	1	1	0	0
<b>Total</b>	<b>111</b>	<b>96</b>	<b>15</b>	<b>0</b>



## PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

### 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.

One (1) level 7 post has been re-evaluated and upgraded to level 8 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 4.5).

**TABLE 4.5: Annual turnover rates by salary bands**

Salary Band	Number of employees per band as at 31 March 2008	Appointments and transfers into GMT	Terminations and transfers out of GMT	Turnover rate (%)
Lower skilled (Levels 1-2)	13	0	0	0
Skilled (Levels 3-6)	54	4	6	19
Highly skilled production (Levels 7-9)	25	3	1	16
Highly skilled supervision (Levels 10-12)	3	0	0	0
Senior management (Level 13)	1	0	0	0
<b>Total</b>	<b>96</b>	<b>7</b>	<b>7</b>	<b>15</b>

**TABLE 4.6: Reasons why staff are leaving the Entity**

Termination Type	Number	% of total
Resignation	1	1
Dismissal – misconduct	0	0
Discharged due to ill-health	1	1
Retirement	1	1
Transfers to other Public Service Departments	4	4
<b>Total</b>	<b>7</b>	
<b>Total number of employees who left as a % of the total employment</b>		<b>7</b>

## PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

**TABLE 4.7: Promotions by salary bands**

Salary band	Employees as at 31 March 2008	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)	13	0	0	12	92
Skilled, (Levels 3-6)	54	2	3.7	27	69
Highly skilled production (Levels 7-9)	25	0	0	16	64
Highly skilled supervision (Levels 10-12)	3	0	0	3	100
Senior management (Level 13)	1	0	0	1	100
<b>Total</b>	96	2	3.7	69	72

### 4.6 EMPLOYMENT EQUITY

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

**TABLE 4.8: Total number of employees (including employees with disabilities) per occupational categories as at 31 March 2008**

Occupational Categories	Male				Female				Total
	Black	Coloured	Indian	White	Black	Coloured	Indian	White	
Senior officials	0	0	0	1	0	0	0	0	1
Professionals and managers	1	3	0	10	0	1	0	3	18
Technicians and associate professionals	0	0	0	10	0	0	0	0	10
Clerks & Administrative office workers	2	11	0	8	2	25	0	4	52
Elementary occupations	1	11	0	1	0	0	0	0	13
<b>Total</b>	4	25	0	30	2	26	0	7	94
Employees with disabilities	0	0	0	2	0	0	0	0	2

## PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

**TABLE 4.9: Total number of employees (including employees with disabilities) per occupational bands as at 31 March 2008**

Occupational Bands	Male				Female				Total
	Black	Coloured	Indian	White	Black	Coloured	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	1	0	0	0	1	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	4	0	17	0	1	0	2	25
Semi-skilled and discretionary decision making	2	11	0	10	2	25	0	4	54
Unskilled and defined decision making	1	11	0	1	0	0	0	0	13
<b>Total</b>	<b>4</b>	<b>27</b>	<b>0</b>	<b>30</b>	<b>2</b>	<b>26</b>	<b>0</b>	<b>7</b>	<b>96</b>

**TABLE 4.10: Recruitment**

Occupational Bands	Male				Female				Total
	Black	Coloured	Indian	White	Black	Coloured	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	0	2
Skilled (Levels 3-6)	1	2	0	0	1	1	0	0	3
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>5</b>

Employees with disabilities	0	0	0	0	0	0	0	0	0
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## PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

**TABLE 4.11: Terminations**

Occupational Bands	Male				Female				Total
	Black	Coloured	Indian	White	Black	Coloured	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	0	0	1	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	1	0	0	1
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>Total</b>	0	0	0	1	0	1	0	0	2

Employees with disabilities	0	1	0	0	0	0	0	0	1
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**TABLE 4.12: Disciplinary action**

Disciplinary action	Male				Female				Total
	Black	Coloured	Indian	White	Black	Coloured	Indian	White	
	0	0	0	0	0	1	0	0	1

**TABLE 4.13: Skills development**

Occupational categories	Male				Female				Total
	Black	Coloured	Indian	White	Black	Coloured	Indian	White	
Senior officials and managers	0	0	0	1	0	0	0	0	1
Technicians and associate professionals	1	1	0	3	0	0	0	3	8
Clerks	1	5	0	1	0	10	0	0	17
<b>Total</b>	2	6	0	4	0	10	0	2	26

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 4.14), salary bands (TABLE 4.15) and critical occupations (TABLE 4.16).

## PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

**TABLE 4.14: Performance Rewards by race, gender and disability**

Race	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2008	% of total within group	Cost (R'000)	Average cost per employee (R)
<b>African</b>	3	6	50	12	3 975
Male	2	4	50	8	3 881
Female	1	2	50	4	4 162
<b>Indian</b>	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
<b>Coloured</b>	16	53	30	90	5 622
Male	8	24	32	49	5 622
Female	8	26	31	41	5 114
<b>White</b>	12	34	35	125	10 372
Male	7	26	30	76	10 790
Female	5	7	71	49	9 785
<b>Total</b>	31	93	35	226	7 301
Employees with a disability	1	2	50	6	6 157

**TABLE 4.15: 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)	4	13	31	13	3 248	.08
Skilled (Levels 3-6)	21	54	39	116	5 541	.57
Highly skilled production (Levels 7-9)	5	25	20	54	10 899	.49
Highly skilled supervision (Levels 10-12)	2	3	57	49	24 328	.36
<b>Total</b>	32	95	34	232	7 266	1.5

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.

## PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

**TABLE 4.16: 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	0	0	0	0	0	0

### 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 4.17) and disability leave (TABLE 4.18). In both cases, the estimated cost of the leave is also provided.

**TABLE 4.17: 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)	104	61	15	85	7	18
Skilled (Levels 3-6)	687	74	53	98	13	191
Highly skilled production (Levels 7-9)	183	67	23	88	10	93
Highly skilled supervision (Levels 10-12)	27	78	3	100	9	29
Senior management (Level 13)	3	67	1	100	3	6
<b>Total</b>	<b>1004</b>	<b>69</b>	<b>95</b>	<b>94</b>	<b>42</b>	<b>337</b>

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

## PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

**TABLE 4.18: 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)	0	0	0	0	0	0
Skilled (Levels 3-6)	15	15	1	1	15	3
Highly skilled production (Levels 7-9)	0	0	0	0	0	0
Highly skilled supervision (Levels 10-12)	0	0	0	0	0	0
Senior management (Level 13)	0	0	0	0	0	0
<b>Total</b>	<b>15</b>	<b>15</b>	<b>1</b>	<b>1</b>	<b>15</b>	<b>3</b>

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

TABLE 4.19 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 4.19: Annual Leave, 1 January 2007 to 31 December 2007**

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	278	21
Skilled (Levels 3-6)	1297	24
Highly skilled production (Levels 7-9)	508	20
Highly skilled supervision (Levels 10-12)	131	43
Senior management (Level 13)	12	12
<b>Total</b>	<b>2226</b>	<b>23</b>

**TABLE 4.20: Capped leave, 1 January 2007 to 31 December 2007**

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 2007
Lower skilled (Levels 1-2)	10	0.76	28
Skilled (Levels 3-6)	34	0.62	31
Highly skilled production (Levels 7-9)	21	0.84	48
Highly skilled supervision (Levels 10-12)	3	1	32
Senior management (Level 13)	0	0	0
<b>Total</b>	<b>69</b>	<b>4.22</b>	<b>36</b>

## PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

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

<b>TABLE 4.21: Leave payouts</b>			
<b>Reason</b>	<b>Total Amount (R'000)</b>	<b>Number of Employees</b>	<b>Average payment per employee (R)</b>
Leave payout for 2006/07 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2006/07 (Retire)	29	3	9
Current leave payout on termination of service for 2006/07	0	0	0
Current leave payout as recognition of long leave (20 +30 years)	58	8	7
<b>Total</b>	<b>87</b>	<b>11</b>	<b>8</b>

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

### 4.9 HIV & AIDS, AND HEALTH PROMOTION PROGRAMMES

<b>TABLE 4.22: Steps taken to reduce the risk of occupational exposure</b>	
<b>Units/categories of employees identified to be at high risk of contracting HIV &amp; related diseases (if any)</b>	<b>Key steps taken to reduce the risk</b>
Specific categories of staff were not identified. To err on the side of safety, all staff are regarded to be at risk of contracting HIV and related diseases. Some of the work force in the outlying district offices may relatively be at a higher risk, owing to the spread and nature of departmental operations	<p>The HIV and AIDS Co-ordinator conducted six-monthly VCT campaigns to encourage staff to know their status. In addition there are monthly communiqués related to HIV and AIDS and sent out to all staff. The issue of voluntary disclosure is a priority. Of the current employees known (not the names) to be infected, none has disclosed a positive status. An ongoing campaign encourages all staff to disclose and enable the kick-in of treatment, care and support programme.</p> <p>Specific measures taken to prevent exposure include:</p> <ul style="list-style-type: none"> <li>• First Aiders using gloves when treating injuries</li> <li>• Awareness- raising at VCT campaigns</li> <li>• Serialised communication to all staff through the e-mail system</li> </ul> <p>Regional managers are encouraged to regularly raise the matter of HIV and Aids in general meetings.</p>

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



## PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

The details below reflect the position in the Department of which GMT forms an integral part.

**TABLE 4.23: Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)**

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 J A 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		The Department employs a full time HIV & AIDS Co-ordinator who co-chairs a combined monthly Focal Unit Meeting with other human rights components.  The HIV & AIDES Committee comprises of 15 members who represent all sectors of the Department, as well as trade unions  HIV & AIDS are incorporated within the Special Programmes unit which has a total budget for 4 sub components. The budget for HIV & AIDS for the year under review was set at approximately R550 750.																																		
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		An Employee Assistance Programme (EAP) was launched in July 2006. A competent and professional external service provider has been contracted to render related EAP services to staff and immediate family members, and any others living in the same house/ household.  The Department has employed a full-time EAP Co-ordinator who is attached to the Special Programmes unit, together with the HIV and AIDS Coordinator.																																		
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		<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">JS Van Stade</td> <td>Chairperson</td> </tr> <tr> <td>W Canterbury</td> <td>Financial Management</td> </tr> <tr> <td>J van Eeden</td> <td>Roads Infrastructure</td> </tr> <tr> <td>C Osman</td> <td>Public Transport</td> </tr> <tr> <td>D Muller</td> <td>Ceres District Office</td> </tr> <tr> <td>M Frieslaar</td> <td>Ceres District Office</td> </tr> <tr> <td>D Lippert</td> <td>Oudtshoorn Office</td> </tr> <tr> <td>S Claassen</td> <td>Oudtshoorn Office</td> </tr> <tr> <td>L Rhode</td> <td>George Office</td> </tr> <tr> <td>M Jansen</td> <td>George Office</td> </tr> <tr> <td>L Nicholson</td> <td>Public Transport (Goulburn Centre)</td> </tr> <tr> <td>S Morse</td> <td>Roads Infrastructure (Bellville)</td> </tr> <tr> <td>L Thomas</td> <td>Public Works</td> </tr> <tr> <td>G Anderson</td> <td>Government Motor Transport</td> </tr> </table> <p>Union Representatives are:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">R Fortuin</td> <td>Nehawu</td> </tr> <tr> <td>C Petersen</td> <td>PSA</td> </tr> <tr> <td>W Taylor</td> <td>PSA</td> </tr> </table>	JS Van Stade	Chairperson	W Canterbury	Financial Management	J van Eeden	Roads Infrastructure	C Osman	Public Transport	D Muller	Ceres District Office	M Frieslaar	Ceres District Office	D Lippert	Oudtshoorn Office	S Claassen	Oudtshoorn Office	L Rhode	George Office	M Jansen	George Office	L Nicholson	Public Transport (Goulburn Centre)	S Morse	Roads Infrastructure (Bellville)	L Thomas	Public Works	G Anderson	Government Motor Transport	R Fortuin	Nehawu	C Petersen	PSA	W Taylor	PSA
JS Van Stade	Chairperson																																				
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R Fortuin	Nehawu																																				
C Petersen	PSA																																				
W Taylor	PSA																																				

## PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

Question	Yes	No	Details, if yes
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		The Department has a dedicated HIV and AIDS Coordinator who regularly promotes the need for work practices that denounce/discourage unfair discrimination
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		<p>Fourteen staff members have tested positive, but none has disclosed their positive status as yet. We are actively encouraging voluntary disclosure to allow us to introduce our treatment, care and support intentions in practice.</p> <p>The Departmental HIV &amp; AIDS Policy and Workplace Programmes specifically address the matter of discrimination/stigma.</p> <p>Issues pertaining to discrimination and stigmatisation are discussed at monthly meetings, VCT sessions and at celebratory events.</p> <p>EAP is a further instrument which is immediately available to assist HIV positive staff.</p>
7. Does the Department of Transport & Public Works encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	x		Yes, on a regular basis and also at every possible opportunity. In total 695 staff members (46% of complement) have tested by department initiatives. 14 staff members have tested positive. However, none of these 14 infected employees have disclosed their positive status. Hence our focus has shifted to generally mitigating the negative effects of stigmatisation.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	x		<p>VCT will remain a priority area for our department, but priority will shift to treatment, care and support once disclosure of positive status occurs.</p> <p>VCT sessions are always preceded by intensive awareness sessions where the issue of healthy lifestyles is addressed. It also forms an integral part of presentations at the induction sessions of new employees.</p> <p>Progress on the departmental workplace programmes is monitored through performance assessment reviews held between the HIV and AIDS Co-ordinator and the manager concerned (Special Programmes)</p> <p>Monitoring is also achieved through the submission of progress reports to the Provincial Employee Aids Programme Committee (PEAP).</p>

## 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 4.24: Misconduct and disciplinary hearings finalised**

Outcomes of disciplinary hearings	Number	% of total
Dismissal – Appeal against dismissal upheld	1	1

**TABLE 4.25: Types of misconduct addressed at disciplinary hearings**

Type of misconduct	Number	% of total
Deviation of official hours	1	1

**TABLE 4.26: Grievances lodged**

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

Note: Seven (7) GMT personnel partook in strike actions during the year under review. However, for the following; GMT has a nil input to report on:

- Disputes lodged with Councils
- Precautionary suspensions

### 4.11 SKILLS DEVELOPMENT

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

**TABLE 4.27: Training needs identified at 1 April 2007**

Occupational Categories	Gender	Number of employees as at 31 March 2008	Training needs identified (from IDP)		
			Learnerships	Skills Programmes & other short courses	Total
Senior officials and managers	Female	4	0	4	4
	Male	15	0	20	20
Technicians and associate professionals	Female	0	0	0	0
	Male	10	0	16	16
Clerks	Female	31	0	42	42
	Male	23	0	25	25
Elementary occupations	Female	0	0	0	0
	Male	13	0	26	26
<b>Total</b>		<b>96</b>	<b>0</b>	<b>133</b>	<b>133</b>

## PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

**TABLE 4.28: Training provided**

Occupational Categories	Gender	Number of employees as at 31 March 2008	Training provided		
			Learnerships	Skills Programmes & other short courses	Total
Senior officials and managers	Female	4	0	3	3
	Male	15	0	7	7
Technicians and associate professionals	Female	0	0	0	0
	Male	10	0	0	0
Clerks	Female	31	0	9	9
	Male	23	0	8	8
Elementary occupations	Female	0	0	0	0
	Male	13	0	0	0
<b>Total</b>		<b>96</b>	<b>0</b>	<b>27</b>	<b>27</b>

Note: Other forms of training mainly refer to ABET.

### 4.12 INJURY ON DUTY

The following table provides basic information on injury on duty.

**TABLE 4.29: Injury on duty**

Nature of injury on duty	Number	% of Total
Required basic medical attention only	3	3

### 4.13 UTILISATION OF EXTERNAL RESOURCES

GMT utilised the services of external/outsourced computer system development resources to assist with the upkeep and enhancement of FleetMan. The provincial government's Chief Directorate e-Innovation could not supply these resources. FleetMan is 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 further enhanced. The latter's transaction data was integrated with FleetMan. Further development during the year under review focused on enhancing GMT service delivery to client departments - e.g. the implementation of a risk management module.

FleetMan consists of the following:

**TABLE 4.30: System Configuration**

Facility	Quantum
Screens	208
Reports	282
Tables	575
Records	58 499 628
Space utilized	10Gb
Database	19Gb

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

**TABLE 4.31: Outsourced Resources Utilisation**

Resource Type	Quantum Hours
Business Analysts	2 099
System Development	11 027
Business Consulting	3 281

## **PART 5: AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDING 31 MARCH 2008**

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

### **Appointment of Audit Committees**

Government Motor Transport was served by a Shared Audit Committee appointed under Cabinet Resolution 75/2003 on 23 June 2003 which was subsequently extended by Cabinet Resolutions 95/2005 and 77/2007. The term of the Shared Audit Committee expired on 31 December 2007.

Cabinet Resolution 55/2007 required the Department of Transport and Public Works (including this trading entity) to establish an Audit Committee. At the time of preparing this report this has not been finalised. To ensure adequate governance and oversight, the entity has therefore been served by the Economic Cluster Audit Committee, commencing 1 January 2008.

### **Audit Committee Members and Attendance**

The Audit Committee is required to meet a minimum of 4 times per annum as per its approved Terms of Reference. During the term of the Shared Audit Committee the following meetings were held and attended from 1 April 2007 until 31 December 2007:

<b>Member</b>	<b>Meetings Attended</b>
Mr J.A. Jarvis (Chairperson)	9
Mr J. January	4
Mr P. Jones	8
Mr R. Warley	2

No formal meetings for the Economic Cluster Audit Committee were held for the period 1 January 2008 to 31 March 2008.

### **Audit Committee Responsibility**

The Audit Committees have complied with their responsibilities arising from section 38(1) (a) of the PFMA and Treasury Regulation 3.1.13 and 27(1) (10). The Audit Committees have also regulated their affairs and discharged their responsibilities in terms of the Audit Committee Charter.

### **Effectiveness of Internal Control**

#### **Internal Audit Function**

In 2004 the Sihluma Sonke Consortium was appointed to develop and transfer internal audit skills to the staff of the Provincial Government over a three-year period. At the end of December 2006 the Consortium contract was extended for a further 2 years to allow the development of the Internal Audit function to be completed. Some progress was made to internalise internal audit capacity and skills within Provincial Treasury. Significant progress is being made in the new financial year.

#### **Internal Control**

The evaluation of internal control comprises an evaluation of:

- The adequacy of the design of the control environment;
- The extent of compliance to established policies, procedures and applicable legislation; and
- The efficiency and effectiveness of controls implemented by management to achieve the overall departmental objectives.

In line with the Operational Internal Audit plan for 2007/8 approved by the Shared Audit Committee the internal audit effort was focused on assessing design and compliance for the following processes:

1. Fleet Finance
2. Fleet Management
3. Fleet Risk Management
4. Fleet Logistics

Based on the results of the above audits, the system of internal control is adequate; however in some instances it was not operating as intended for the year under review, as compliance with certain prescribed policies and procedures was lacking.

Internal Audit received commitment from Management to implement corrective action on weaknesses identified.

### **Auditor General**

The matter of restatement of corresponding figures was emphasised by the Auditor General.

Other matters in relation to governance, performance information and non-compliance with regulatory requirements were listed.

The Economic Cluster Audit Committee resolved to reconvene to discuss the Auditor General's management letter.

### **Enterprise Risk Management**

Enterprise Risk Management is driven by the parent department and is at an early stage of implementation. The Economic Cluster Audit Committee is monitoring the progress of implementation on a quarterly basis.

### **In Year Management Reporting**

The In Year Monitoring reports (IYM) were submitted to the Audit Committees as required and the Committees were accordingly informed of the financial situation of the Department in relation to its budget. The Committees continue to monitor these reports.

### **Evaluation of Financial Statements**

The Economic Cluster Audit Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be 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; and
- Reviewed significant adjustments resulting from the audit.

The Economic Cluster Audit Committee concurs and accepts the Auditor-General's conclusions on the Annual Financial Statements, and is of the opinion that the audited Annual Financial Statements read together with the report of the Auditor-General be accepted.

### **Appreciation**

The Audit Committees wish to express their appreciation to the Provincial Treasury, Officials of the Department, the Auditor General and the Internal Audit Unit for the information they have provided for us to compile this report.



Mr. J.A. Jarvis  
Chairperson of the Shared Audit Committee  
Date: 4 August 2008



Mr. P.C. Jones  
Chairperson of the Economic Cluster Audit Committee  
Date: 4 August 2008

## **PART 6: ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDING 31 MARCH 2008**

### **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 below this Statement.

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 2008. On the basis of the review, and in view of the current financial position, the Accounting Office 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 2007 to 31 March 2008. 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 as set out in the AFS as part of this Annual Report.

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 2008 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 2008 were submitted for auditing on 30 May 2008.

## PART 6: ANNUAL FINANCIAL STATEMENT

FOR THE YEAR ENDING 31 MARCH 2008

CONTINUED

### REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF GOVERNMENT MOTOR TRANSPORT FOR THE YEAR ENDED 31 MARCH 2008

#### REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

1. I have audited the accompanying financial statements of the Government Motor Transport which comprise the balance sheet as at 31 March 2008, income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages [39] to [76].

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

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA). This responsibility includes:
  - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
  - selecting and applying appropriate accounting policies
  - making accounting estimates that are reasonable in the circumstances.

##### Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial

statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:
  - appropriateness of accounting policies used
  - reasonableness of accounting estimates made by management
  - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

##### Opinion

8. In my opinion the financial statements present fairly, in all material respects, the financial position of the Government Motor Transport as at 31 March 2008 and its financial performance and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the PFMA.

##### Emphasis of matter

Without qualifying my audit opinion, I draw attention to the following matter:

##### Restatement of corresponding figures

9. As disclosed in note 25 to the financial statements, the corresponding figures for the financial year ended 31 March 2007 have been restated as a result of errors discovered during 2008 in the financial statements of the Government Motor Transport.

##### OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matter that relates to my responsibilities in the audit of the financial statements:



**PART 6: ANNUAL FINANCIAL STATEMENT  
 FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**Matters of governance**

10. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management

and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

<b>Matter of governance</b>	<b>Yes</b>	<b>No</b>
<b>Audit committee</b>		
• The trading entity had an audit committee in operation throughout the financial year.		<input type="checkbox"/>
• The audit committee operates in accordance with approved, written terms of reference.	<input type="checkbox"/>	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10		<input type="checkbox"/>
<b>Internal audit</b>		
• The trading entity had an internal audit function in operation throughout the financial year.	<input type="checkbox"/>	
• The internal audit function operates in terms of an approved internal audit plan.	<input type="checkbox"/>	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2	<input type="checkbox"/>	
<b>Other matters of governance</b>		
The annual financial statements were submitted for audit as per the legislated deadlines (section 40 (1) (c) of the PFMA).	<input type="checkbox"/>	
The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		<input type="checkbox"/>
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.		<input type="checkbox"/>
The prior year's external audit recommendations have been substantially implemented.		<input type="checkbox"/>

**OTHER REPORTING RESPONSIBILITIES**

**REPORT ON PERFORMANCE INFORMATION**

11. I have reviewed the performance information as set out on pages 11 to 13.

**Responsibility of the accounting officer for the performance information**

12. The accounting officer has additional responsibilities as required by section 40(3) (a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the trading entity.

**Responsibility of the Auditor-General**

13. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008.

14. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

15. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

**Audit findings (performance information)**

**Non-compliance with regulatory requirements**

16. The Annual Performance Plan of the trading entity did not include the set targets for the following predetermined measurable objectives, as required by Treasury Regulation 5.2.3(d) as the information can only be produced on an annual basis:

- Training of transport officials (FleetMan)
- Misuse complaints logged and followed up.

## PART 6: ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDING 31 MARCH 2008

CONTINUED

- Managed Traffic Violations incidents documentation
- Logging of incidents by MIB
- Full implementation of debtor management module in FleetMan

### No quarterly reporting on performance information

17. No quarterly reports on the progress in achieving measurable objectives and targets were prepared by the different programme managers and as a whole for the Government Motor Transport to facilitate effective performance monitoring, evaluation and corrective action, as required by Treasury Regulation 5.3.1.

### Lack of sufficient appropriate audit evidence

- The following actual achievements of measures could not be substantiated by adequate source documentation:
- Identify under utilisation
- Manage traffic violation incident documentation

### APPRECIATION

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



Cape Town  
31 July 2008



AUDITOR - GENERAL

## PART 6: ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDING 31 MARCH 2008

CONTINUED

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

#### 6.1 GENERAL REVIEW OF THE STATE OF 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 through the respective government garages. The Provincial Government that took this competency over from the pre 1994 dispensation and transformed the functions into GMT as a fleet management agency. The organisation currently resides within 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). GMT could not record its financial transactions to conform to GAAP as the transversal Basic Accounting Systems (BAS), utilised by the government to record its financial transactions, is cash based while GAAP requires an accrual based accounting system. GMT is expecting to get approval from National Treasury in terms of Treasury Regulation 17.3.1 to procure a GAAP compliant accounting system and it is envisaged to implement such a system with effect from 1 April 2009.

The financial affairs of the GMT are currently managed in terms of accounting standard operating procedures and a GAAP compliance implementation framework as part of the strategy until a GAAP compliant accounting system can be deployed. The current accounting policies were revisited and amended where necessary. The expert knowledge and skill of chartered accountants were contracted to assist with these actions.

The books of account were successfully closed-off after which the conversion to GAAP was undertaken.

##### 6.1.3 Overview of AFS

###### Financial performance

Revenue for the year under review decreased by 14,4% from R267,6 million in the 2006/07 year to R253,2 million in the 2007/08 year. This decrease is mainly the result of a decrease in the charge to National Client Departments and because one

National Client Department has privatised their sedan fleet.

Other Income for the year under review decreased by R7,8 million from R31,6 million in the 2006/07 year to R23,8 million in the 2007/08 year.

The total expenses of GMT of R186,8 million were lower than the estimated expenses of R192,8 million. The decrease is mainly attributed to a decrease in the Administration costs and are due to critical enhancements and improvements that was planned to be implemented on FleetMan, but due to time constraints could not be done. It was also envisaged that the GAAP accounting Package would be implemented in 2007/08.

The net profit for the year decreased from R109,1 million in the 2006/07 year to R90,2 million in the 2007/08. This decrease is mainly the result of the decrease in Revenue as set out above.

###### Financial position

The financial position strengthened significantly as at year-end compared to 31 March 2007.

Non current assets increased from R297,8 million to R323,2 million mainly due to the increase in number of vehicles and the cost of the new vehicles in the fleet.

Current Assets increased from R185,9 million to R243,2 million. This was mainly due to a R65,8 million increase in cash from R98,2 million on 31 March 2007 to R164 million on 31 March 2008. These increases are mainly the result of the increase in the value of the fleet, and the Intangible assets (FleetMan).

The Accumulated Surplus increased from R331,8 million as at 31 March 2007 to R422 million as at 31 March 2008. This increase is due to the profit realised for the financial year under review.

###### Significant accounting for errors

Attention is drawn to the fact that GMT has effected changes in its accounting policies and has corrected errors in its financial records that has a material affect on its operations and financial position.

The GMT fleet was previously depreciated according to the units of production method. In terms of this method motor vehicles were initially recognised at cost and were depreciated annually based on daily tariffs recovered through the utilisation of the vehicle. The method however did not provide the best approximation of the consumption of economic benefits contained in the asset. The GMT fleet is now depreciated on a straight line basis after taking residual values into account. Management is of the opinion that this methodology best reflect the pattern of consumption of the GMT Fleet. Furthermore GMT now for the first time reviewed the

## PART 6: ANNUAL FINANCIAL STATEMENT

### FOR THE YEAR ENDING 31 MARCH 2008

**CONTINUED**

remaining useful life and residual values of the vehicles in its fleet. Refer to Note 25 in the AFS for the effect of the correction in error.

#### 6.1.4 Policy

GMT's continued through the financial year to provide a vehicle fleet management service to clients in managing the vehicle fleet of the government. One of the major challenges experienced over many years was the utilisation of log sheet data for billing purposes that caused discrepancies in the accounting of transactions. This was overcome by GMT by replacing the capturing of log sheet data with an electronic process (e-Billing) with effect from 1 April 2006 whereby odometer readings via the tracking devices and the fueling process are utilised. This ensured that all revenue is recorded in the financial year in which the service is rendered as prescribed in the GAAP Principle for Revenue (AC111/IAS18).

The project to fit tracking devices to the fleet has continued and it is anticipated that it will be concluded during the second half of the 2008/09 year. This innovation will allow clients to manage their vehicles effectively in the drive to contain the high cost of transport. The deliverables achieved through the existing fuel management strategy and the vehicle tracking and control system forms part of the value added service. These services are also supported via the MIB and existing technical help desk facilities.

The implementation of the newly developed dedicated risk module

within FleetMan was completed during the 2006/07 year and implemented on 1 May 2007. This will enable GMT to compile regular risk profiles for utilisation in the detection of risks and compilation of action plans to contain such risks.

GMT successfully formed part of the Western Cape provincial commercial banking tender process to provide for maintenance and fuel management services to replace the existing transversal national contract with effect from 1 October 2007. This process has been completed and the implementation took place without any problems resulting in a smooth transition to the new contracts that provide for an innovative solution regarding real time flow of transactions, on-line oil/fuel/maintenance transactions and associated processes.

#### 6.2 SERVICES RENDERED

##### 6.2.1 Composition of fleet

GMT renders a fleet service to its clients 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 4099 vehicles in the fleet.

During the course of the year 204 replacement and 191 additional vehicles were purchased. The fleet is compiled as follows:

Provincial Departments	Quantity
Agriculture	198
Cape Nature	146
Community Safety	351
Cultural Affairs & Sport	74
Economic Development	18
Education	437
Environmental Affairs & Development Planning	33
Western Cape Gambling & Racing Board	1
Health	1237
Local Government and Housing	87
Parliament	6
Premier	27
Social Development	304
Transport and Public Works	168
Government Motor Transport (General Pool)	528*
Treasury	17
<b>SUB TOTAL</b>	<b>3632</b>

National Departments	Quantity
Environmental Affairs & Tourism	111
Home Affairs	27
Independent Complaints Directorate	4
Justice	124
Labour (Service Products)	2
Land Affairs	29
Mineral & Energy Affairs	1
Office of the Presidency	2
Parliament	3
Prosecuting Authority	8
Public Service Commission	1
Public Works	63
South African Social Security Agency (SASSA)	92
<b>SUB TOTAL</b>	<b>467</b>
<b>GRAND TOTAL</b>	<b>4099</b>

\* Includes new vehicles that still had to be allocated to clients.

**PART 6: ANNUAL FINANCIAL STATEMENT  
 FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**6.2.2 Fleet management system (FleetMan)**

FleetMan assists GMT in providing cost-effective quality transport services to the clients and improving service delivery. GMT's core business activities are supported by this integrated system. It further effectively manages income and expenditure activities including fuel purchased, as well as the maintenance, repairs and sale of vehicles. GMT's clients have on-line access to FleetMan to manage the vehicles' allocated to them on a permanent basis.

**6.2.3 Tariffs**

Client departments provide GMT with the capital to purchase the required vehicles. These vehicles are purchased via competitive procurement processes and after delivery are captured on FleetMan which also constitutes a central asset register. Thereafter a daily tariff is charged to recover the replacement (capital) 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 2007/08.

**6.2.4 Inventories**

Refer to Note 6 of the Notes to the AFS.

**6.3 CAPACITY CONSTRAINTS**

**6.3.1 Thefts and hijacking of vehicles**

Seventeen vehicles (five less than the previous year) have been stolen/hijacked during the 2007/08 year. All thefts have a negative effect on service delivery as temporary replacements have to be allocated from the general hire pool and are not always readily available as well as the lead time on replacement vehicles orders cause delays. During hijackings officials are placed under serious stress which requires counselling afterwards.

The project to install tracking and control devices in all vehicles was implemented to enhance operational efficiency, stabilise fleet expenditure, monitoring vehicle utilisation, to provide clients with a management tool to manage their resources effectively and to assist with the recovery of stolen vehicles. Ninety four percent of vehicles had been fitted with tracking and control devices by year-end and it is planned to complete the project by October 2008. The necessary financial provision to cover the cost was made within the operational budget of GMT. The project is showing positive results as nine of the eleven vehicles recovered during the 2007/08 financial year were vehicles fitted with tracking devices.

**6.3.3 Staff and establishment structure**

GMT instituted an internal organisational shift in 2007/08 to its establishment structure to meet the needs of the Fleet Finance Division in order to prepare for GAAP.

**6.3.4 Debt control**

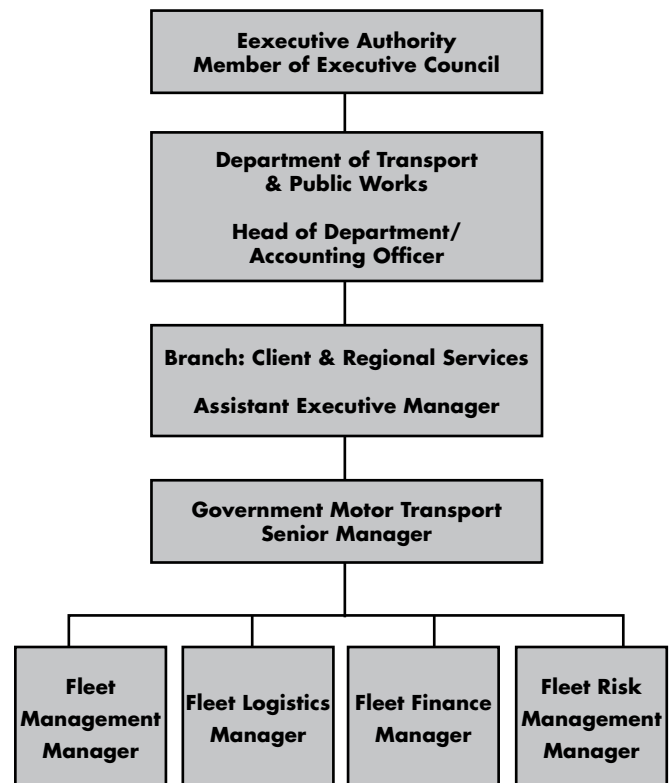
The conventional method to capture the logs of vehicles (kilometres travelled) manually has proved to be a very slow process that causes delays in the billing of all kilometres travelled in the financial year. The revised e-billing process was introduced with effect from 1 April 2006. This methodology proved successful as all kilometres travelled during the 2006/07 and 2007/08 year could be billed before year-end.

It remains a challenge to ensure that government debtors settle the accounts within 30 days as prescribed in terms of the PFMA. A solution would be to implement electronic interfaces between FleetMan and BAS whereby clients could be debited directly with daily and kilometre claims. However, the aforementioned will require extensive and costly system changes. The proposed solution requires further work.

**6.4 Trading Entity GMT**

Accountability arrangements

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



In support of GMT's Annual Performance Plan performance agreements were entered into with the management of GMT. Each staff member has an individual performance and development plan.

## PART 6: ANNUAL FINANCIAL STATEMENT

### FOR THE YEAR ENDING 31 MARCH 2008

CONTINUED

#### 6.5 CORPORATE GOVERNANCE ARRANGEMENTS

##### 6.5.1 Risk management

GMT utilises the Enterprise Risk Management Unit of the Department.

A strategic risk assessment for the entity was conducted during July 2007 to identify all risks that could adversely affect the achievement of GMT's strategic objectives. Risk response strategies to mitigate these risks were then developed and a report issued for implementation.

The business risks of GMT are dealt with via an internal component that is also responsible for early detection of fraudulent repair, maintenance and fuel transactions.

##### 6.5.2 Fraud prevention

The Minister of Transport and Public Works and the Head of Department signed a fraud prevention plan inclusive of a fraud policy on 26 April 2004. GMT as part of the Department participates in the shared provincial whistle blowing mechanisms, which are provided by the Forensic Audit component at the Department of the Premier. An aid to all staff in reporting of any unethical or fraudulent behaviour is the availability of a toll free hotline where such behaviour can be reported anonymously. Reported incidents are investigated by Forensic Audit. In addition, a departmental ethics officer has been appointed to promote ethical behaviour. To strengthen the system of financial management, risk management and internal control a Fraud/Risk Management Committee was established. The Head of GMT is a member of the said Committee.

##### 6.5.3 Internal audit

Use is made of a Shared Internal Audit Service, institutionally vested in and resourced by the Provincial Treasury. The shared service is governed by a service level agreement between the parties. Internal audit progress reports detailing performance against the audit plan are submitted monthly to allow effective monitoring through a departmental project team.

A rolling 3-year strategic internal audit plan for 2007/08 to 2009/10 and an operational internal audit plan for 2007/08 was approved by the Chairperson of the Audit Committee.

##### 6.5.4 Audit committee

The Department was served by a Shared Audit Committee appointed under Cabinet Resolution 75/2003 on 23 June 2003 which subsequently extended by Cabinet Resolutions 95/2005 and 77/2007. The term of the Shared Audit Committee expired on 31 December 2007. Since then, the Department is served by the Audit Committee for the Economic Cluster.

##### 6.5.5 Internal control

To ensure reliable financial information, financial and operational systems of internal control are maintained. These controls are designed to provide reasonable assurance that transactions are appropriately authorised and recorded, and assets are adequately safeguarded against material losses through unauthorised acquisition, use or disposal.

Compliance officers vested within an internal control inspectorate evaluate and monitor the functionality and effectiveness of internal controls and report findings and recommendations to management. Remedial actions are taken to address control deficiencies and improve the systems as identified. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Consequently, even an effective internal control system can only provide reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

##### 6.5.6 Conflict of interest

All employees annually disclose their financial interest, the data of which is captured on Persal.

##### 6.5.7 Code of conduct

All employees are expected to comply with the Code of Conduct for the Public Service. The purpose of the Code is to guide employees as to what is expected of them from an ethical point of view, both in their individual conduct and their relationship with others.

##### 6.5.8 Health and safety

The Department has and maintains a health and safety management programme inclusive of the health and safety policy in accordance with the Occupational Health and Safety Act, 1993. GMT has a fully functional Health and Safety Committee where the employer and employee representatives are represented. Proper record is kept of minutes of meetings, incidents and remedial actions taken.

**PART 6: ANNUAL FINANCIAL STATEMENT  
CONTINUED FOR THE YEAR ENDING 31 MARCH 2008**

**6.6 New / proposed activities**

GMT implemented the following new activities:

(a) 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. The roll-out of the system to external clients will require system enhancements and strengthening of the ICT infrastructure. Although, the aforementioned is in the final planning phase, it was temporary placed on hold to first fully implement the new maintenance and fuel management contract.

The system's operating system was migrated to the latest version of Oracle 10G (standard edition). The aforementioned enhancement also enabled the conversion of the system to a full web version thus allowing access via web browsers over the LAN/WAN's. No downtime or any loss in productivity occurred during the implementation of the new version. The standard edition will be upgraded to the 11G enterprise edition during the second quarter of the 2008/09 year to provide for the more advanced requirements of the new maintenance and fuel management contract.

(b) Service level agreement (SLA)

A generic SLA which was fully consulted with the clients is ready for implementation. The SLA makes provision for all the services performed by GMT based on the four pillars, e.g. fleet management, fleet finance, fleet risk management and fleet logistics together with service standards.

(c) Management Information Bureau (MIB)

It is planned to increase the capacity of the MIB to capture all vehicle related incidents, e.g. accidents, alleged misuse of vehicles and thefts and therefore ensuring a single point of entry and a focus on the delivering of professional management bureau services. The creation of additional capacity has been included in the proposed revised new staff and establishment structure.

(d) Equitable distribution of work

GMT achieved a 26% work allocation to promote empowerment.

**6.7 EVENTS AFTER THE REPORTING DATE**

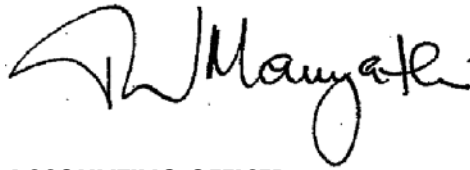
Note 22 of the AFS refers to a disclosure of preliminary claims from 3rd parties against GMT as well as the estimated loss value with regard to government vehicles after reporting date as non-adjusting events after the reporting date in the AFS. The national Department of Public Works informed Government Motor Transport that it will privatise its sedan vehicle fleet with effect from 1 April 2008.

**6.8 PERFORMANCE INFORMATION**

The Annual Performance Plan (2007/08 – 2009/10) was tabled in the Provincial Parliament. Performance information will be dealt with in PART 2 of the Annual Report.

**6.9 APPROVAL**

The AFS are attached and have been prepared in accordance with GAAP as prescribed in the Treasury Regulations, PFMA and the relevant guidelines specified/issued by the National Treasury.



**ACCOUNTING OFFICER  
DATE: 24 July 2008**



## INCOME STATEMENT ●

**FOR THE YEAR ENDING 31 MARCH 2008**

	Notes	2007/08 R'000	2006/07 R'000
<b>REVENUE</b>			
Revenue	10	252,894	257,786
Other Income	11	45,385	43,869
Interest Earned - External investments		29	47
<b>Total Revenue</b>		<b>298,308</b>	<b>301,702</b>
<b>EXPENDITURE</b>			
Administrative expenses	12	15,907	23,275
Staff costs	13	13,299	10,930
Transfers and subsidies	14	-	7
Other operating expenditure	15	109,621	107,386
Depreciation	16	41,269	37,086
Amortisation	17	682	409
Impairment losses		1,982	4,325
Operating leases		10,968	8,176
<b>Total Expenditure</b>		<b>193,729</b>	<b>191,594</b>
<b>PROFIT FOR THE YEAR</b>		<b>104,579</b>	<b>110,108</b>



## ● BALANCE SHEET

### AS AT 31 MARCH 2008

	Notes	2007/08 R'000	2006/07 R'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		<b>437,533</b>	<b>332,954</b>
Retained Earnings		437,533	332,954
<b>Non-Current Liabilities</b>		<b>134,808</b>	<b>140,366</b>
Provisions	1	1,335	1,476
Deferred income	2	133,473	138,890
<b>Current Liabilities</b>		<b>7,260</b>	<b>13,318</b>
Current portion of provisions	1	332	9
Bank overdraft	8	184	1,571
Trade and other payables	3	6,745	11,738
<b>Total Net Assets and Liabilities</b>		<b>579,601</b>	<b>486,638</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>325,637</b>	<b>299,773</b>
Property, Plant and Equipment	4	315,976	293,132
Intangible assets	5	9,661	6,641
<b>Current Assets</b>		<b>253,965</b>	<b>186,865</b>
Inventory	6	45	41
Accounts receivable	7	250,911	184,955
Cash and cash equivalents	8	2,366	950
Non-current assets held for sale	9	642	919
<b>Total Assets</b>		<b>579,601</b>	<b>486,638</b>

## STATEMENT OF CHANGES IN EQUITY ●

### FOR THE YEAR ENDING 31 MARCH 2008

Description	Retained	
	Earnings	Total
	R'000	R'000
<b>2007</b>		
Balance at 1 April 2006	192,012	192,012
Correction of error (Note 25.5)	30,834	30,834
<b>Restated balance</b>	<b>222,846</b>	<b>222,846</b>
Profit for the year ended 31 March 2007	110,108	110,108
Balance previously reported	109,041	109,041
Correction of errors (Note 25.6)	1,067	1,067
<b>Balance at 31 March 2007</b>	<b>332,954</b>	<b>332,954</b>
<b>2008</b>		
Profit for the year ended 31 March 2008	104,579	104,579
<b>Balance at 31 March 2008</b>	<b>437,533</b>	<b>437,533</b>

## ● CASH FLOW STATEMENT FOR THE YEAR ENDING 31 MARCH 2008

	Notes	2007/08 R'000	2006/07 R'000
Cash receipts from customers		208,908	178,352
Cash paid to suppliers and employees		(150,760)	(139,654)
Cash generated from operations	18	<u>58,147</u>	<u>38,698</u>
Interest received		29	47
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<u><u>58,176</u></u>	<u><u>38,745</u></u>
 <b>CASH FROM INVESTING ACTIVITIES</b>			
Proceeds on disposal of property, plant and equipment		11,743	9,071
Acquisition of property, plant and equipment		(81,412)	(77,217)
Intangible asset - development cost capitalised		(3,702)	(2,925)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<u><u>(73,371)</u></u>	<u><u>(71,071)</u></u>
 <b>CASH FROM FINANCING ACTIVITIES</b>			
Increase in income received in advance		(19,951)	3,793
Grants received during the year		37,949	27,263
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<u><u>17,998</u></u>	<u><u>31,056</u></u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u><u>2,803</u></u>	<u><u>(1,270)</u></u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>		<u><u>(621)</u></u>	<u><u>649</u></u>
<b>CASH AND CASH EQUIVALENTS - END OF THE YEAR</b>	8	<u><u>2,182</u></u>	<u><u>(621)</u></u>

## ACCOUNTING POLICIES

### FOR THE YEAR ENDING 31 MARCH 2008

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 Annual Financial Statements have been prepared on the historical cost basis.

The principle accounting policies of GMT have been consistently applied, except for the following:

GMT made certain retrospective changes to its application of certain accounting standards. These changes were:

GMT has reviewed the remaining useful lives of PPE for the first time as per the requirements of AC123. In the process of applying GMT's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

##### Property, Plant and Equipment

In assessing the remaining useful lives and residual values of PPE, management have made judgements based on historical evidence as well as the current condition of PPE under its control.

#### 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 is recognised according to the stage of completion of the transaction at statement of financial position 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

##### Accounting policy: plant and equipment

Items of plant and equipment are stated at historical cost less accumulated depreciation. The actual useful life of these assets is assessed annually and could vary as a result of technological innovations and maintenance programs.

The change in useful life will be accounted for as a change in accounting estimate, thus the depreciation for the current year and future years will be restated. Depreciation figures may in future vary on an annual basis.

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.

Plant and equipment are originally measured at cost and are depreciated on a basis considered appropriate to reduce the carrying amount over the expected lifespan of the assets.

**ACCOUNTING POLICIES**

CONTINUED

FOR THE YEAR ENDING 31 MARCH 2008

**Estimated useful lives:**

Workshop equipment:	Straight line (15% per annum)
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 plant and equipment are recognised in the statement of financial performance once they accrue to the entity.

**Accounting policy: Motor Vehicles**

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

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

The change in useful life will be accounted for as a change in accounting estimate, thus the depreciation for the current year and future years will be restated. Depreciation figures may in future vary on an annual basis.

Estimated useful lives:

Vehicles:	Straight line (4 - 15 years)
-----------	------------------------------

Gains and losses on the disposal of motor vehicles are recognised in the statement of financial performance once they accrue to the Entity.

**7. INTANGIBLE ASSETS**

Intangible assets are shown at cost less accumulated amortisation and impairment losses. Expenditure on the development of the FleetMan system is capitalised by the GMT and amortised using the straight line basis over its useful life. The useful life of the FleetMan system is regarded to be 15 years. Amortisation commenced from 1 April 2001 which is considered to be the date when the asset was available for use. Intangible assets are not revalued. The carrying amount of the intangible asset is reviewed annually and adjusted for impairment, where it is considered necessary.

**8. 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 immediately recognised as income.

**9. LEASING**

Actual Operating Lease payments are expensed when incurred. Operating Lease commitments for the period remaining from the balance sheet date until the end of the lease contract are disclosed as part of the disclosure note to the financial statements. Operating lease rentals are recognised on the straight line basis over the term of the relevant lease.

**10. 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.

**11. FINANCIAL INSTRUMENTS****Classification**

GMT has various types of financial instruments and these can be broadly categorised as either Financial Assets or Financial Liabilities.

## ACCOUNTING POLICIES FOR THE YEAR ENDING 31 MARCH 2008

CONTINUED

### Financial Assets

A financial asset is any asset that is a cash or contractual right to receive cash. GMT has the following types of financial assets as reflected on the face of the Balance Sheet or in the notes thereto:

- Accounts receivable
- Bank Balances and Cash

In accordance with IAS 39.09 the Financial Assets of GMT are classified as follows into the following categories allowed by this standard:

Type of Financial Asset Classification in terms of IAS 39.09	Classification in terms of IAS 39.09
Cash and cash equivalents	Available for sale
Accounts receivable	Loans and receivables

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables;
- Held-to-Maturity Investments; or
- Financial Assets at fair value through the Statement of Financial Performance.

Loans and Receivables are financial assets that are created by providing money, goods or services directly to a debtor.

### Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. GMT has the following types of financial liabilities as reflected on the face of the Balance Sheet or in the notes thereto:

- Provisions (excluding constructive obligations)
- Trade and other payables
- Bank Overdraft
- Current portion of provisions

There are two main categories of Financial Liabilities, the classification based on how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Not at fair value through profit or loss ('other financial liabilities')

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short

term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Income Statement.

Any other financial liabilities should be classified as financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with IAS 39.09 the Financial Liabilities of GMT are all classified as financial liabilities that are not measured at fair value through profit or loss ('other financial liabilities').

### Recognition

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

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

### Measurement

When a financial asset or financial liability is recognised initially it is measured at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Loans and receivables are subsequently measured at amortised cost. The subsequent measurement of cash and cash equivalents is at fair value.

### Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets. If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Accounts receivable are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of consumer debtors is assessed collectively after grouping the assets in financial assets with similar credit risks characteristics. Government accounts are not provided for as such accounts are regarded as payable.

## ACCOUNTING POLICIES FOR THE YEAR ENDING 31 MARCH 2008

CONTINUED

### 12. 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.

### 13. DEFERRED INCOME

Government grants received as well as vehicles donated to the GMT, free of charge (also referred to as take-in vehicles) are recorded as deferred income when ownership of the vehicle is transferred to GMT. The deferred income is recognised as income on a systematic basis, matching over the useful life of the vehicles, the depreciation on these vehicles with the income from grants, in the income statement.

### 14. COMPARATIVE FIGURES

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

### 15. 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 balance sheet 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.

### 16. EVENTS AFTER THE REPORTING DATE

The Entity considers events that occur after the balance sheet date for inclusion in the AFS. Events that occur between the balance sheet date (31 March 2008) and the date on which the audit of the financial statements is completed (31 July 2008) are considered for inclusion in the AFS.

The entity considers two types of events that can occur after the balance sheet date, namely those that -

- (a) provide evidence of conditions that existed at the balance sheet date (adjusting events after the reporting date), and
- (b) were indicative of conditions that arose after the balance sheet 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.

### 17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in the bank and short-term deposits, and other short-term investments that are highly liquid and can readily be converted into cash.

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

## NOTES TO THE FINANCIAL STATEMENTS ● FOR THE YEAR ENDING 31 MARCH 2008

<b>1 NON-CURRENT PROVISIONS</b>	<b>2007/08 R'000</b>	<b>2006/07 R'000</b>
<b>Salary and related expense provision</b>	<b>1,335</b>	<b>1,244</b>
Opening balance	1,244	1,481
Unused amounts reversed during the year	-	(228)
Provisions made during the year	129	-
<b>Less:</b> Current portion transferred to current liabilities	(38)	(9)
<b>Personnel expense related commitments:</b>		
Performance bonuses, 20/30 year service etc.	294	232
<b>Less:</b> Current portion transferred to current liabilities	(294)	-
	<b>1,335</b>	<b>1,476</b>

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.

### **Commitments**

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



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

<b>2. DEFERRED INCOME</b>	<b>2007/08</b> <b>R'000</b>	<b>2006/07</b> <b>R'000</b>
Opening balance	110,992	92,487
Correction of opening balance (Refer to note 25.3)	-	13,823
Restated opening balance	110,992	106,310
Grants/vehicles received during the year	37,949	27,263
Other income - Deferred income	(23,414)	(22,581)
Closing balance	125,526	110,992
Other government grants received (Income received in advance)	7,947	27,898
	<b>133,473</b>	<b>138,890</b>
Depreciation, impairment and vehicles sold	<b>23,414</b>	<b>22,581</b>

<b>3. TRADE AND OTHER PAYABLES</b>	<b>2007/08</b> <b>R'000</b>	<b>2006/07</b> <b>R'000</b>
Trade creditors	6,039	11,052
Operating lease liability	706	686
	<b>6,745</b>	<b>11,738</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2008

CONTINUED

### 4. PROPERTY, PLANT AND EQUIPMENT

**31 March 2007**

#### Reconciliation of Carrying Value

Description	Plant and equipment R'000	Vehicles R'000	Total R'000
<b>Carrying amount at 1 April 2006</b>	<b>949</b>	<b>267,479</b>	<b>268,427</b>
Gross carrying amount	1,815	366,262	368,076
Accumulated depreciation:	(845)	(98,783)	(99,628)
Accumulated impairment losses	(21)	-	(21)
Additions at cost	261	77,533	77,794
Depreciation:	(333)	(36,753)	(37,086)
Impaired losses	(16)	(2,204)	(2,220)
Carrying value of disposals:	-	(10,782)	(10,783)
Cost	-	(20,957)	(20,957)
Accumulated depreciation	-	10,174	10,174
Damaged vehicles used for parts	-	(63)	(63)
Cost	-	(281)	(281)
Accumulated depreciation	-	217	217
Stolen and alienated	-	(1,331)	(1,331)
Cost	-	(1,584)	(1,584)
Accumulated depreciation	-	253	253
Non-current assets held for sale	-	(1,607)	(1,607)
Cost	-	(3,316)	(3,316)
Accumulated depreciation	-	1,709	1,709
<b>Net Carrying amount at 31 March 2007</b>	<b>861</b>	<b>292,271</b>	<b>293,132</b>
Gross carrying amount	2,076	417,658	419,733
Accumulated depreciation:	(1,178)	(123,183)	(124,361)
Accumulated impairment losses	(37)	(2,204)	(2,241)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**4. PROPERTY, PLANT AND EQUIPMENT**

**31 March 2008**

**Reconciliation of Carrying Value**

Description	Plant and equipment R'000	Vehicles R'000	Total R'000
<b>Carrying amount at 1 April 2007</b>	<b>861</b>	<b>292,271</b>	<b>293,132</b>
Gross carrying amount	2,076	417,658	368,076
Accumulated depreciation:	(1,178)	(123,183)	(124,361)
Accumulated impairment losses	(37)	(2,204)	(2,241)
Additions at cost	455	80,957	81,412
Depreciation:	(538)	(40,731)	(41,269)
Impaired losses	(5)	(865)	(870)
Carrying value of disposals:	-	(14,693)	(14,693)
Cost	-	(36,544)	(36,544)
Accumulated depreciation	-	21,850	21,850
Damaged vehicles used for parts	-	-	-
Cost	-	-	-
Accumulated depreciation	-	-	-
Stolen and alienated	-	(1,094)	(1,094)
Cost	-	(2,052)	(2,052)
Accumulated depreciation	-	958	958
Non-current assets held for sale	(2)	(641)	(642)
Cost	(4)	(2,011)	(3,316)
Accumulated depreciation	2	1,371	1,373
<b>Net Carrying amount at 31 March 2008</b>	<b>771</b>	<b>315,204</b>	<b>315,976</b>
Gross carrying amount	2,527	458,008	460,535
Accumulated depreciation:	(1,714)	(139,735)	(141,449)
Accumulated impairment losses	(42)	(3,069)	(3,111)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2008

CONTINUED

	2007/08 R'000	2006/07 R'000
<b>5. INTANGIBLE ASSET – FLEETMAN</b>		
Carrying amount at beginning of the year	6,641	4,129
Gross carrying amount	7,425	4,504
Accumulated amortisation	(784)	(375)
Development cost capitalised	3,702	2,921
Amortisation	(682)	(409)
Net Carrying amount at end of the year	9,661	6,641
Gross carrying amount	11,127	7,425
Accumulated amortisation	(1,466)	(784)
<b>6. INVENTORY</b>		
Consumable Stores - at cost	45	41
<b>Total Inventory</b>	<b>45</b>	<b>41</b>
<b>7. ACCOUNTS RECEIVABLE</b>		
GMT Trading account	164,028	98,218
GMT's Trading account is held by the Western Cape Department of Transport & Public Works		
Trade receivables	105,081	111,947
Less: Provision for doubtful debts	(18,198)	(25,210)
<b>Total accounts receivable</b>	<b>250,911</b>	<b>184,955</b>

The provision for doubtful debts exists due to the possibility that not all debts will be recovered. 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 17,922 m which GMT intends to write off as bad debt.

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**2007/08**                      **2006/07**  
**R'000**                              **R'000**

**8. 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.

**Nedbank**

*Account Number 1452049831 (Fleet Account):*

Bank statement balance at the beginning of the year  
 Bank statement balance at the end of the year

–	–
2,366	–

**Wesbank**

*Account Number 4478 (Fleet Account):*

Bank statement balance at the beginning of the year  
 Bank statement balance at the end of the year

(1,571)	15
(121)	(1,571)

**First National Bank**

*Account Number 51450025859 (Fleet Account):*

Bank statement balance at the beginning of the year  
 Bank statement balance at the end of the year

950	634
(62)	950

**Bank balances and cash**

<b>2,366</b>	<b>950</b>
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**Total Overdraft**

<b>(183)</b>	<b>(1,571)</b>
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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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2008

CONTINUED

	2007/08 R'000	2006/07 R'000
<b>9. NON-CURRENT ASSETS HELD FOR SALE</b>		
Vehicles at carrying value	1,044	1,607
Plant and equipment at carrying value	2	-
	1,046	1,607
Less: Impairment loss	(403)	(688)
	<b>642</b>	<b>919</b>

During the year under review, management made a resolution to dispose of vehicles. The disposal decision was based on the ageing of the vehicles/economic viability of the assets. To ensure transparency and fairness on the process an independent auctioneer was appointed. The scheduled date of the disposal was 24 April 2008.

### 10. REVENUE

An analysis of the entity's revenue is as follows:

Rendering of services:

National Departments	50,325	53,434
Provincial Departments	202,569	204,352
	<b>252,894</b>	<b>257,786</b>

### 11. OTHER INCOME

Bad debts recovered	-	7,888
Grants received	23,414	22,581
Other	1,717	409
Reversal of a prior year provision for doubtful debts	7,013	-
Re-imbursive income	13,241	12,991
	<b>45,385</b>	<b>43,869</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

	<b>2007/08</b>	<b>2006/07</b>
	<b>R'000</b>	<b>R'000</b>
<b>12. ADMINISTRATIVE EXPENSES</b>		
General and administrative expenses		
- Administrative	10,169	13,237
Travel and subsistence	5,739	10,038
	<b>15,907</b>	<b>23,275</b>
<b>13. STAFF COSTS</b>		
<i>Salaries and Wages</i>		
<i>Basic salaries</i>	9,282	7,546
<i>Performance awards</i>	258	218
<i>Periodic payments</i>	684	667
<i>Other non-pensionable allowance</i>	900	593
<i>Leave payments</i>	16	26
<i>Overtime and long service awards</i>	130	59
Social contributions (employer's contributions)		
Medical	903	762
Official unions and associations	3	3
Pension	1,122	1,056
<b>Total Employee Related Costs</b>	<b>13,299</b>	<b>10,930</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2008

CONTINUED

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

### 9. NON-CURRENT ASSETS HELD FOR SALE

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
<b>Year ended 31 March 2007</b>						
Senior Manager:	448	15	34	30	7	534
Manager: Fleet Finance	249	20	8	28	-	305
Manager: Fleet Logistics	167	7	11	7	-	192
Manager: Fleet Management	119	9	8	14	-	150
Manager: Fleet Risk Management	197	19	10	22	-	248
<b>TOTAL</b>	<b>1180</b>	<b>70</b>	<b>71</b>	<b>101</b>	<b>7</b>	<b>1429</b>

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
<b>Year ended 31 March 2008</b>						
Senior Manager:	490	-	19	43	-	552
Manager: Fleet Finance	298	-	6	30	-	334
Manager: Fleet Logistics	240	20	12	26	-	298
Manager: Fleet Management	291	29	6	30	-	356
Manager: Fleet Risk Management	233	13	7	17	-	270
<b>TOTAL</b>	<b>1552</b>	<b>62</b>	<b>50</b>	<b>146</b>	<b>0</b>	<b>1810</b>



**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**2007/08**                      **2006/07**  
**R'000**                              **R'000**

**14. TRANSFERS AND SUBSIDIES**

Transfers		
Local Government	-	<b>7</b>

**15. OTHER OPERATING EXPENSES**

<i>Staff training and development</i>	6	2
<i>Consultant, contractors and special services</i>	5,853	6,108
<i>Audit fees</i>	1,290	842
<i>Other</i>	4,563	5,266
Maintenance, repairs and running costs	98,635	96,696
- Property and buildings	99	58
- Machinery and equipment	98,536	96,638
Loss on sale of vehicles	2,950	1,712
Provision for doubtful debts	-	573
Tracking costs	1,563	1,753
Third party claims	613	538
Entertainment expenses	0	4
	<b>109,621</b>	<b>107,386</b>

**16 DEPRECIATION**

Plant and equipment	538	333
Vehicles	40,731	36,753
	<b>41,269</b>	<b>37,086</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2008

CONTINUED

	2007/08 R'000	2006/07 R'000
<b>17. AMORTISATION</b>		
Intangible asset – FleetMan	682	409
	<b>682</b>	<b>409</b>
<b>18. RECONCILIATION OF CASH GENERATED FROM OPERATIONS</b>		
Surplus for the Year	104,579	110,108
Adjustment for:		
Deferred income recognised during the year	(23,414)	(22,581)
Depreciation - property, plant and equipment	41,269	37,086
Amortisation - Intangible assets	682	409
Impairment losses	1,964	4,302
Increase in accruals for accidents and claims	85	(40)
Loss on disposal of vehicles	2,950	1,712
Increase in accruals for operating expenditure	(1,092)	2,839
Increase in provisions	182	(512)
Investment income	(29)	(47)
<b>Operating cash flows before working capital changes</b>	<b>127,177</b>	<b>133,276</b>
Working capital changes	(69,029)	(94,578)
(Increase)/Decrease in inventories	(4)	3
(Increase)/Decrease in receivables	(65,957)	(100,722)
(Increase)/Decrease in payables	(3,987)	3,513
(Increase)/Decrease in non-current assets held for sale	919	2,628
<b>Cash generated from operations</b>	<b>58,147</b>	<b>38,698</b>

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**2007/08**                      **2006/07**  
**R'000**                              **R'000**

**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 96,161.85 (2006/07: R 11,188.50) 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 2007/08 financial year is R 1,126,116.94. This implies that a contingent liability of R 1,029,955.09 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.

**20. OPERATING LEASE ARRANGEMENTS**

**The Entity as Lessee:**

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

Up to 1 year	11,577	10,287
2 to 5 years	23,510	30,637
More than 5 years	-	-
<b>Total Operating Lease Arrangements</b>	<b>35,087</b>	<b>40,924</b>

**21. CAPITAL COMMITMENTS**

Commitments for the acquisition of property, plant and equipment  
 - Property, plant and equipment ordered, but not provided in the financial statements

	<b>10,169</b>	<b>2,425</b>
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**22. EVENTS AFTER THE REPORTING DATE**

**Non-adjusting events**

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDING 31 MARCH 2008

CONTINUED

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:

**2007/08**  
**R'000**

**2006/07**  
**R'000**

#### 3rd Party claims

19 (Nineteen) cases with an estimated claim value of R 118,278.75.

#### Damages/Losses - government vehicles

115 (One hundred and fifteen) cases with an estimated value of R 187,514.49

The National Department of Public Works (19) has privatised their fleet on 1 April 2008 and has supposedly given back their fleet to GMT. During the 2007/2008 financial year, revenue to the amount of R 7,649,569.69 was received from this client.

## 23 RELATED PARTY TRANSACTIONS

### 23.1 Western Cape Department of Transport & Public Works

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

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

The office building used by GMT belong to the Department of Transport and Public Works. Subsequent to 2002 it was agreed that GMT will have the use of the property at no consideration (i.e. rental at market related prices), but will however be liable for the maintenance thereof.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 31 MARCH 2008

CONTINUED

The following related party transactions were made on terms equivalent to those that prevail in arm's length transactions:

	<b>2007/08</b>	<b>2006/07</b>
	<b>R'000</b>	<b>R'000</b>
<b>Revenue</b>		
Transport claims	<u>5,586</u>	
<b>Expenditure</b>		
License fees		<u>2,141</u>
<b>The amount of outstanding balances as at 31 March 2008:</b>		
Accounts receivable - GMT Trading account		<u>164,028</u>

### 23.2 Transactions with key management personnel

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

Johan Koegelenberg - Senior Manager  
Anthonie Jansen van Rensburg - Manager: Fleet Management  
Kathy Proctor-Fourie - Manager: Fleet Finance  
Leslie Sampson - Manager: Fleet Logistics  
Tania Greeff - Acting Manager: Fleet Risk Management  
Key management personnel compensation is disclosed in note 13 to the Annual Financial Statements.

## 24. FINANCIAL INSTRUMENTS

### 24.1 Financial Risk Management Objectives

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDING 31 MARCH 2008

CONTINUED

	2007/08	2006/07
	R'000	R'000

#### 24.2 Interest rate management

No formal policy exists to hedge volatilities in the interest rate market.

#### 24.3 Credit risk management

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

	2007/08	2006/07
	R'000	R'000
<b>Maximum credit risk exposure</b>		
Cash and cash equivalents	2,366	950
Trade receivables	250,911	184,955
	<b>253,277</b>	<b>185,905</b>

The following is an analysis of the age of trade receivables that are past due as at 31 March 2008 but not impaired.

#### Financial assets past due

Accounts Receivable		
More than 30 days and not more than 60 days	10,128	Not available
More than 60 days and not more than 90 days	1,437	7,050
More than 90 days and not more than 120 days	1,531	1,677
More than 120 days	30,775	37,659
<b>Total</b>	<b>43,871</b>	<b>46,387</b>

#### 24.4 Liquidity risk management

The entity manages liquidity risk through its Provincial Treasury that ensures that adequate banking facilities are available and by reviewing its tariff structure on an annual basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**2007/08  
R'000**

**2006/07  
R'000**

**24.5 Fair value**

The estimated net fair values of financial instruments have been determined as at 31 March 2008 using available market information and appropriate valuation methodologies and are not necessarily indicative of the amounts that the institution could realise in the normal course of business.

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

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

**25 CORRECTION OF ERROR**

**25.1 Property, plant and equipment - Vehicles**

With the re-compilation of the fixed asset register in accordance with the corrected depreciation policy on vehicles, the following errors were identified and the comparative figures have been appropriately adjusted. In accordance with IAS 16, useful lives and residual values of PPE were also reviewed for the first time as at 31 March 2008, and the corrections were applied retrospectively as per the requirements of IAS 8. The effect of the above on the 2006/2007 figures are indicated below.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

R'000

**25.1.1 Vehicles - Carrying amount as at 1 April 2006:**

**a) Gross carrying amount as at 1 April 2006**

Balance previously reported:- **365,145**

**Less:**

Component	Detail	
Property, plant and equipment: Gross carrying amount as at 1 April 2006	Correction of an amount of R 577,068.02 that was capitalised prior to 31 March 2006 which were converted only after year-end.	(577)

**Add:**

Component	Detail	
Property, plant and equipment: Gross carrying amount as at 1 April 2006	The cost price of the following vehicles that were stolen, sold and alienated in 2006 differed with the original purchase price. (Also see note 25.10)	19
Property, plant and equipment: Gross carrying amount as at 1 April 2006	Extras capitalised (Also see note 25.10)	1,674

**Balance as at 1 April 2006** **366,262**

**b) Accumulated depreciation as at 1 April 2006**

Balance previously reported:- **(142,038)**

**Less:**

Component	Detail	
Property, plant and equipment: Accumulated Depreciation as at 01 April 2006	Decrease in depreciation due to the correction of the depreciation policy and the first time review of residual values and estimated useful lives. (Also see note 25.5)	43,261
Property, plant and equipment: Accumulated Depreciation as at 01 April 2006	Correction of additional depreciation regarding conversion costs capitalised to GMT vehicles as at 31 March 2006.	(6)

**Balance as at 1 April 2006** **(98,783)**



**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**25.1.2 Vehicles - Movements for the year ended 31 March 2007:**

**a) Additions at cost**

Balance previously reported:- **75,667**

**Less:**

Component	Detail	
Property, plant and equipment: Gross Carrying amount as at 31 March 2007	Additions at cost 2007. Correction of cost price of take-in vehicles (Also see note 25.3)	(223)
Property, plant and equipment: Gross carrying amount as at 1 April 2007	Correction of conversion costs not capitalised in the vehicle fixed asset register. (Also see note 25.2)	1,108

**Add:**

Component	Detail	
Property, plant and equipment: Gross Carrying amount as at 31 March 2007	Extras capitalised (Also see note 25.11(g))	403

**Total** **76,956**

**b) Depreciation charge for the year ended 31 March 2007**

Balance previously reported:- **(41,825)**

**Less:**

Component	Detail	
Property, plant and equipment: Accumulated depreciation as at 31 March 2007	Decrease in depreciation due to the correction of depreciation policy and the first time review of residual values and estimated useful lives. (Also see note 25.11 (j))	(5,217)
Property, plant and equipment: Accumulated Depreciation as at 31 March 2007.	Correction of additional depreciation regarding conversion costs capitalised to GMT vehicles during the year ended 31 March 2007. (Also see note 25.11 (j)).	(145)

**Total** **(36,753)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**c) Impairment loss for the year ended 31 March 2007**

Balance previously reported:- **(2,353)**

**Less:**

Component	Detail	
Property, plant and equipment: Accumulated depreciation as at 31 March 2007	Decrease in impairment loss due to the correction of the depreciation policy and the first time review of residual values and estimated useful lives. (Also see note 25.11. (k))	149

**Total** **(2,204)**

**d) Disposals at book value**

Balance previously reported:- **(9,970)**

**Add:**

Component	Detail	
Property, plant and equipment: Gross Carrying amount as at 31 March 2007	Vehicle sold in 2006/07 resulting in a loss on sale of motor vehicles (Also see note 25.11 (h))	(385)
Property, plant and equipment: Accumulated depreciation as at 31 March 2007	Decrease in accumulated depreciation due to the correction of depreciation policy and the first time review of residual values and estimated useful lives. (Also see note 25.11(h))	(427)

**Total** **(10,782)**

**e) Damaged vehicles used for parts**

Balance previously reported:- **(96)**

**Less:**

Component	Detail	
Property, plant and equipment: Accumulated depreciation as at 31 March 2007.	Decrease in impairment loss due to the correction of depreciation policy and the first time review of residual values and estimated useful lives. (Also see note 25.11(k))	33

**Total** **(63)**

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**f) Stolen and alienated**

Balance previously reported:- **(1,215)**

**Add:**

Component	Detail	
Property, plant and equipment: Gross Carrying amount as at 31 March 2007	Correction of extras (Also see note 25.11(k))	(2)
Property, plant and equipment: Gross Carrying amount as at 31 March 2007	Vehicle stolen in 2006/07 (Also see note 25.11 (k))	(121)

**Less:**

Component	Detail	
Property, plant and equipment: Accumulated depreciation as at 31 March 2007	Increase in accumulated depreciation due to the correction in depreciation policy and the first time review of residual values and estimated useful lives. (Also see note 25.11 (k))	6

**Total** **(1,331)**

**g) Non-current assets held for sale**

Balance previously reported:- **(1,680)**

**Less:**

Component	Detail	
Property, plant and equipment: Accumulated depreciation as at 31 March 2007	Increase in accumulated depreciation due to the correction of depreciation policy and the first time review of residual values and estimated useful lives.	73

**Total** **(1,607)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**R'000**

**25.2 Trade creditors as at 31 March 2007**

Correction of trade creditors not raised as at 31 March 2008 as well as the correction of a bank overdraft to the amount of R 620,823 that have previously been included in trade creditors as at 31 March 2007.

The effect of the error on the results of 2006/2007 is as follows:

Balance previously reported:-

**9,522**

**Add:**

Component	Detail	
Trade creditors as at 31 March 2006	Correction of trade creditors not raised as at 31 March 2006 (Also see note 25.10)	125
Trade creditors as at 31 March 2006	Correction of trade creditors regarding conversion costs to vehicles not capitalised. (Also see note 25.1.2 (a))	1,108
Trade creditors as at 31 March 2006	Correction of an operating lease liability not raised as at 31 March 2006 (Also see note 25.10)	440

**Expenditure for the year ended 31 March 2007**

**Administrative expenses:**

Component	Detail	
Trade creditors as at 31 March 2007	Correction of trade creditors not raised as at 31 March 2007 regarding general administrative expenses (Also see note 25.11 (e))	2
Trade creditors as at 31 March 2007	Correction of trade creditors not raised as at 31 March 2007 regarding travel and subsistence (Also see 25.11 (e))	381

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

R'000

**Other operating expenses:**

<b>Component</b>	<b>Detail</b>	
Trade creditors as at 31 March 2007	Correction of trade creditors not raised as at 31 March 2007 regarding third party claims against GMT (Also see note 25.11 (i))	35
Trade creditors as at 31 March 2007	Correction of trade creditors not raised as at 31 March 2007 regarding maintenance, repairs and running costs of machinery and equipment (Also see note 25.11 (g))	26
Trade creditors as at 31 March 2007	Correction of trade creditors not raised as at 31 March 2007 regarding consultants, contractors and special services. (Also see note 25.11 (m))	619
Trade creditors as at 31 March 2007	Correction of trade creditors not raised as at 31 March 2007 regarding tracking cost. (Also see note 25.11 (n))	122
Trade creditors as at 31 March 2007	Correction of operating leases incorrectly raised as at 31 March 2007 (Also see note 25.11 (l))	(22)

**Less: Correction cash and cash equivalents included in trade creditors**

<b>Component</b>	<b>Detail</b>	
Trade creditors as at 31 March 2007	Correction of a bank overdraft included in trade creditors	(1,571)
Trade creditors as at 31 March 2007	Correction of bank balances and cash included in trade creditors	950

**Balance as at 31 March 2007**

**11,738**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**R'000**

**25.3 Deferred income**

The balance of deferred income as at 31 March 2006 as well as the movements on deferred income for the year ended 31 March 2007 has been affected by the recompilation of the vehicle fixed asset register in accordance with the corrected accounting policy and the first time review of useful lives and residual values of vehicles donated to GMT and vehicles financed from grants. The effect on the results of 2006/2007 is as follows:

Balance previously reported:-

**94,914**

**Add:**

Component	Detail	
Deferred income as at 31 March 2006	Increase in deferred income balance as at 31 March 2006 due to the correction of the depreciation policy and the first time review of residual values and estimated useful lives of vehicles. (Also refer to note 25.10)	13,823

**Correction of Grants received during the year**

Component	Detail	
Deferred income as at 31 March 2007	Correction of cost price of take-in vehicles (See note 25.1.2(a))	(223)

Component	Detail	
Deferred income as at 31 March 2007	Correction of grants recognised as income (Also see note 25.11 (b))	2,477

**Balance as at 31 March 2007**

**111,214**

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

R'000

**25.4 Property, plant and equipment -**

**Plant and equipment**

The carrying value of plant and equipment as at 31 March 2006 have been adjusted to eliminate duplications to the amount of R 13,762 and to include plant and equipment with a carrying value of R 291,443.21 that have not been recorded in the prior year's fixed asset register.

**Gross carrying amount as at 31 March 2006**

Balance previously reported:-

**978**

**Add:**

Component	Detail
Property, plant and equipment: Gross Carrying amount as at 31 March 2006	Correction of the cost price of assets not previously recorded and assets duplicated in the fixed asset register. (See note 25.10)

837

**Balance as at 31 March 2006**

**1,815**

**Accumulated depreciation as at 1 April 2006**

Balance previously reported:-

**286**

**Add:**

Component	Detail
Property, plant and equipment: Accumulated depreciation as at 31 March 2006	Correction of the accumulated depreciation of plant and equipment not previously recorded (See note 25.10)

559

**Balance as at 31 March 2006**

**845**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**R'000**

**25.5 Cash and cash equivalents**

**a) Bank balances and cash**

GMT's trading account with the Western Cape Department of Transport and Public Works has previously been disclosed as Cash and bank balances.

GMT's trading account does not necessarily have cash implications and is therefore restated to be part of trade receivables. The FNB - Fleet account has previously been incorrectly disclosed in the balance of trade creditors as at 31 March 2007:

Balance previously reported:-

**98,218**

**Corrections:**

Component	Detail	
Bank balances and cash	Disclosure of GMT's trading account with the Western Cape Department of Transport and Public Works as part of trade receivables	(98,218)
Bank balances and cash	Correction of the FNB Fleet account included in trade creditors as at 31 March 2007.	950

**Balance as at 31 March 2007**

**950**

**b) Bank overdraft**

The Wes bank - Fleet account has incorrectly been included in the balance of trade creditors as at 31 March 2007

Balance previously reported:-

-

Component	Detail	
Bank overdraft	Correction of the Wesbank Fleet account - included in trade creditors as at 31 March 2007.	1,571

**Balance as at 31 March 2007**

**1,571**



**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

R'000

**25.6 Accounts receivable**

GMT's trading account with the Western Cape Department of Transport and Public Works has previously been disclosed as cash and bank balances. GMT's trading account does not necessarily have cash implications and was therefore restated to trade receivables.

Balance previously reported:-

**86,737**

Component	Detail
Accounts receivable	Disclosure of GMT's trading account with the Western Cape Department of Transport and Public Works as part of trade receivables

98,218

**Balance as at 31 March 2007**

**184,955**

**25.7 Intangible assets**

Amortisation on the intangible asset has previously been calculated incorrectly. The amortization expense has been correct as well as the carrying value of intangible assets as at 31 March 2006 and 2007.

**Accumulated amortization as at 31 March 2006**

Balance previously reported:-

**371**

**Add:**

Component	Detail
Intangible assets	Correction of accumulated amortization as at 31 March 2006 (Also see note 25.10)

4

**Balance as at 31 March 2006**

**375**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**R'000**

**Amortization for the year ended 31 March 2007**

Balance previously reported:-

**387**

**Add:**

Component	Detail
Intangible assets	Correction of amortization for the year ended 31 March 2007 (Also see note 25.11 (o))

22

**Total**

**409**

**25.8 Operating lease expenses**

An operating lease between GMT and Digicore Fleet Management (Pty) Ltd has previously not been recognised as an expense on a straight line basis over the lease term. The escalation in the lease payments is 10 % per annum. Tracking cost was therefore overstated by an amount of R 404,000 and operating lease expenses understated by the same amount.

Correction of operating lease expenses

**404**

Correction of tracking costs

**(404)**

**25.9 Re-imbursive income classified as revenue**

Re-imbursive income to an amount of R 12,991,016.91 was previously incorrectly included in revenue for the year ended 31 March 2007. Due to the fact that re-imbursive income does not form part of GMT's ordinary activities, it was classified as other income instead of revenue.

Correction of revenue

**(12,991)**

Correction of other income

**12,991**

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

R'000

**25.10 Effect on retained earnings as at 31 March 2006**

Balance previously reported:-

**192,012**

**Less:**

Detail	
Increase in deferred income balance as at 31 March 2006 due to the correction of depreciation policy and the first time use of residual values and estimated useful lives of vehicles. (Also refer to note 25.3)	(13,823)
Correction of trade creditors not raised as at 31 March 2006 (Also see note 25.2)	(125)
Correction of accumulated amortization as at 31 March 2006 (Also see note 25.7)	(4)
Correction of additional depreciation regarding conversion costs capitalised to four GMT vehicles as at 31 March 2006. (Also see note 25.1.1(b)).	(6)
Correction of operating lease liabilities not raised as at 31 March 2006 (Also see note 25.2)	(440)

**Add:**

Detail	
The cost price of vehicles that were stolen, sold and alienated in 2006 differed with the original purchase price. (Also see note 25.1.1)	19
Extras capitalised (Also see note 25.1.1)	1,674
Decrease in depreciation due to the correction of depreciation policy and the first time review of residual values and estimated useful lives. (Also see note 25.1.1 (b))	43,461
Correction of the carrying value of plant and equipment not previously recorded and assets duplicated in the fixed asset register (Also see note 25.4)	278

**Accumulate surplus as at 31 March 2006**

**222,846**

**Reconciliation of retained earnings as at 31 March 2006**

Balance previously reported in 2007 Annual Financial Statements

**192,012**

Correction of errors

**30,834**

**Restated balance**

**222,846**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

**R'000**

**25.11 Effect on profit for the year ended 31 March 2007**

Balance previously reported:-	<b>109,041</b>
<b>a) Revenue (Also see note 25.9)</b>	<b>(12,991)</b>
Balance previously reported	270,777
Restated balance	257,786
<b>b) Other income - Deferred income (Also see note 25.3)</b>	<b>(2,477)</b>
Balance previously reported	25,058
Restated balance	22,581
<b>c) Other income - Re-imbursive income (Also see note 25.9)</b>	<b>12,991</b>
Balance previously reported	-
Restated balance	12,991
<b>d) Interest Earned - External investments</b>	
Correction of interest earned that have been set off against bank charges.	47
Balance previously reported	-
Restated balance	47
<b>e) Administrative expenses</b>	
General administrative expenses (Also see note 25.2 and note 25.11 (d))	(49)
Balance previously reported	13,188
Restated balance	13,237
<b>f) Travel and subsistence (Also see note 25.2)</b>	<b>(381)</b>
Balance previously reported	9,657
Restated balance	10,038
<b>g) Other operating expenses (Also see notes 25.1.2(a) and 25.2)</b>	
Maintenance repairs and running costs - Machinery and equipment	377
Balance previously reported	97,015
Restated balance	96,638
<b>h) Loss on sale of vehicles (Also see notes 25.1.2 (d))</b>	<b>(812)</b>
Balance previously reported	900
Restated balance	1,712
<b>i) Third party claims (Also see note 25.2)</b>	<b>(35)</b>
Balance previously reported	503
Restated balance	538

**NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING 31 MARCH 2008**

CONTINUED

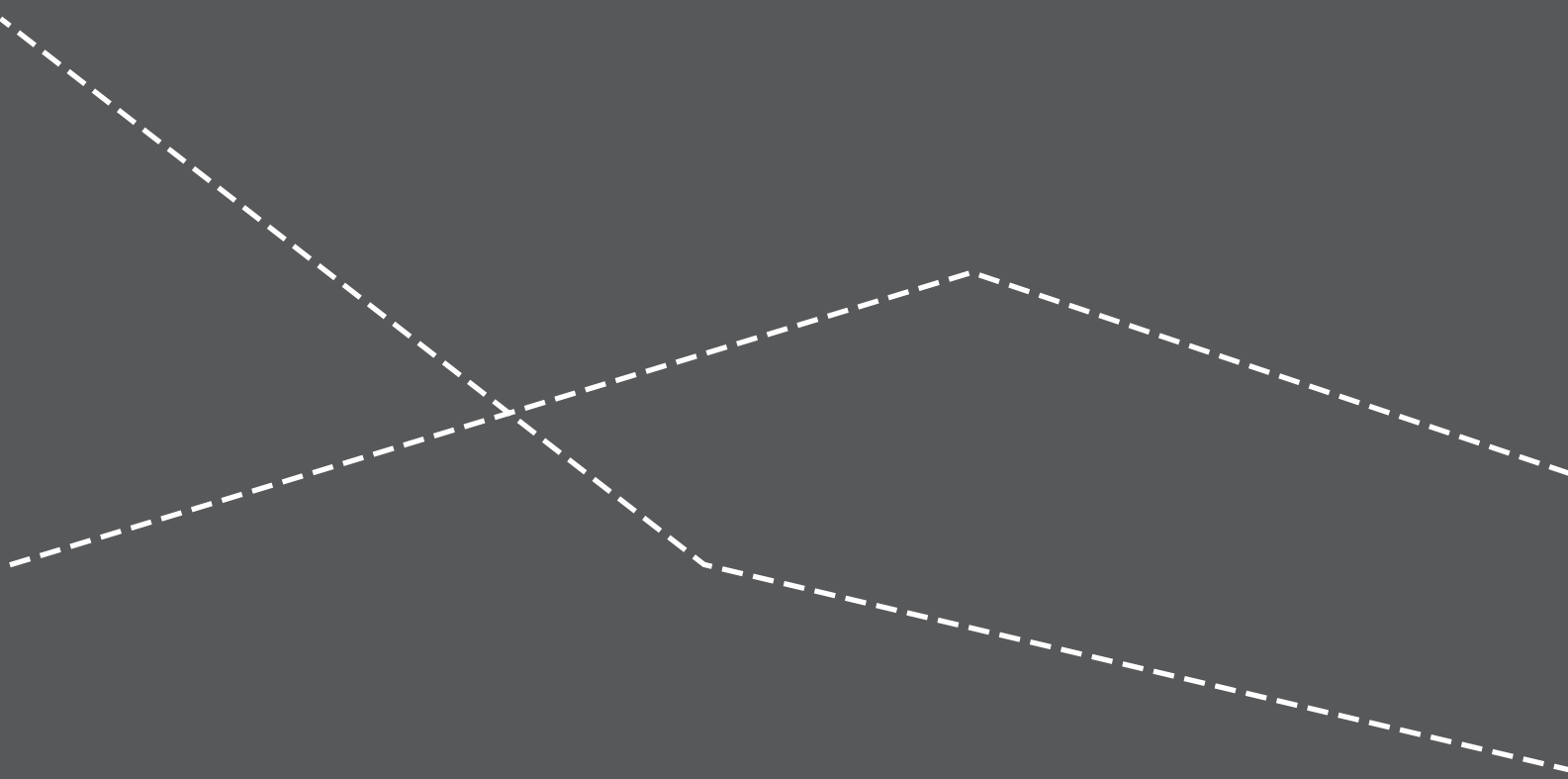
	<b>R'000</b>
<b>j) Depreciation: - vehicles (Also see note 25.1.2(b))</b>	5,072
Balance previously reported	41,825
Restated balance	36,753
<b>k) Impairment loss (Also see notes 25.1.2 (c),(f) and (e))</b>	66
Balance previously reported	4,391
Restated balance	4,325
<b>l) Operating leases (Also see note 25.2(l) and 25.8)</b>	(382)
Balance previously reported	7,794
Restated balance	8,176
<b>m) Consultants, contractors and special services (Also see note 25.2)</b>	(619)
Balance previously reported	5,489
Restated balance	6,108
<b>n) Tracking costs (Also see note 25.2 and 25.8)</b>	282
Balance previously reported	2,035
Restated balance	1,753
<b>o) Amortisation (Also see note 25.7)</b>	(22)
Balance previously reported	387
Restated balance	409
<b>Surplus for the year ended 31 March 2007</b>	<b>110,108</b>
<b>Reconciliation of profit for the year ended 31 March 2007:</b>	
Balance previously reported	109,041
Correction of errors	1,067
<b>Restated balance</b>	<b>110,108</b>

**26. CHANGE IN ESTIMATES**

**26.1 Provision for doubtful debts**

The provision for doubtful debts as at 31 March 2008 was assessed based on the requirements of IAS 39

Provision for doubtful debts as at 31 March 2008	18,198
Provision for doubtful debts as at 31 March 2007	25,210
<b>Change in Estimate</b>	<b>(7,012)</b>



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