

Government Motor Transport

ANNUAL REPORT

2008/2009



Department of
Transport & Public Works



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Mr Leslie Sampson

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
BEE	Black Economic Empowerment
CFO	Chief Financial Officer
CR	Creditor
DPSA	Department of Public Service and Administration
DR	Debtor
EAP	Employee Assistance Programme
e-Billing	Electronic billing
eFuel	Electronic Fuel Purchasing System
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
IDP	Individual Development Plan
IMLC	Institutional Management Labour Committee
MIB	Management Information Bureau
Mil	Million
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
PPA	Public Audit Act, 2004 (Act 25 of 2004)
PPE	Property, Plant and Equipment
S & T	Subsistence and Travel
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
VCT	Voluntary Counselling and Testing

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

Siyawuqonda umgaqo-nkqubo weelwimi wePhondo kwaye siyazama ukuwufezekisa. Kambe ke sayiqwalasela yeyokuba lulwimi lwesiNgesi ekufuneka lusetyenzisiwe kolu xwebhu. Iya kufumaneka nangezinye iilwimi ezimbini ezisemthethweni zaseNtsona Koloni kwakamsinya.

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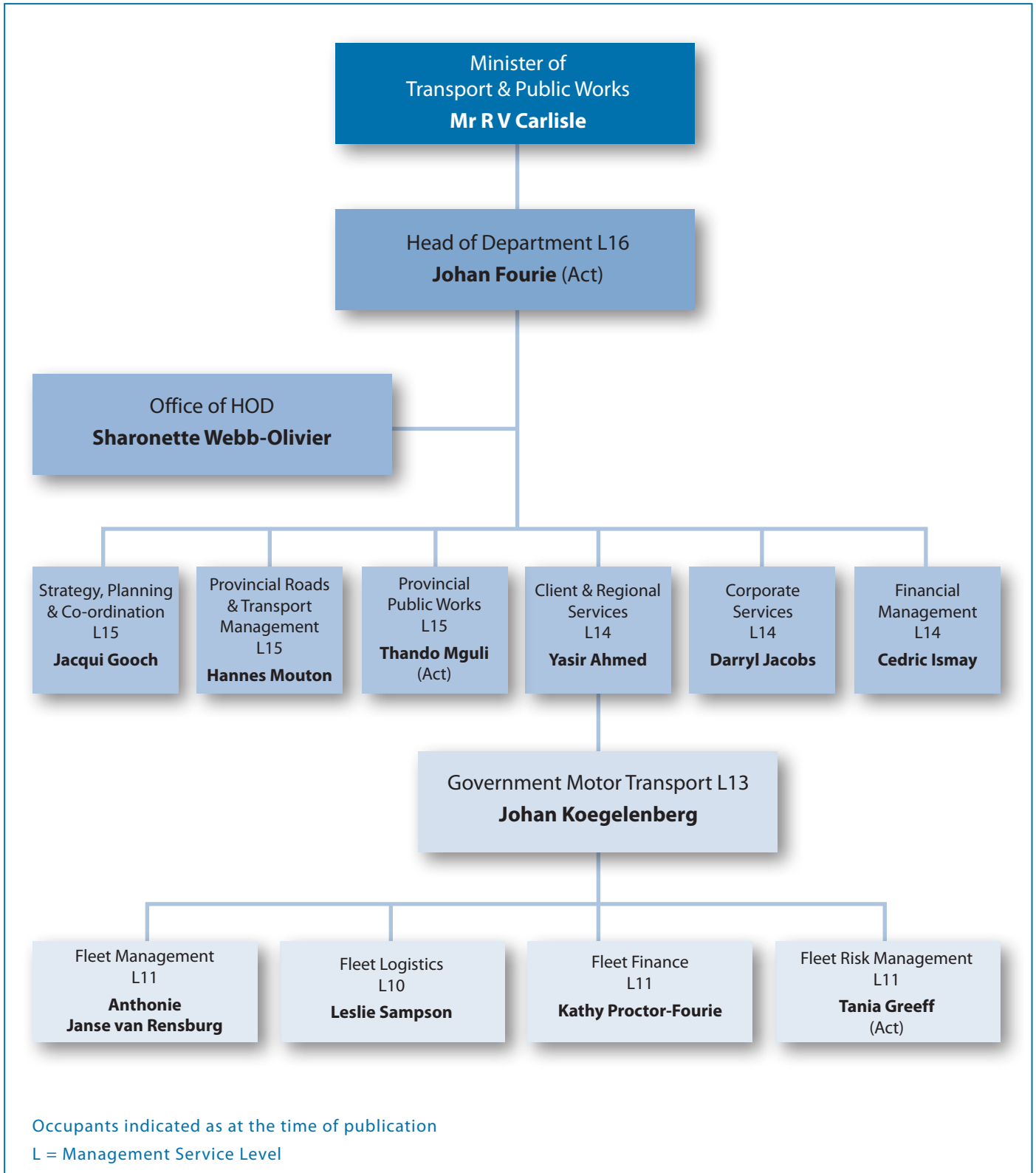
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PART ONE:

Organisational Structure

PART 1:
ORGANISATIONAL STRUCTURE

Figure 1: Organisational Structure



PART TWO:

General
Information

WESTERN CAPE PROVINCE

Vote 10: Department of Transport and Public Works

Trading Entity: Government Motor Transport

PART 2:

GENERAL INFORMATION

1.1 Submission of Annual Report to the Executive Authority

It is my pleasure to formally submit the Annual Report for the period 1 April 2008 to 31 March 2009 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.



CJ FOURIE
ACCOUNTING OFFICER

Date: 21 August 2009

1.2 Introduction

GMT, which forms part of the Department of Transport and Public Works and operates as a separate Trading Entity, is organised into four divisions, namely:

Fleet Management
Fleet Logistics
Fleet Finance
Fleet Risk Management

The macrostructure of the Department of Transport and Public Works and linkage with GMT is depicted in Figure 1 (PART 1 of this Report).

1.3 Vision

The best Government Motor Transport service.

1.4 Mission

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.

1.5 Strategic Goals/Deliverables

In the Annual Performance Plan for the 2008/09 financial year and in support of section 27(4) of the Public Finance Management Act, 1999 (Act 1 of 1999 as amended), targets were set for different areas in GMT, in order to ensure that performance can be measured. The following key deliverables were identified, the progress of which is captured under PROGRAMME PERFORMANCE PART 3 of this Report:

- Keeping fleet within its life expectancy
- Improving vehicle management and control
- Full recovery of all outstanding debt

- Development and implementation of effective business processes
- Improvement and enhancement of electronic systems
- Improve quality of service to client departments
- Empowerment of clients to manage their vehicles effectively

1.6 Legislative Framework

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:

Administrative Adjudication of Roads Traffic Offences Act, 1998 (Act 46 of 1998) and Regulations, 2008

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

Road Traffic Management Corporation Act, 1999 (Act 20 of 1999)

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)

In addition, there are other internal policy documents, frameworks and guidelines which further govern the responsibilities and obligations of GMT.

PART THREE:

Programme
Performance

WESTERN CAPE PROVINCE

Vote 10: Department of Transport and Public Works

Trading Entity: Government Motor Transport

PART 3:

PROGRAMME PERFORMANCE

3.1 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 2008/09	Actual 2008/09	Deviation %
Strategic Goal 1	Keep fleet within its life expectancy			
Replacement of vehicles	% of fleet within norms	90	81	9
Service and maintenance of vehicles	Vehicle <u>not serviced</u> and maintained	0	0	0
Technical inspections	% of fleet inspected	98	77	21
Identify under utilisation of vehicles	Monthly publications	12	12	0
Maintain the vehicle asset register	Quarterly issues	4	4	0
Strategic Goal 2	Improving vehicle management and control			
Training of transport officials (operational)	Sessions completed	5	10	100
Training of transport officials (FleetMan)	Sessions completed	12	12	0
Implementation of vehicle tracking and control	Vehicles completed	4 967	4 213	15
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	25	23	8

Measurable Objectives	Performance Measure / Indicator	Achievements		
		Target 2008/09	Actual 2008/09	Deviation %
Misuse complaints logged and followed up	Number of cases reported	671	671	0
Manage traffic violation incident documentation	Number of violation incident documentation received	23 075	23 075	0
Logging of incidents at MIB	Number of cases reported	686	686	0
Implement risk management module in FleetMan	% executed	100	100	0
Strategic Goal 3				
Full recovery of all outstanding debt				
Decrease amount of old outstanding debt (older than 1 year)	Outstanding in Rand value	R8 mil	R6 mil	25
Full implementation of debtor management module in FleetMan	Monthly publications	100	100	0
Strategic Goal 4				
Development & implementation of effective business processes				
Drafting of business processes	Processes completed	100	105	5
Maintaining/upkeep of business processes	% processes documented	20	80	60
Evaluation of business processes	% completed	100	100	0
Strategic Goal 5				
Improvement and enhancement of electronic systems				
Updating of computer server and associated desktop hardware	% of maintenance programme	100	100	0
Development of GMT web site	% Functional web site completed	100	100	0
Full deployment of the MIB	% posts filled	100	100	0
Strategic Goal 6				
Improvement of quality of service to clients				
Maintain regular operational and financial client forums	Monthly meetings	10	7	30
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

Measurable Objectives	Performance Measure / Indicator	Achievements		
		Target 2008/09	Actual 2008/09	Deviation %
Strategic Goal 7	Empowerment of clients to manage vehicles effectively			
Compile and publish operational management information	Monthly publication	12	12	0
Compile and publish risk analyses profiles	Monthly publication	12	12	0
Maintain a full time misuse report line	% cases reacted upon	100	100	0
Provide for a web-enabled FleetMan	Number of FleetMan users	315	197	37

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 2009/10 financial year.

Technical Inspections

More emphasis was placed on quality assurance and value for money by inspecting work in progress - rather than doing bulk vehicle asset inspections.

Strategic Goal 2

Training of Transport Officials (operational)

Special attention was given to process the backlog of outstanding training sessions. More sessions than originally planned were executed to improve the service levels.

Implementation of Vehicle Tracking and Control

The majority of the GMT fleet is already fitted with vehicle tracking units and the projected increase in additional vehicle purchases by client departments did not realise.

Equitable Distribution of Work Activities to Merchants

The planned increase of the BEE merchant database could not be fully realised. Further work is required that is hampered by the slump in the economy. GMT will continue with its drive to increase the BEE market share through the equitable distribution of work to PDI/HDI's.

Strategic Goal 3

Decrease Amount of Debt

Although GMT made progress in recouping its debt older than one year, the full target could not be reached. Further assistance of the Treasuries will be obtained.

Strategic Goal 4

Drafting of Business Processes

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

The target to draft all processes is closer than planned due to the fast-tracking of the project.

Strategic Goal 5

Maintain regular operational and financial client forums

Three Forum meetings had to be cancelled due to other operational commitments that could not be postponed, e.g. year-end closure and audits.

Strategic Goal 7

Provide for a web-enabled FleetMan

The deviation is due to the cleanup of the user database - all inactive users were removed from the database, i.e. all resignations, transfers, retirements and other related employment status changes.

PART FOUR:

Human Capital
Management
(Oversight
Report)

WESTERN CAPE PROVINCE

Vote 10: Department of Transport and Public Works

Trading Entity: Government Motor Transport**PART 4:****HUMAN CAPITAL MANAGEMENT (Oversight Report)****4.1 General Note**

The statistics and information published in this part of the annual report 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, 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,
- Are achieving national transformation priorities established by the Cabinet, for example, affirmative action.

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
 psiu@dpsa.gov.za
 Fax: (012) 314-7020

To ensure that enough time is available to evaluate and incorporate your suggestions, please ensure that all submissions are submitted on or before 31 August.

For a detailed description and explanation of the terminology used in this section of the 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).

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).

4.2 Service Delivery Improvement

All State institutions are required to develop a Service Delivery Improvement Plan (SDIP). The following tables reflect the components of the GMT SDIP as well as progress made in the implementation of the plans.

TABLE 4.1: Main Service Provided and Standards

Main Services	Actual Clients	Potential Clients	Standard of Service	Actual Achievement
Provide a government motor transport service.	National and provincial client departments and other institutions. Political office bearers.	Government client departments managing internally or utilising outsourced fleets.	Renewal, maintenance and repair of vehicle fleet. Collection of user tariffs and outstanding debts. Disposal of redundant vehicles. Ensure user satisfaction. Implementation of vehicle tracking management. Manage the risk assessment strategy. GMT Bureau.	A dedicated 24/7/365 report line was used to facilitate the reporting and follow-up of alleged fraud and misuse of Government vehicles. A yearly user satisfaction survey was undertaken. User forums are maintained. A web-enabled fleet management system was further rolled out to users. The debtor management module in the fleet management system was utilised to produce debtor age analysis, billing and identification of funds via electronic fund transfers. The fleet management system updates the Accounting Officer, CFO, Head of the Trading Entity with the status of the Trading Account. The fitment of vehicle tracking to the fleet was completed. The Fleet Management system (FleetMan) has been enhanced with the release of a Client Module to assist clients at departmental level to manage their vehicles. The GMT Bureau's main focus was to create incident management facilities for reporting on accidents, breakdowns, hi-jacking, distress calls and alleged misuse of vehicles. The Bureau also supplied vehicle activity information to client departments and to internal divisions within GMT.

4.3 Consultation Arrangements with Clients and Staff

TABLE 4.2: 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 providers.	The workplace skills development committees met on regular basis.
Circulars.	Employees within GMT and client departments.	Affected staff from other departments.	New policies, procedures and processes with an internal focus were communicated with staff members through internal communication memo's and circulars (electronic as well as paper based).
Committees, forums and meetings.	Employees within GMT, merchants and other service providers.	Affected staff and new service providers.	Forums continued to facilitate buy-in and decision making at operational levels.

TABLE 4.3: Service delivery access strategy

Access Strategy	Actual achievements
GMT adapted its organisation internally to meet service delivery demands from client departments.	GMT consulted with its users on a regular basis. Service level agreements were consulted with clients and 8 have been signed-off. The balance will be processed during 2009/2010.
Responsibility and authority throughout GMT is devolved to the lowest possible levels without compromising delivery standards.	GMT promoted a culture of empowerment, which encourages increased interaction with clients and expeditious service delivery.

TABLE 4.4: Service information tool

Types of information tool	Actual achievements
Publishing of management reports, circulars, policy documents and procedure manuals as a tool to communicate with employees and clients of GMT.	This is an ongoing process that improves continuously. It includes the distribution and publishing of Circulars in electronic format on the GMT web portal as well as internal communication in electronic format.
Participating in exhibitions.	Electronic systems were demonstrated at exhibitions to promote functional activities.
Drafting, publishing and updating business procedures to empower staff.	<p>The project to document all internal business procedures is 80% completed.</p> <p>The business procedures are published on the departmental Electronic Content Management System (ECM Livelink).</p>
Maintaining of various help desk/call centre facilities.	<p>The following were operational:</p> <p>GMT Bureau for the reporting of all fleet management related incidents and to obtain information.</p> <p>Technical Helpdesk for liaison with regard to technical fleet management issues.</p> <p>Call centre operated by the private vendor Nedfleet facilitating repairs and maintenance to vehicles.</p> <p>Call centre operated by the private vendor Automated Fuel Solutions (AFS) facilitating eFuel enquiries.</p> <p>Call centres operated by DigiCore and AFSOL facilitating tracking and control enquiries.</p>
Electronic publications.	<p>Publications on Intranet and Internet.</p> <p>Phase 1 of the ECM Livelink system to facilitate file tracking and archiving of information in electronic format, was rolled out.</p>

TABLE 4.5: Complaints mechanism

Complaints Mechanism	Actual achievements
A dedicated full time telephone report line is available to the public to report any alleged misuse of Government vehicles.	During the year 644 cases of complaints were recorded in FleetMan and followed up with client departments. Feedback is given when requested. Misuse of state property is a serious matter and leads to misappropriation of funds. Risk profiles are drawn and issued to client departments for the necessary action.
Traffic violations incurred with Government vehicles are received by GMT and processed.	During the year 6 599 cases of traffic violations were recorded in FleetMan and followed up with client departments. Feedback is given when requested. Drivers involved in traffic violations are held responsible for the settlement of fines by the client departments. Risk profiles are drawn and issued to client departments for the necessary action.
A system of performance management was utilised to measure the actual performance and service delivery of staff on all levels.	The evaluation of performance outputs through Moderating Committees. IPDPs were reviewed and changes effected for the new reporting year. Excellent performance was rewarded, and poor performers identified for redress.

4.3 Expenditure

The following tables summarise final Persal based expenditure (TABLE 4.6) and by salary bands (TABLE 4.7). In particular, it provides an indication of the amount spent on personnel costs or salary bands within GMT.

TABLE 4.6: 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	286 652	14 016	0	4.9	146

Note: Data used is taken from Persal as information is not available on BAS in this format. The budget for the Workplace Skills Plan is allocated within Programme 1 of the Department of Transport and Public Works, from where the majority of the training interventions are funded.

TABLE 4.7: 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)	909	6.6	76
Skilled (Levels 3-6)	6 231	45.0	106
Highly skilled production (Levels 7-9)	5 051	36.5	187
Highly skilled supervision (Levels 10-12)	1 020	7.4	340
Senior management (Level 13)	625	4.5	625
Total	13 836	100	136

The following table provides a summary by salary bands (TABLE 4.8), of expenditure incurred as a result of salaries, overtime, homeowners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

TABLE 4.8: Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	570	4.1	14	0.1	68	0.5	119	0.9
Skilled (Levels 3-6)	4 160	30.1	130	0.9	271	2.0	595	34
Highly skilled production (Levels 7-9)	3 585	25.1	17	0.1	120	0.9	266	1.9
Highly skilled supervision (Levels 10-12)	736	5.3	5	0.04	0	0	24	0.2
Senior management (Level 13)	365	2.6	0	0	4	0.3	19	0.1
Total	9 416	68.1	166	1.2	463	3.3	1 023	7.4

4.4 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 4.9), salary band (TABLE 4.10) and critical occupations (TABLE 4.11). The Entity has no critical occupations that need to be monitored. TABLE 4.12 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 4.9: Employment and vacancies by salary bands as at 31 March 2009

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	12	37	0
Skilled (Levels 3-6)	62	57	8	0
Highly skilled production (Levels 7-9)	25	23	8	0
Highly skilled supervision (Levels 10-12)	4	3	25	0
Senior management (Level 13)	1	1	0	0
Total	111	96	14	0

4.5 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 6 post of secretary has been re-evaluated and upgraded to level 7 personal assistant during the year under review.

4.6 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 4.10).

TABLE 4.10: Annual turnover rates by salary bands

Salary band	Number of employees per band as at 31 March 2009	Appointments and transfers into GMT	Terminations and transfers out of GMT	Turnover rate (%)
Lower skilled (Levels 1-2)	12	1	0	8
Skilled (Levels 3-6)	57	7	4	19
Highly skilled production (Levels 7-9)	23	1	4	22
Highly skilled supervision (Levels 10-12)	3	0	0	0
Senior management (Level 13)	1	0	0	0
Total	96	9	8	18

TABLE 4.11: Reasons why staff are leaving the Entity

Termination Type	Number	% of total
Resignation	1	1.0
Dismissal – misconduct	0	0
Discharged due to ill-health	0	0
Retirement	2	2.1
Transfers to other Public Service Departments	3	3.1
Total	6	
Total number of employees who left as a % of the total employment		6.3

TABLE 4.12: Promotions by salary bands

Salary band	Employees as at 31 March 2009	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)	12	0	0	9	75
Skilled (Levels 3-6)	57	3	5.3	43	75
Highly skilled production (Levels 7-9)	23	0	0	21	91
Highly skilled supervision (Levels 10-12)	3	0	0	3	100
Senior management (Level 13)	1	0	0	1	100
Total	96	3	3.1	77	80

4.7 Employment Equity

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

TABLE 4.13: Total number of employees (including employees with disabilities) per occupational categories as at 31 March 2009

Occupational Categories	Male				Female				Total
	African	Col	Indian	White	African	Col	Indian	White	
Senior officials	0	0	0	1	0	0	0	0	1
Professionals and managers	1	4	0	8	0	1	0	4	18
Technicians and associate professionals	0	0	0	8	0	0	0	0	8
Clerks & Administrative office workers	0	13	0	11	5	25	0	3	57
Elementary occupations	1	11	0	1	0	0	0	0	12
Total	4	28	0	28	5	26	0	7	96
Employees with disabilities	0	0	0	2	0	0	0	0	2

TABLE 4.14: Total number of employees (including employees with disabilities) per occupational bands as at 31 March 2009

Occupational Bands	Male				Female				Total
	African	Col	Indian	White	African	Col	Indian	White	
Top Management (Levels 15 & 16)	0	0	0	0	0	0	0	0	0
Senior Management (Levels 13 & 14)	0	0	0	1	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	1	0	1	0	0	0	1	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	3	0	15	0	1	0	3	23
Semi-skilled and discretionary decision making	0	13	0	11	5	25	0	3	57
Unskilled and defined decision making	1	11	0	0	0	0	0	0	12
Total	2	28	0	28	5	26	0	7	96

TABLE 4.15: Recruitment

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

TABLE 4.16: Terminations

Occupational Bands	Male				Female				Total
	African	Col	Indian	White	African	Col	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	0	0	2	0	0	0	0	2
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
Total	0	0	0	2	0	1	0	0	3
Employees with disabilities	0	0	0	0	0	0	0	0	0

TABLE 4.17: Disciplinary action

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

TABLE 4.18: Skills development

Occupational Categories	Male				Female				Total
	African	Col	Indian	White	African	Col	Indian	White	
Senior officials and managers	0	2	0	2	0	0	0	6	10
Technicians and associate professionals	2	6	0	27	0	2	0	10	47
Clerks	0	25	0	14	8	47	0	6	100
Total	2	33	0	43	8	49	0	22	157
Employees with disabilities	0	0	0	7	0	0	0	0	7

4.8 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 4.19), salary bands (TABLE 4.20) and critical occupations (TABLE 4.21).

TABLE 4.19: Performance Rewards by race, gender and disability

Race	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2009	% of total within group	Cost (R'000)	Average cost per employee (R)
African	0	7	0	0	0
Male	0	2	0	0	0
Female	0	5	0	0	0
Indian	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Coloured	18	54	33	80	4 407
Male	8	28	29	38	4 707
Female	10	26	38	42	4 166
White	16	35	45	127	7 938
Male	11	28	39	83	7 545
Female	5	7	71	44	8 827
Total	34	96	35	207	6 088
Employees with a disability	1	3	33	4	4 044

TABLE 4.20: 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)	2	12	17	5.0	2 536	0.04
Skilled (Levels 3-6)	19	57	33	75.6	3 972	0.55
Highly skilled production (Levels 7-9)	9	23	39	67.6	7 507	0.49
Highly skilled supervision (Levels 10-12)	3	3	100	46.6	15 546	0.34
Total	33	95	35	194	5 901	1.4

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

TABLE 4.21: Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within band	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total SMS budget
Band A	1	1	100	16 000	16 000	0.12

4.9 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 4.22) and disability leave (TABLE 4.23). In both cases, the estimated cost of the leave is also provided.

TABLE 4.22: 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)	97	66	11	92	9	19
Skilled (Levels 3-6)	458	68	46	81	10	141
Highly skilled production (Levels 7-9)	182	134	20	87	9	108
Highly skilled supervision (Levels 10-12)	15	67	3	3	5	14
Senior management (Level 13)	40	100	1	100	40	55
Total	792	71	82	85	10	337

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

TABLE 4.23: 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)	0	0	0	0	0	0
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)	7	7	1	1	7	10
Total	7	7	1	1	7	10

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

TABLE 4.24 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 4.24: Annual Leave, 1 January 2008 to 31 December 2008

Salary bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	273	23
Skilled (Levels 3-6)	1 269	24
Highly skilled production (Levels 7-9)	663	26
Highly skilled supervision (Levels 10-12)	64	21
Senior management (Level 13)	9	9
Total	2 278	24

TABLE 4.25: Capped leave, 1 January 2008 to 31 December 2008

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 2008
Lower skilled (Levels 1-2)	4	4.0	30
Skilled (Levels 3-6)	62	6.2	27
Highly skilled production (Levels 7-9)	80	13.3	49
Highly skilled supervision (Levels 10-12)	1	1.0	30
Senior management (Level 13)	0	0	100
Total	147	802	34

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

TABLE 4.26: Leave payouts

Reason	Total Amount (R'000)	Number of Employees	Average payment per employee (R)
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)	60	2	30 000
Current leave payout on termination of service for 2006/07	0	0	0
Current leave payout as recognition of long leave (20 +30 years)	27	8	3 375
Total	87	10	8 700

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

4.10 HIV & AIDS, and Health Promotion Programmes

TABLE 4.27: Steps taken to reduce the risk of occupational exposure

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

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
<p>Specific categories of staff were not identified. To err on the side of safety, all staff is regarded to be at risk of contracting HIV and related diseases.</p> <p>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>	<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.</p> <p>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"> • First Aiders using gloves when treating injuries. • Awareness- raising at VCT campaigns. • Serialised communication to all staff through the e-mail system. <p>Regional managers are encouraged to regularly raise the matter of HIV and Aids in general meetings.</p>

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

TABLE 4.28: Details of Health Promotion and HIV and AIDS Programmes (the applicable boxes are ticked and provide the required information)

Question	Yes	No	Details, if yes
<p>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.</p>	X		<p>Mr D Jacobs: Executive Manager Corporate Services.</p>

Question	Yes	No	Details, if yes																														
<p>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.</p>	X		<p>The Department employs a full time HIV & AIDS Co-ordinator who co-chairs a combined monthly Focal Unit Meeting with other human rights components.</p> <p>The HIV & AIDES Committee comprises of 14 members who represent all sectors of the Department, as well as trade unions.</p> <p>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.</p>																														
<p>3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.</p>	X		<p>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.</p> <p>Key elements of the service:</p> <ul style="list-style-type: none"> • Counseling to assist with personal difficulties (psycho-social). • HIV & AIDS counseling. • Critical incident stress debriefing. <p>The Department has employed a full-time EAP Co-ordinator who is attached to the Special Programmes unit, together with the HIV and AIDS Co-ordinator.</p>																														
<p>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.</p>	X		<table border="0"> <tr> <td>JS van Stade</td> <td>Chairperson</td> </tr> <tr> <td>B de Jong</td> <td>Corporate Services</td> </tr> <tr> <td>E Young</td> <td>Roads Infrastructure</td> </tr> <tr> <td>K Apollis</td> <td>Public Transport</td> </tr> <tr> <td>J Hector</td> <td>Ceres District Office</td> </tr> <tr> <td>M Frieslaar</td> <td>Ceres District Office</td> </tr> <tr> <td>S Claassen</td> <td>Oudtshoorn Office</td> </tr> <tr> <td>G Hendricks</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>C Sako</td> <td>Public Works</td> </tr> <tr> <td>P Dominguez</td> <td>Government Motor Transport</td> </tr> <tr> <td>E Nel</td> <td>Supply Chain Management</td> </tr> </table> <p>Union Representatives are:</p> <table border="0"> <tr> <td>R Resandt</td> <td>Nehawu</td> </tr> <tr> <td>W Taylor</td> <td>PSA</td> </tr> </table>	JS van Stade	Chairperson	B de Jong	Corporate Services	E Young	Roads Infrastructure	K Apollis	Public Transport	J Hector	Ceres District Office	M Frieslaar	Ceres District Office	S Claassen	Oudtshoorn Office	G Hendricks	George Office	L Nicholson	Public Transport (Goulburn Centre)	S Morse	Roads Infrastructure (Bellville)	C Sako	Public Works	P Dominguez	Government Motor Transport	E Nel	Supply Chain Management	R Resandt	Nehawu	W Taylor	PSA
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P Dominguez	Government Motor Transport																																
E Nel	Supply Chain Management																																
R Resandt	Nehawu																																
W Taylor	PSA																																
<p>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.</p>	X		<p>The Department has a dedicated HIV and AIDS Co-ordinator who regularly promotes the need for work practices that denounce/discourage unfair discrimination.</p>																														

Question	Yes	No	Details, if yes
<p>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.</p>	X		<p>Twenty one (21) 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 & 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>
<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.</p>	X		<p>Yes, on a regular basis and also at every possible opportunity. In total 870 staff members have tested by department initiatives. 21 Staff members have tested positive. However, none of these 21 infected employees have disclosed their positive status. Hence our focus has shifted to generally mitigating the negative effects of stigmatisation.</p>
<p>8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.</p>	X		<p>VCT remains 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.</p> <p>Regular communiqués on healthy living are e-mailed to all staff.</p> <p>VCT 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 and DPSA on request).</p>

4.11 Labour Relations

For the following; GMT has a nil report:

- Misconduct and disciplinary hearings finalised
- Misconduct addressed at disciplinary hearings
- Grievances lodged
- Personnel that partook in strikes
- Disputes lodged with Councils
- Precautionary suspensions

4.12 Skills Development

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

TABLE 4.29: Training needs identified at 1 April 2008

Occupational Categories	Gender	Number of employees as at 31 March 2009	Training needs identified (from IDP)		
			Learnerships	Skills Programmes & other short courses	Total
Senior officials and managers	Female	1	0	4	4
	Male	3	0	2	2
Technicians and associate professionals	Female	4	0	17	17
	Male	19	0	78	78
Clerks	Female	34	0	70	70
	Male	25	0	37	37
Elementary occupations	Female	0	0	0	0
	Male	12	0	6	6
Total		98	0	210	210

Note: Two officials identified at 1 April 2008 left the service before 31 March 2009.

TABLE 4.30: Training provided

Occupational Categories	Gender	Number of employees as at 31 March 2009	Training provided		
			Learnerships	Skills Programmes & other short courses	Total
Senior officials and managers	Female	1	0	6	6
	Male	3	0	8	8
Technicians and associate professionals	Female	4	0	12	12
	Male	19	0	35	35
Clerks	Female	34	0	61	61
	Male	25	0	42	42
Elementary occupations	Female	0	0	0	0
	Male	12	0	13	13
Total		98	0	177	177

Note:

1. Two officials identified at 1 April 2008 left the service before 31 March 2009.
2. Other forms of training mainly refer to ABET.

4.13 Injury on Duty

The following table provides basic information on injury on duty.

TABLE 4.31: Injury on duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	1

4.14 Utilisation of External Resources/Consultants

GMT utilised the services of external/outsourced computer system development resources to assist with the upkeep and enhancement of FleetMan. The provincial government's 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's service delivery to client departments.

FleetMan consists of the following:

TABLE 4.32: System Configuration

Facility	Quantum as at 31 March 2008	Quantum as at 31 March 2009
Screens	208	272
Reports	282	302
Tables	575	674
Records	58 499 628	82 948 489
Space utilized	10 Gb	17 Gb
Database	19 Gb	24 Gb

The expert knowledge and skill of chartered accountants were contracted in to assist with the following assignments:

- Preparation of the Annual Financial Statements.
- Conversion from GRAP to GAAP (also refer to par 6.1.2 of PART 6 of this Report).

GMT obtained approval from National Treasury in terms of Treasury Regulation 17.3.1 to procure a GAAP compliant accounting system. A migration plan was compiled and implementation has commenced. The resources also assisted with these actions.

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

TABLE 4.33: Analysis on consultant appointments using appropriated funds

Project Title / Consultant	Total number of consultants that worked on the project	Duration: Work period (Hours)	Contract value in Rand
Fleet management system (FleetMan) development and maintenance:			
Business Analyst (contractors)	1	2 452	
System Development (contractors)	6	9 957	
Business Consulting (contractors)	1	2 799	R 8 185 429
Financial management improvement: Chartered accountants (consultants)	3	843	R 1 219 006
Total number of projects	2	16 051	R 9 404 435

Table 4.34: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDI's)

Project Title / Consultant	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Fleet management system / X-Pert Group	18.6	25	3
Financial management improvement / Ducharme Consulting	50	33	1

4.15 Report on consultant appointments using Donor Funds

No Donor Funds were utilised.

PART FIVE:

Cluster Audit
Committee
Report

Government Motor Transport

PART 5:

AUDIT COMMITTEE REPORT

FOR THE FINANCIAL YEAR ENDING 31 MARCH 2009

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2009.

Appointment of Audit Committee

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 however been served by the Economic Cluster Audit Committee for the period under review.

Audit Committee Members and Attendance

The audit committee consists of the members listed hereunder and should meet at minimum 4 times per annum as per its approved terms of reference. During the year under review 7 meetings were held.

Name	Meetings Attended
Mr P Jones (Chairperson)	7
Mr S Claassen	7
Mr Z Hoosain	6
Mr J Jarvis	7

Apologies were tendered and accepted for meetings not attended. All meetings were properly quorated.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

In 2004 the Sihluma Sonke Consortium was appointed to develop and transfer internal audit skills to the internal audit staff of the Provincial Government. The Consortium contract expired on 14 December 2008.

Significant progress was made during the financial year under review to capacitate the shared internal audit function within Provincial Treasury. The transition from a co-sourced internal audit function to an in-house internal audit function in our assessment was successful.

In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by the execution of a risk-based internal audit coverage plan for the period under review, as well as a review of corrective actions and suggested enhancements to the controls and processes.

The Internal Auditors and the Auditor-General reported some instances of non-compliance with prescribed policies and procedures. On our evaluation this was not indicative of major weaknesses in the control environment, even though some errors occurred during the manual conversion of the Annual Financial Statements from a cash to an accrual basis of accounting. We concur with Internal Audit and the Auditor-General's recommendations as tabled in the various reports and management has agreed to implement corrective actions.

GMT made progress in respect of Enterprise Risk Management, but is constrained by the non-availability of capacity of the parent department. The Economic Cluster Audit Committee is monitoring progress on a quarterly basis.

The Committee previously reported on the growing crisis of Information Technology (IT) within the Provincial Government. The Provincial Shared Audit Committee was presented with a turn-around strategy to address the IT-related risks facing the Province, and is closely monitoring the situation. Until the turn around strategy has been fully implemented, the risks facing the department will not be mitigated to an acceptable level.

The quality of in year management and quarterly reports submitted in terms of the PFMA

The Audit Committee is satisfied with the content and quality of quarterly In Year Monitoring and Quarterly Performance reports prepared and issued by the Accounting Officer of the Entity during the year under review.

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General 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 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 be accepted and read together with the report of the Auditor-General.

Appreciation

The Audit Committee wishes to express its appreciation to the Officials of the Entity, the Department, Provincial Treasury, the Auditor-General and the Internal Audit Unit for the information they have provided to compile this report.



Mr. P.C. Jones
Chairperson of the Economic Cluster Audit Committee
Date: 7 August 2009

PART SIX:

Annual
Financial
Statements

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 2009. 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 2008 to 31 March 2009. 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 2009 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 2009 were submitted for auditing on 29 May 2009.

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 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Government Motor Transport which comprise the balance sheet as at 31 March 2009, the income statement, the statement of changes in equity and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 63 to 99.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 No. 1 of 1999) (PFMA), Auditor-General audit circular 1 of 2007 and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

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 No. 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 read with 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 about 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government Motor Transport as at 31 March 2009 and its financial performance and its 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 matters

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

Contingent liability

8. Note 24 of the financial statements indicate that the trading entity is a party to claims instituted against it by third parties, which relate to accidents involving state vehicles. The outcome of these claims cannot presently be determined. Consequently, no provision has been made for any liability that may result.

Restatement of corresponding figures

9. As disclosed in note 32 to the financial statements, the corresponding figures for year ended 31 March 2008 have been restated as a result of errors discovered during 2009 in the financial statements of the Government Motor Transport at, and for the year ended, 31 March 2008.

Other matters

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

Governance framework

10. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance requirements addressed below:

Key governance responsibilities

11. 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 key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		✓
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		✓
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines section 40 of the PFMA.	✓	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	✓	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	The trading entity had an audit committee in operation throughout the financial year.	✓	
	The audit committee operates in accordance with approved, written terms of reference.	✓	
	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.	✓	

No.	Matter	Y	N
7.	Internal audit		
	The trading entity had an internal audit function in operation throughout the financial year.	✓	
	The internal audit function operates in terms of an approved internal audit plan.	✓	
	The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2.	✓	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		✓
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.		✓
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 3.2.	✓	
12.	Powers and duties have been assigned, as set out in section 44 of the PFMA.	✓	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		✓
14.	SCOPA resolutions have been substantially implemented.	✓	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	✓	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		✓
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Government Motor Transport against its mandate, predetermined objectives, outputs, indicators and targets Treasury Regulations 5.1, 5.2 and 6.1.	✓	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	✓	

12. While the trading entity received an unqualified audit opinion, the shortcomings in respect of certain key governance responsibilities in the table above require attention, especially in financial and risk management and information systems to facilitate the preparation of financial statements and performance information.
13. The main issues driving these findings include deficiencies in the control environment (financial reporting competencies in the finance department requires further improvement) and a lack of control activities (operational controls; segregation of incompatible duties; and a lack of manual or automated controls to ensure that the transactions occurred, are authorised, and are completely and accurately processed).
14. Over and above the observations on the key governance responsibilities, the internal control deficiencies mentioned in paragraph 13 also resulted in other important audit findings, as highlighted in the final management report of the trading entity that should also receive the attention of those charged with governance.

Delay in the finalisation of the audit

15. In terms of section 40(2) of the PFMA I am required to submit my report to the accounting officer within two months of the receipt of the financial statements. Due to internal processes to ensure that quality standards are maintained as well as the late resolution of audit findings, I have delayed the finalization of my report, although the financial statements were received on 31 May 2009.

Report on performance information

16. I have reviewed the performance information as set out on pages 16 to 19.

The accounting officer's responsibility for the performance information

17. 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.

The Auditor-General's responsibility

18. 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.
19. In terms of the foregoing my engagement included performing procedures of a review 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.
20. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Findings on performance information**Non-compliance with regulatory requirements****Lack of effective, efficient and transparent systems and internal controls regarding performance management**

21. The accounting officer did not ensure that Government Motor Transport has and maintains an effective, efficient and transparent system and internal controls regarding performance management, which describe and represent how the institution's processes of performance planning, monitoring, measurement, review and reporting will be conducted, organised and managed, as required in terms of section 38(1)(a)(i) and (b) of the PFMA.

Usefulness and reliability of reported performance information

22. The following criteria were used to assess the usefulness and reliability of the information on the entity's performance with respect to the objectives in its annual performance plan:
- Consistency: Has the entity reported on its performance with regard to its objectives, indicators and targets in its approved annual performance plan?
 - Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. Is this specific and measurable, and is the time period or deadline for delivery specified?
 - Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

The following findings relate to the above criteria:

Reported performance information not relevant

The targets for the following objectives were not specific in clearly identifying the nature and the required level of performance and were not measurable in identifying the required performance:

Predetermined objective	Indicator	Target
Standard service and maintenance and repairs of vehicles	Vehicles not serviced and maintained	0
Manage traffic violations incident documentation	Number of violation incident documentation received	0
Misuse complaints logged and followed up	Number of cases reported	0
Provide for a web-enabled fleetman	Number of fleetman users	0

APPRECIATION

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

Auditor - General

Cape Town
3 August 2009



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

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 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.

The financial affairs of GMT are currently managed in terms of standard operating procedures and a GAAP compliance implementation framework as part of the strategy until the GAAP compliant accounting system is fully functional. The current accounting policies were revisited and amended where necessary. The BAS account system was successfully closed-off after which the conversion to GAAP was undertaken.

GMT obtained approval from National Treasury in terms of Treasury Regulation 17.3.1 to procure a GAAP compliant accounting system on 14 April 2008. A migration plan was compiled during 2008 and implementation has commenced. It is envisaged that the new system will be functional with effect from 1 April 2010.

The expert knowledge and skill of chartered accountants are contracted-in to assist with these actions as well as the conversion process.

6.1.3 Overview of AFS

Financial performance

Revenue for the year under review has increased by 26.4 % (R 66.5million) from R252.9 million in the 2007/08 year to R319.3 million in the 2008/09 year. This increase is a combined result of the annual tariff increase as well as an increase in the number of kilometres travelled during the financial year.

Other Income for the year under review decreased by R 2.5 million from R49.1 million in the 2007/08 year to R 46.6 million in the 2008/09 year. Included in other income for the year ended 31 March 2008 is a reversal of a provision for doubtful debts of R 7 million. If the provision is excluded from actual other income received in 2007/2008, there is an increased of R 4.6 million in the 2008/09 year.

The total expenditure of GMT of R 286.7 million was marginally higher than the estimated expenditure / budget of R 270 million. The increase is mainly attributed to the increase in the Operating Expenditure (the maintenance, repair and running costs of the fleet) which was difficult to restrain. Repairs and maintenance expenditure in relation to the value of PPE remained relatively constant over the past two years although there was an expansion of the fleet. This improvement could be the result of more effective fleet management where older vehicles are identified and replaced when they near the end of their useful lives. The maintenance as a percentage of expenditure (55%) is high but this is in line with the type of business that GMT is conducting.

The net profit for the year decreased from R 103.7 million in the 2007/08 year to R 79.3 million in the 2008/09. The decrease in the net profit percentage is mainly due to the increase in operating expenditure due to the rising cost of fuel, maintenance and other running costs of the vehicle fleet. GMT intends to reinvest this profit to improve the fleet and service delivery to its client departments.

Asset turnover indicates how effectively assets were utilised by GMT to produce revenue. The higher the turnover figure, the more effectively assets are utilised. Asset turnover for GMT was calculated at 0,49 times for 2008/2009 and 0,46 times for 2007/2008 and reflects a marginal improvement.

Financial position

The financial position strengthened significantly as at year-end compared to 31 March 2008.

Non current assets increased from R 325.7 million to R 400.8 million mainly due to the increase in number of vehicles and the cost of the new vehicles in the fleet.

Current Assets increased from R 223.9 million to R 253 million. This was mainly due to an increase of R 29.4 million in Debtors / Trade Receivables from R 220.8 million on 31 March 2008 to R 250.2 million on 31 March 2009 as well as the increase of R16 million in the GMT trading account, held by the Western Cape Department of Transport & Public Works, from R 164 million on 31 March 2008 to R 180.5 million on 31 March 2009.

The Accumulated Surplus/Total Equity increased from R 414.7 million as at 31 March 2008 to R 494 million as at 31 March 2009. This increase is mainly due to the increase in the value of the fleet for the financial year under review.

Significant accounting for errors

There are no changes in GMT's accounting policies for the 2008/2009 financial year. Corrections were however made to prior year balances which decreased GMT's accumulated surplus as at 31 March 2007 with R 22 million and its Net Profit for the year ended 31 March 2008 with R 0.9 million. The decrease was mainly due to a provision that was raised for doubtful debts to align GMT's trade receivables with its debtor's listings.

6.1.4 Policy

GMT has continued through the financial year under review to provide a vehicle fleet management service to its clients in managing the vehicles of the government.

The project to fit tracking devices to the relevant vehicles within the fleet was concluded during the 2008/09 year. This innovation will allow clients to manage the utilisation of 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 GMT Bureau and existing technical help desk facilities.

The risk module within FleetMan has been developed further to generate risk profile reports as a tool for GMT to exercise overhead management of the highest risk areas in the fleet, such as traffic violations, misuse incidents reported and accidents and other losses. Risk profiles were compiled on a regular basis and utilised in the early detection of risks and compilation of action plans to contain such risks. Profiles were issued to the clients to assist with remedial action and future prevention.

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 4,676 vehicles in the fleet.

During the course of the year 491 replacement and 211 additional vehicles were purchased and received. The fleet is compiled as follows:

Provincial Departments (88 % of the fleet)	Quantity
Agriculture	208
Cape Nature	146
Community Safety	375
Cultural Affairs & Sport	80
Economic Development & Tourism	18
Education	507
Environmental Affairs & Development Planning	36
Western Cape Gambling & Racing Board	1
Health	1 476
Local Government & Housing	90
Parliament	6
Premier	56
Social Development	329
Transport & Public Works	112
Treasury	19
Government Motor Transport (General Pool)	720*
SUB TOTAL	4 179

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

National Departments (12% of the fleet)	Quantity
Environmental Affairs & Tourism (Marine and Coastal Management)	117
Home Affairs	26
Independent Complaints Directorate	6
Justice & Constitutional Development	135
Labour (Service Products)	2
Land Affairs	28
Mineral & Energy Affairs	1
Office of the Presidency	2
Parliament	3
Prosecuting Authority	7
Public Service Commission	1
Public Works	77
South African Social Security Agency (SASSA)	92
SUB TOTAL	497
GRAND TOTAL	4 676

6.2.2 Fleet management system (FleetMan)

GMT's core business activities are supported by this integrated system. The system is a tool that allows GMT to provide cost-effective, quality transport services to the clients and continuous service delivery improvement. It is further effectively utilised in the management of income and expenditure activities including fuel purchases, as well as the maintenance, repairs and sale of vehicles. GMT's clients have on-line access to FleetMan via the client module to manage the vehicles allocated to them.

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 replacement of vehicles is thus funded by the GMT Trading Account. The kilometre tariff income on the other hand provides for the running costs of vehicles. Provincial Treasury approved the revised tariffs for 2008/09.

6.2.4 Inventories

Refer to Note 7 of the Notes to the AFS.

6.3 Capacity constraints

6.3.1 Thefts/hijacking and accidents

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. The necessary financial provision to cover the cost was made within the operational budget of GMT. The project is showing positive results as all four stolen vehicles recovered during the 2008/09 financial year were vehicles fitted with tracking devices.

As mentioned, only four vehicles (thirteen less than the previous year) were stolen / hijacked during the 2008/09 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. During hijackings officials are placed under serious stress which requires counselling afterwards.

Vehicles lost through serious accidents (for example people transporters) cannot always be replaced immediately due to the lead time on replacement vehicle orders.

6.3.3 Staff and establishment structure

GMT staff and organisation remained unchanged during the year under review. The micro structure of the organisation is under review and it is planned to conclude this project during the 2009/2010 financial year. A revised establishment should lead to enhanced service delivery and efficiencies.

6.3.4 Debt control

The e-billing process utilising electronic odo metre readings proved successful as all kilometres travelled during the 2007/08 and 2008/09 year could be billed before year-end.

It remains a challenge to ensure that government debtors settle their accounts within 30 days as prescribed by the PFMA. A possible short term solution is under investigation in consultation with the client departments and the Provincial Treasury and will see the recovery of 12 monthly instalments as advance payments equal to the yearly budgetary provision for GG transport per client.

A long term solution would be to implement electronic interfaces between FleetMan and the new GMT accounting system and the BAS within client departments. This project will be accelerated after the implementation of the GMT accounting system.

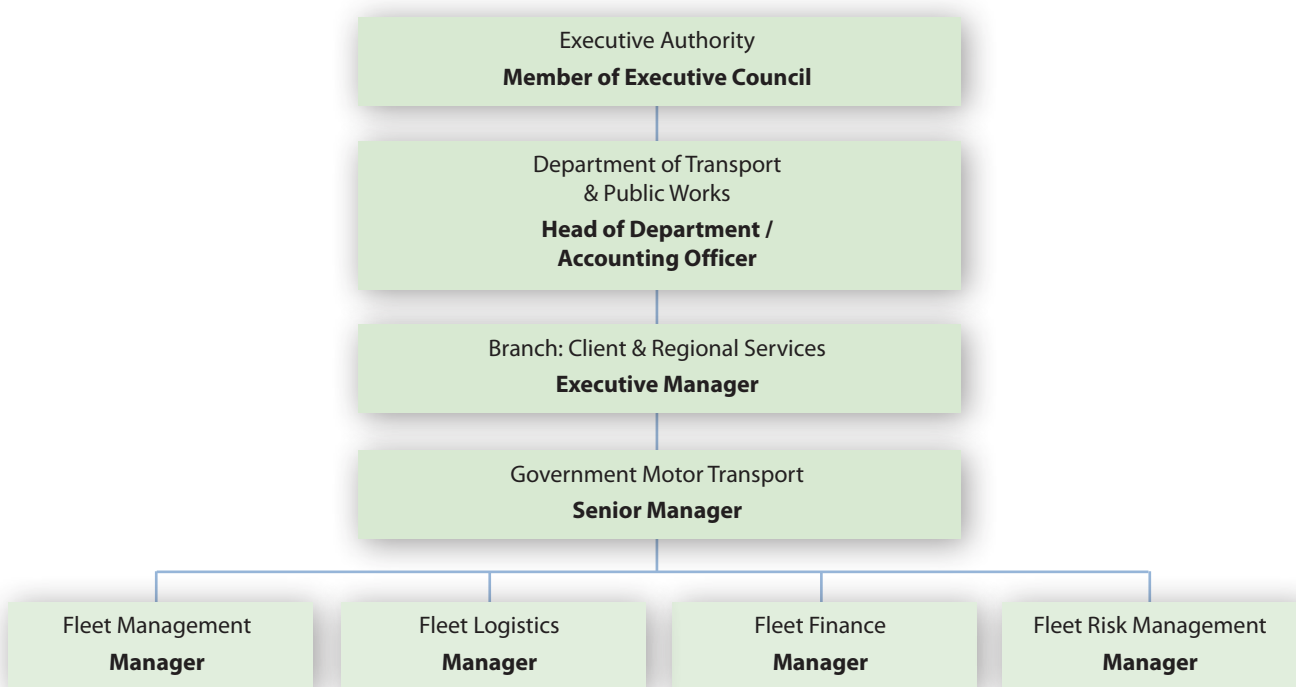
6.3.5 Transport Officers

GMT is assisted by departmental transport officers in the management of the fleet. However, challenges are still experienced at operational levels. An action plan was compiled which requires clearly defined job descriptions for transport officers to address all operational requirements, an intensified training programme, more frequent assets inspections and quality checks by the technical and administrative staff of GMT. Early detection and addressing of the shortcomings would lead to improved service delivery. The action plan with effective monitoring and evaluation was launched during 2008 and will be continued with in the next financial year.

6.4 Trading Entity GMT

6.4.1 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 agreement and development plan.

6.5 Corporate governance arrangements

6.5.1 Risk management

GMT under the auspices of the Enterprise Risk Management Unit of the Department documented the strategic and operational risks. The necessary Risk and Control Matrix which identified the risks and the rating/likelihood was compiled. The risks were revisited during a follow-up workshop and updated together with the measures (treatment) to address them. The implementation of these measures is monitored by the GMT Management Team.

The internal Fleet Risk Division was responsible for generating risk profiles, covering risks such as traffic violations, misuse incidents reported and accidents/losses, in order to enable client departments and GMT to manage and mitigate the reoccurrence of these risks.

Special attention was given to the business risks pertaining to maintenance and fuel transactions. The internal Fleet Management Division continued with regular monitoring of transaction reports. The service agents Nedfleet and Automated Fuel Solutions (AFS) assisted with this task as part of the maintenance and fuel management contracts.

6.5.2 Fraud prevention

GMT as part of the Department participates in the shared provincial whistle blowing mechanisms, which are provided by the Forensic Investigation 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 Investigation. 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 and Risk Management Committee was established. The Head of GMT is a member of the said Committee.

The Department issued a fraud prevention plan inclusive of a policy during 2004. The plan and policy is under review.

Notwithstanding the aforementioned, GMT developed an internal Risk Management Policy that is utilised together with the risk management module within FleetMan to register and manage all cases involving losses and accidents. Effective control is exercised through the issuing of a system controlled sequence number allocated to each case.

6.5.3 Internal audit and control

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.

The process and control maps that were previously completed by Internal Audit as well as internal audits on four audit areas in GMT namely Fleet Management, Fleet Risk Management, Fleet Finance and Fleet Logistics have been revisited and updated with the latest developments. Internal Audit also performed a general computer control review on FleetMan and other systems utilised by GMT. The outcomes of these audits were managed to ensure that all recommendations are implemented.

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.

6.5.4 Audit committee

The Department is served by the Economic Cluster Audit Committee.

6.5.5 Conflict of interest

The Senior Manager: GMT has, as is required of a SMS member, disclosed his financial interests on an annual basis. This information is captured on Persal.

6.5.6 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 relationships with others.

6.5.7 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.

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.

A further module (Client Module) to assist clients in the management of the fleet at departmental level has been launched and training sessions were introduced to enable transport officers to utilise the new functionality.

Special attention was also given to the enhancement of the system to manage traffic violations more effectively. All historic data has been captured to enable GMT to produce profiles to identify officials that commit offences on a regular basis. The traffic violation data as captured by the Metro of Cape Town's traffic authorities is obtained in electronic format and integrated into FleetMan to streamline and speed-up the follow-up process. This pilot project will be rolled-out to the other traffic authorities in the Western Cape during the 2009/2010 financial year.

A customised version of FleetMan is in a testing phase in the Free State Province as part of the pilot project to share the system with other Organs of State to promote co-operative governance and to prevent unnecessary development cost. The final roll-out of the system requires further work which will continue in the next financial year.

The system's operating system and database were migrated to the latest version of Oracle 11G.

(b) Service level agreement (SLA)

The SLA makes provision for all the services performed by GMT together with service standards. Eight clients have signed the SLA's. The outstanding SLA's will be concluded in the next financial year.

(c) Training of Transport Officers

A special project to increase the training sessions where transport officers receive training in operational activities of the fleet was introduced towards the end of 2008. Further training has already been scheduled and the project will be continued with during the next financial year.

(d) Vehicle conversions

GMT in consultation with the Department of Health embarked on a project to develop, design and build local vehicle conversions for ambulances, rescue vehicles, forensic pathology transporters and mobile health clinics. The focus of this project was to enable a quicker turn-around time for conversion work and to increase the economic growth in this sector in the Western Cape. The conversions appear to be successful and further research and testing will be continued with in the next financial year.

(e) Traffic violation management (also refer to par 6.6 (a) above)

The volume of traffic violations has increased drastically over the last 2 financial years. A high priority project that was launched by GMT during 2008/2009 focussed on the following:

- Consultation with the clients, traffic authorities and local courts.
- Speeding-up of document capturing and processing.
- Utilisation of advanced electronic processing of cases.
- Identification of trends for issuing to clients for actioning, e.g. disciplinary process.

It is planned to commence with the issuing of the trend profiles to clients with effect from June 2009.

(f) Old outstanding debt

The Policy on Debtors/Accounts Receivable for GMT establishes a process relating to the raising, management and settlement of debtors and covers the life cycle of any item of debt. The internal organisation provides for a dedicated Debtors Control Section staffed with officials allocated to each client

department. Once the monthly accounts are raised and delivered to each client department attention is focused on follow-up actions (mostly telephonic) on previous month's outstanding accounts. The actions were intensified during 2008/2009 and at year-end a total amount of R 62 mil was recorded as outstanding. The amount compared to the previous financial year reflects an increase of 29%.

The debtors' collection period was calculated which shows how long (on average) the departments take to pay their invoices. The debtors' collection period in 2008/2009 (79.6 days) remained constant compared to 2007/2008 (82 days). The debtors' collection period is still unacceptably high if it is compared to the PFMA requirement that debtors should be paying within 30 days.

The outstanding debt which reflects a shortfall in revenue impacted negatively on the timely ordering of replacement vehicles and regular maintenance of vehicles. The impact was absorbed by GMT through internal reprioritisation. The Provincial and National Treasuries will now be requested to intervene and assist GMT to recover the amounts from the respective clients.

(g) Business process drafting project

The drafting of all operational business processes is nearing completion. It is planned to complete the project during 2009/2010. The second phase to identify possible improvements and the alignment of electronic system processes with the business has commenced.

(h) GMT portal launch

GMT, with the assistance of the Provincial component of e-Innovation, redesigned the internal website to be more users friendly and up to date. The new portal that was launched in March 2009 is updated on a regular basis by GMT's own web author to ensure that fleet management policy and other guideline documents are available to its staff and clients.

6.7 Events after the reporting date

Note 26 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.

6.8 Performance information

The Annual Performance Plan (2008/09 – 2010/11) was tabled in the Provincial Parliament. Performance information will be dealt with in **PART 3** 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: 29 May 2009

**GOVERNMENT MOTOR TRANSPORT
BALANCE SHEET AS AT 31 MARCH 2009**

	Notes	2008/09 R'000	2007/08 R'000
EQUITY AND LIABILITIES			
Equity			
Retained Earnings		494,013	414,702
Total equity		494,013	414,702
Non-current liabilities			
Non-current provisions	1	1,346	1,335
Deferred income	2	139,725	126,093
Total non-current liabilities		141,070	127,427
Current liabilities			
Trade and other payables	3	18,433	6,916
Provisions	4	282	332
Bank overdraft	9	-	184
Total current liabilities		18,715	7,432
Total liabilities		159,785	134,860
Total equity and liabilities		653,798	549,562
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	5	389,612	316,007
Intangible assets	6	11,133	9,661
Total non-current assets		400,745	325,668
Current Assets			
Inventory	7	33	45
Accounts receivable	8	250,160	220,840
Cash and cash equivalents	9	1,969	2,366
Non-current assets held for sale	10	890	642
Total current assets		253,053	223,894
Total Assets		653,798	549,562

GOVERNMENT MOTOR TRANSPORT
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2008/09 R'000	2007/08 R'000
REVENUE			
Revenue	11	319,346	252,894
Other Income	12	46,616	49,055
Interest Earned - External investments	13	-	29
Total Revenue		365,962	301,978
EXPENDITURE			
Administrative expenses	14	(16,412)	(11,701)
Staff costs	15	(14,016)	(13,328)
Operating expenditure	16	(196,969)	(120,790)
Depreciation	17	(46,495)	(41,269)
Amortisation	18	(940)	(682)
Accidents and losses	19	(2,706)	(1,982)
Other expenses	20	(1)	-
Operating leases	27	(9,113)	(8,516)
TOTAL EXPENDITURE		(286,652)	(198,268)
PROFIT FOR THE YEAR		79,311	103,709

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2009**

Description	Retained earnings	Total equity
	R	R
Balance at 1 April 2007	332,954	332,954
Correction of errors (Note 32.7)	(21,961)	(21,961)
Restated balance	310,993	310,993
Changes in equity for 2008		
Profit for the year ended 31 March 2008	103,709	103,709
Balance previously reported	104,579	104,579
Correction of errors (Note 32.8)	(870)	(870)
Balance at 31 March 2008	414,702	414,702
Changes in equity for 2009		
Profit for the year ended 31 March 2009	79,311	79,311
Balance at 31 March 2009	494,013	494,013

GOVERNMENT MOTOR TRANSPORT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2008/09 R'000	2007/08 R'000
Cash receipts from customers		296,209	216,289
Cash paid to suppliers and employees		(218,718)	(153,464)
Cash generated from operations	21	<u>77,491</u>	<u>62,825</u>
Interest received		-	29
NET CASH FROM OPERATING ACTIVITIES		<u>77,491</u>	<u>62,854</u>
CASH FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		10,894	12,662
Acquisition of property, plant and equipment		(124,631)	(79,629)
Intangible asset - development cost capitalised		(2,412)	(3,702)
NET CASH FROM INVESTING ACTIVITIES		<u>(116,148)</u>	<u>(70,669)</u>
CASH FROM FINANCING ACTIVITIES			
Increase in income received in advance		4,657	(27,331)
Grants received during the year		33,787	37,949
NET CASH FROM FINANCING ACTIVITIES		<u>38,443</u>	<u>10,618</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>(213)</u>	<u>2,803</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		<u>2,182</u>	<u>(621)</u>
CASH AND CASH EQUIVALENTS - END OF THE YEAR	22	<u>1,969</u>	<u>2,182</u>

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2009

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 base and the principle accounting policies of GMT have been consistently applied.

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 the balance sheet date. Revenue from daily tariffs are calculated and charged against client departments over the estimated useful life cycle of vehicles to enable GMT to replace the vehicle at the end of its life cycle and to cover GMT overheads. Revenue are also charged against client departments for all kilometres covered in GMT vehicles according to a tariff per classification code of the vehicle to cover the maintenance and running costs of the fleet.

Interest received

Interest received is recognised on the accrual basis.

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.

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)

Gains and losses on the disposal of plant and equipment are recognised in the Income Statement 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 an 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 Income Statement 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. Non-current assets held for sale

Non-current Assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held-for-sale are measured at the lower of their previous carrying amount or fair value less costs to sell.

10. 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.

11. 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. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The historical cost of inventory includes the following:

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

12. Financial instruments

Classification

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

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
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 held at fair value through profit or loss.

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
- 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. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected lifespan of the financial instrument, or when appropriate a shorter period, to the net carrying amount of the financial asset or liability.

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 Balance Sheet when the entity becomes a party to the contractual provisions of the instrument.

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

Derecognition

- **Financial assets:**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when management approves the write-off of Financial Assets due to non recoverability.

- **Financial liabilities:**

Financial Liabilities are derecognised when, and only when, the entity's obligations are discharged, cancelled or they expire.

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.

13. 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.

14. Deferred Income

Government grants received as well as vehicles donated to 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.

15. Comparative figures

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

16. 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.

17. 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 2009) and the date on which the audit of the financial statements is completed (31 July 2009) 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.

18. 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.

1 NON-CURRENT PROVISIONS	2008/09 R'000	2007/08 R'000
Capped leave pay:		
Opening balance	1,335	1,244
Provisions made during the year	11	129
Less: Current portion transferred to current liabilities	-	(38)
	1,346	1,335

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.

2 DEFERRED INCOME

Opening balance	125,526	110,992
Grants/vehicles received during the year	34,480	37,949
Transferred to other income	(25,505)	(23,414)
Closing balance	134,501	125,526
Other government grants received (Income received in advance)	5,224	567
	139,725	126,093
Depreciation, impairment and vehicles sold and alienated	25,505	23,414

Deferred income represents capital utilised or available to fund purchases of vehicles that was received from National and Provincial departments. The grants are specifically intended to purchase vehicles as specified in a memorandum of understanding and are spent upon receipt thereof on the specific make and model vehicle of the department's choice. None of these grants will be surrendered to the grantor.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

	2008/09 R'000	2007/08 R'000
3 TRADE AND OTHER PAYABLES		
Trade creditors	17,213	5,424
Sundry creditors	611	782
Operating lease liability (See note 27)	609	710
	18,433	6,916

GMT has financial risk policies in place to ensure that all creditors are paid within 30 days from receipt of an invoice or, in the case of civil claims, from the date of settlement or court judgment as determined by National Treasury Regulation 8.2.3 and section 38(1)(f) of the PFMA.

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

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

4 CURRENT PROVISIONS**Personnel expense related commitments:**

Performance bonuses	195	233
Overtime, staff leave, 20/30 year service and acting allowances	87	61
Current portion of non-current provisions	-	38
	282	332

Commitments

Commitments consist of amounts owing to staff in terms of performance bonuses, overtime and leave pay (cycle leave). Performance bonuses accrue to employees on an annual basis, subject to their performance during the financial year. The timing of the payment of performance bonuses are subject to the processes and approvals as required by the department, however the payment will occur within the next twelve months. The provision is an estimate of the amount due at the reporting date.

The 20/30 year service bonus is paid only after the time period is reached as staff may still leave the service before they reach their 20/30 service dates. The acting allowances are subject to payment until such time as the posts are permanently filled. The timing of the outflow of these provisions is uncertain due to the nature the specific provisions.

The movement on current provisions are reconciled as follows:

	Performance bonus	Overtime, staff leave & 20/30 year service	Non current provisions	Total
31 March 2009:				
Balance at beginning of year	233	61	38	332
Contributions to provision	195	87	-	282
Expenditure incurred	(233)	(61)	(38)	(332)
Balance at end of year	195	87	-	282

	Performance bonus	Overtime, staff leave & 20/30 year service	Non current provisions	Total
31 March 2008:				
Balance at beginning of year	194	38	9	241
Contributions to provision	232	61	-	294
Transfer from non-current	-	-	38	38
Expenditure incurred	(194)	(38)	(9)	(241)
Balance at end of year	232	61	38	332

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

5 PROPERTY, PLANT AND EQUIPMENT

31 March 2008

Reconciliation of Carrying Value

Description	Plant and equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2007	893	292,271	293,164
Gross carrying amount	2,479	417,658	420,137
Accumulated depreciation:	(1,550)	(123,183)	(124,733)
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
Stolen and alienated	-	(1,094)	(1,094)
Cost	-	(2,052)	(2,052)
Accumulated depreciation	-	958	958
Non-current assets held for sale	(2)	(640)	(642)
Cost	(4)	(2,011)	(2,015)
Accumulated depreciation	2	1,371	1,373
Net Carrying amount at 31 March 2008	803	315,204	316,007
Gross carrying amount	2,930	458,008	460,939
Accumulated depreciation:	(2,086)	(139,735)	(141,821)
Accumulated impairment losses	(42)	(3,069)	(3,111)

31 March 2009

Reconciliation of Carrying Value

Description	Plant and equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2008	803	315,204	316,007
Gross carrying amount	2,930	458,008	460,939
Accumulated depreciation:	(2,086)	(139,735)	(141,821)
Accumulated impairment losses	(42)	(3,069)	(3,111)
Additions at cost	1,433	137,466	138,899
Depreciation:	(441)	(46,054)	(46,495)
Impaired losses	-	(2,449)	(2,449)
Carrying value of disposals:	-	(15,303)	(15,303)
Cost	-	(33,756)	(33,756)
Accumulated depreciation	-	18,453	18,453
Stolen vehicles recovered during the year	-	55	55
Cost	-	111	111
Accumulated depreciation	-	(56)	(56)
Stolen and alienated	-	(212)	(211)
Cost	(8)	(438)	(446)
Accumulated depreciation	8	226	234
Non-current assets held for sale	-	(890)	(890)
Cost	-	(4,230)	(4,230)
Accumulated depreciation	-	3,339	3,339
Net Carrying amount at 31 March 2009	1,795	387,817	389,612
Gross carrying amount	4,356	557,162	561,518
Accumulated depreciation:	(2,519)	(163,827)	(166,345)
Accumulated impairment losses	(42)	(5,518)	(5,560)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

6 INTANGIBLE ASSET - FLEETMAN	2008/09 R'000	2007/08 R'000
Net Carrying amount at beginning of the year	9,661	6,641
Gross carrying amount	11,127	7,425
Accumulated amortisation	(1,466)	(784)
Internal Development cost capitalised during the year	2,412	3,702
Amortisation during the year	(940)	(682)
Net Carrying amount at end of the year	11,133	9,661
Gross carrying amount	13,539	11,127
Accumulated amortisation	(2,406)	(1,466)

The intangible asset had not been pledged as security for any liabilities of GMT.

7 INVENTORY		
Consumable Stores - at cost	33	45
Total Inventory	33	45

The cost of inventories recognised as an expense and included in administrative expenses amounted to R 186,109.80 (2008: R 139,510.23).

8 ACCOUNTS RECEIVABLE		
GMT Trading account	180,522	164,028
GMT's Trading account is held by the Western Cape Department of Transport & Public Works		
Trade receivables	133,188	105,434
Less: Provision for doubtful debts	(63,550)	(48,622)
Total accounts receivable	250,160	220,840

The provision for doubtful debts exist 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 debts.

	2008/09 R'000	2007/08 R'000
9 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		
<i>Account Number 1452049831 (Fleet Account):</i>		
Bank statement balance at the beginning of the year	2,366	-
Bank statement balance at the end of the year	<u>1,942</u>	<u>2,366</u>
Wesbank		
<i>Account Number 4478 (Fleet Account):</i>		
Bank statement balance at the beginning of the year	(121)	(1,571)
Bank statement balance at the end of the year	<u>27</u>	<u>(121)</u>
First National Bank		
<i>Account Number 51450025859 (Fleet Account):</i>		
Bank statement balance at the beginning of the year	(63)	950
Bank statement balance at the end of the year	<u>-</u>	<u>(63)</u>
Bank balances and cash	<u><u>1,969</u></u>	<u><u>2,366</u></u>
Total Overdraft	<u><u>-</u></u>	<u><u>(184)</u></u>

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

10 NON-CURRENT ASSETS HELD FOR SALE	2008/09 R'000	2007/08 R'000
Vehicles at carrying value	1,825	1,044
Plant and equipment at carrying value	-	2
	<u>1,825</u>	<u>1,046</u>
Less: Impairment loss	(935)	(403)
	<u>890</u>	<u>642</u>

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 will be appointed. The scheduled date of the disposal is still undetermined.

11 REVENUE

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

Rendering of services:

National Departments	60,107	50,325
Provincial Departments	259,239	202,569
	<u>319,346</u>	<u>252,894</u>

The amounts disclosed above for revenue are in respect of services rendered which are billed to the departments on a monthly basis according to approved tariffs.

12 OTHER INCOME

Grants received	25,505	27,084
Other income	1,150	1,717
Reversal of a prior year provision for doubtful debts	-	7,013
Re-imbursive income	19,960	13,241
Total Other Income	<u>46,616</u>	<u>49,055</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

	2008/09 R'000	2007/08 R'000
13 INTEREST RECEIVED		
External investments		
Bank accounts	-	29
Total Interest Earned	<u>-</u>	<u>29</u>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Available-for-Sale Financial Assets	<u>-</u>	<u>29</u>
14 ADMINISTRATIVE EXPENSES		
Bank charges	8,907	8,265
Entertainment	1	-
Fees for services		
- SITA	1,285	-
Legal fees	35	-
License fees	4,237	2,137
Other administrative expenses	1,413	924
Stationery and printing	386	271
Training and staff development	14	6
Travel and subsistence	133	97
	<u>16,412</u>	<u>11,701</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

	2008/09 R'000	2007/08 R'000
15 STAFF COSTS		
Salaries and Wages		
Basic salaries	9,577	9,282
Performance awards	207	258
Periodic payments	756	684
Other non-pensionable allowance	986	900
Leave payments	37	45
Overtime and long service awards	199	130
Social contributions (employer's contributions)		
Medical	1,042	903
Official unions and associations	3	3
Pension	1,211	1,122
Total Employee Related Costs	14,016	13,328

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

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

ENTITY	Salary / Fee R'000	Performance Bonus R'000	Medical Aid Contribution R'000	Pension Contribution R'000	Retirement Annuity Fund R'000	Total R'000
Year ended 31 March 2008						
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
TOTAL	1552	62	50	146	-	1810

ENTITY	Salary / Fee R'000	Performance Bonus R'000	Medical Aid Contribution R'000	Pension Contribution R'000	Retirement Annuity Fund R'000	Total R'000
Year ended 31 March 2009						
Senior Manager	461	16	24	27	-	529
Manager: Fleet Finance	282	22	9	32	-	345
Manager: Fleet Logistics	238	19	11	27	-	296
Manager: Fleet Management	310	20	7	32	-	369
Manager: Fleet Risk Management	270	12	7	18	-	308
TOTAL	1562	89	58	138	-	1847

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

	2008/09 R'000	2007/08 R'000
16 OTHER OPERATING EXPENSES		
Consultant, contractors and special services	8,207	5,853
- Audit fees	1,105	1,290
- Other	7,101	4,563
Maintenance, repairs and running costs	148,387	96,579
- Property and buildings	26	99
- Machinery, equipment and vehicles	148,361	96,479
Loss on sale of vehicles	6,198	2,950
Private transport rentals	8,502	5,651
Provision for doubtful debts	14,927	4,261
Tracking costs	8,882	4,269
Third party claims	1,221	698
Stores/Consumables	59	-
Communication costs	501	454
Courier and delivery charges	49	45
Municipal services	25	31
Traffic fines	10	-
	196,969	120,790
17 DEPRECIATION		
Plant and equipment	441	538
Vehicles	46,054	40,731
	46,495	41,269
18 AMORTISATION		
Intangible asset - FleetMan	940	682
	940	682
19 ACCIDENTS AND LOSSES		
19.1 Impairment losses on fixed assets		
<i>Impairment losses recognised:</i>	2,661	1,964
Property, Plant and Equipment	2,661	1,959
- Vehicles	-	5
- Plant and equipment	-	-
19.2 Other		
Accidents and losses incurred	45	18
	2,706	1,982

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

	2008/09 R'000	2007/08 R'000
20 OTHER EXPENSES		
Gifts, sponsorships and donations	<u>1</u>	<u>-</u>
21 RECONCILIATION OF CASH GENERATED FROM OPERATIONS		
Surplus for the Year	79,311	103,709
Adjustment for:		
Deferred income recognised during the year	(25,505)	(23,414)
Depreciation - property, plant and equipment	46,495	41,269
Amortisation - Intangible assets	940	682
Impairment losses	2,661	1,964
Net loss on disposal of vehicles	5,051	2,950
Increase in the provision for doubtful debts	14,927	4,261
Increase in provisions	293	423
Investment income	-	(29)
Operating cash flows before working capital changes	124,173	131,816
Working capital changes	(46,682)	(68,991)
(Increase)/Decrease in inventories	12	(4)
(Increase)/Decrease in receivables	(44,247)	(62,246)
Increase/(Decrease) in payables	(2,114)	(6,500)
Cash payments made against provisions	(332)	(241)
Cash generated from operations	77,491	62,825

22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:

Bank Balances and Cash	1,969	2,366
Bank Overdraft	-	(184)
	<u>1,969</u>	<u>2,182</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

23 TAXATION

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

24 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 189,787.87 (2007/08: R 96,161.85) 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 2008/09 financial year is R 876,928.30. This implies that a contingent liability of R 687,140.43 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.

25 CAPITAL COMMITMENTS	2008/09 R'000	2007/08 R'000
Commitments for the acquisition of property, plant and equipment		
- Property, plant and equipment ordered, but not delivered by year-end	7,764	10,169

26 EVENTS AFTER THE REPORTING DATE**Non-adjusting events**

The following information is disclosed as non-adjusting events after the reporting date in the AFS and represents preliminary claims from 3rd parties against GMT as well as the estimated loss value with regard to government vehicles. The estimated loss value will only be confirmed after finalisation of these claims:

3rd Party claims

16 (Sixteen) cases with an estimated claim value of R 391,964.79

Damages/Losses - government vehicles

176 (One hundred and seventy six) cases with an estimated value of R 961,576.56.

27	OPERATING LEASE ARRANGEMENTS	2008/09 R'000	2007/08 R'000
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GMT as Lessor:

Leasing arrangements:

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. These rentals are classified as contingent rentals due to uncertain lease periods and fluctuating tariff increases. The operating lease payments are therefore not subject to straight-lining. Due to the uncertainties above, it is impracticable to disclose the future minimum lease payments expected to be received for each of the following periods as required by IAS 17:

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

GMT as Lessee:

Leasing arrangements:

Operating leases relate to office equipment with lease terms of between 2 to 3 years. GMT does not have an option to purchase the leased asset at the expiry of the lease period.

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

Up to 1 year	9,125	8,858
2 to 5 years	10,456	18,239
More than 5 years	-	-
Total Operating Lease Arrangements	19,582	27,097

The following payments have been recognised as an **expense** in the Income Statement:

Minimum lease payments	9,214	8,385
Contingent rentals	(101)	131
Total Operating Lease Expenses - as Lessee	9,113	8,516

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

	2008/09 R'000	2007/08 R'000
In respect of non-cancellable Operating Leases the following liability has been recognised:		
Operating lease liability as at 31 March:		
Balance at beginning of year	710	579
Operating expenses recorded	9,113	8,516
Operating lease payments effected	(9,214)	(8,385)
Total Operating Lease Liabilities	609	710

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

- Office Equipment
- Tracking units installed in vehicles

GMT is restricted to the hiring of office equipment and labour saving devices by National Tender RT3-2006GE

28 RELATED PARTY TRANSACTIONS

28.1 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.

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

	2008/09 R'000	2007/08 R'000
Revenue		
Transport claims	11,324	5,586
Expenditure		
License fees	4,223	2,141
The amount of outstanding balances as a 31 March		
Accounts receivable - GMT Trading account	180,522	164,028

28.2 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 Janse 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 15 to the Annual Financial Statements.

29 FINANCIAL INSTRUMENTS**29.1 Classification of financial instruments*****Financial Assets:***

In accordance with IAS 39.09 the financial assets of the GMT are classified as follows (FVTPL = Fair Value through Profit or Loss):

Financial Assets:	Classification	2008/09 R'000	2007/08 R'000
Accounts receivable			
GMT Trading account	Loans and receivables	180,522	164,028
Trade receivables	Loans and receivables	69,638	56,812
Cash and cash equivalents			
Bank balances	Available for sale	1,969	2,366
Total financial assets		252,129	223,206
<i>Summary of financial assets:</i>			
Loans and receivables:			
GMT Trading account		180,522	164,028
Trade receivables		69,638	56,812
		250,160	220,840
Available for sale:			
Bank balances		1,969	2,366
		1,969	2,366
Total Financial Assets		252,129	223,206

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

Financial Liabilities:

In accordance with IAS 39.09 the Financial Liabilities of the entity are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Liabilities</u>	<u>Classification</u>	2008/09 R'000	2007/08 R'000
Trade and other payables			
Trade creditors	Not valued at FVTPL	17,213	5,424
Sundry creditors	Not valued at FVTPL	611	782
Operating lease liability	Not valued at FVTPL	609	710
Bank overdraft			
Bank overdraft	Not valued at FVTPL	-	184
Total financial liabilities		18,433	7,100
 <i>Summary of financial liabilities:</i>			
Not valued at Fair Value through Profit and Loss:			
Trade creditors		17,213	5,424
Sundry creditors		611	782
Operating lease liability		609	710
Bank overdraft		-	184
		18,433	7,100
Total Financial Liabilities		18,433	7,100

29.2 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.

29.3 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenue and expenditure are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

29.4 Interest rate management

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

29.5 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.

Maximum credit risk exposure	2008/09 R'000	2007/08 R'000
Cash and cash equivalents	1,969	2,366
Trade receivables	250,160	220,840
	<u>252,129</u>	<u>223,206</u>

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

Financial assets past due	2008/09 R'000	2007/08 R'000
Accounts Receivable		
More than 30 days and not more than 60 days	12,219	10,128
More than 60 days and not more than 90 days	13,963	1,437
More than 90 days and not more than 120 days	1,727	1,531
More than 120 days	11,722	30,775
Total	<u>39,632</u>	<u>43,871</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

29.6 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.

29.7 Fair value

The estimated net fair values of financial instruments have been determined as at 31 March 2009 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.

30 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**30.1 *Unauthorised Expenditure***

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

30.2 *Fruitless and Wasteful Expenditure*

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

30.3 *Irregular Expenditure*

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

31 GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

32 CORRECTION OF ERROR**32.1 Correct classification of expenditure items**

Included in operating expenses were administrative expenses that were incorrectly classified as operating expenses and vice versa. The comparative figures have been restated to correct this error.

	Balances previously reported	Correction	Restated balances
	R'000		R'000
ADMINISTRATIVE EXPENSES:			
Bank charges	8,265	-	8,265
License fees	-	2,137	2,137
Other administrative expenses	1,632	(639)	993
Stationery and printing	271	-	271
Training and staff development	-	6	6
Travel and subsistence	5,739	(5,651)	88
	15,907	(4,147)	11,761
OTHER OPERATING EXPENSES:			
Staff training and development	6	(6)	-
Consultant, contractors and special services	5,853	-	5,853
Maintenance, repairs and running costs			
- Property and buildings	99	-	99
- Machinery and equipment	98,536	(2,057)	96,479
Loss on sale of vehicles	2,950	-	2,950
Private transport rentals	-	5,651	5,651
Tracking costs	1,563	-	1,563
Third party claims	613	-	613
Communication costs	-	454	454
Courier and delivery charges	-	45	45
Municipal services	-	31	31
	109,621	4,118	113,739
STAFF COSTS			
Leave payments	16	29	45
NET EFFECT	125,545	-	125,545

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

R'000

32.2 Trade creditors as at 31 March 2008

Correction of trade creditors not raised as at 31 March 2008. The effect of the error on the results of 2007/2008 is as follows:

Balance previously reported:-

5,257

Expenditure for the year ended 31 March 2008**Administrative expenses:**

Component	Detail
Trade creditors as at 31 March 2008	Correction of trade creditors not raised as at 31 March 2008 regarding general administrative expenses (Also see note 32.8(b))

9

Other operating expenses:

Component	Detail
Trade creditors as at 31 March 2008	Correction of trade creditors not raised as at 31 March 2008 regarding third party claims against GMT (Also see note 32.8(d))
Trade creditors as at 31 March 2008	Correction of trade creditors not raised as at 31 March 2008 regarding tracking costs (Also see note 32.8(f))

85

73

Balance as at 31 March 2008

5,424

R'000

32.3 Property, plant and equipment - Plant and equipment

The carrying value of plant and equipment as at 31 March 2007 have been adjusted to include plant and equipment with a carrying value of R 30,310 that have not been recorded in the prior year's fixed asset register.

Gross carrying amount as at 1 April 2007

Balance previously reported:-

2,076

Add:

Component	Detail	
Property, plant and equipment: Gross Carrying amount as at 31 March 2007	Correction of the cost price of assets not previously recorded in the fixed asset register. (Also see note 32.7)	403

Balance as at 1 April 2007**2,479****Accumulated depreciation as at 1 April 2007**

Balance previously reported:-

(1,178)

Add:

Component	Detail	
Property, plant and equipment: Accumulated depreciation as at 31 March 2007	Correction of the accumulated depreciation of plant and equipment not previously recorded (See note 32.7)	(372)

Balance as at 1 April 2007**(1,550)****32.4 Operating leases liability**

Correction of the operating lease liability and operating lease expenses in prior financial year according to contracts received.

Balance previously reported:-

706

Component	Detail	
Operating lease liability	Correction of the outstanding liability as at 31 March 2008 (Also see notes 32.7 and 32.8)	5

Balance as at 31 March 2008**710**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

R'000

32.5 Trade receivables

Correction of trade receivables not raised as at 31 March 2008 regarding grants for additional vehicles claimed in the 2009 financial year.

Balance previously reported:-

105,081

Add:

Component	Detail	
Trade receivables as at 31 March 2007	Correction of trade receivables not raised as at 31 March 2007 regarding grants for additional vehicles claimed in 2009 financial year. (Also see note 32.7)	4,064
Trade receivables as at 31 March 2008	Correction of trade receivables not raised as at 31 March 2008 regarding grants for additional vehicles claimed in 2009 financial year. (Also see note 32.8)	3,670
Trade receivables as at 31 March 2008	Correction of trade receivables raised twice for additional vehicle claims as at 31 March 2009 (Also see note 32.8)	(7,380)

Balance as at 31 March 2008

105,434

Provision for doubtful debts

Provision was raised for doubtful debts to align GMT's trade receivables with its debtor's listing.

Balance previously reported:-

18,198

Trade receivables as at 31 March 2007	Correction of the provision for doubtful debts as at 31 March 2007 (Also see note 32.7)	26,164
Trade receivables as at 31 March 2008	Correction of the provision for doubtful debts as at 31 March 2008 (Also see note 32.8)	4,261

Balance as at 31 March 2008

48,622

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

R'000

32.6 Deferred Income

Correction of grants receivable for additional vehicle claims recorded twice against deferred income and trade receivables as at 31 March 2008.

Balance previously reported:- 7,947

Deferred income as at 31 March 2008	Correction of deferred income as at 31 March 2008.	
		(7,380)

Balance as at 31 March 2008 567

32.7 Effect on accumulated surplus as at 31 March 2007

Balance previously reported:- 332,954

Add:

Detail	
Correction of the carrying value of plant and equipment not previously recorded and assets duplicated in the fixed asset register (Also see note 32.3)	32
Correction of operating lease liability as at 31 March 2007 (Also see note 32.4)	107
Correction of trade receivables not raised as at 31 March 2007 regarding additional vehicles claimed in 2009 financial year. (Also see note 32.5)	4,064
Provision for doubtful debts raised to align GMT's trade receivables with its debtor's listing (Also see note 32.5)	(26,164)

Accumulate surplus as at 31 March 2007 310,993

Reconciliation of retained earnings as at 31 March 2007

Balance previously reported in 2008 Annual Financial Statements 332,954

Correction of errors (21,961)

Restated balance 310,993

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

	R'000
32.8 Effect on profit for the year ended 31 March 2008	
Balance previously reported:-	104,579
a) Other income - Grants received (Also see note 32.5)	3,670
Balance previously reported	23,414
Restated balance	27,084
Administrative expenses	
b) Travel and subsistence (Also see note 32.2)	(9)
Balance previously reported	88
Restated balance	97
c) Other administrative expenses (Also see notes 32.4)	69
Balance previously reported	993
Restated balance	924
Other operating expenses	
d) Third party claims (Also see note 32.2)	(85)
Balance previously reported	613
Restated balance	698
e) Tracking costs (Also see notes 32.2 and 32.4)	(2,705)
Balance previously reported	1,563
Restated balance	4,269
f) Operating leases (Also see notes 32.4)	2,452
Balance previously reported	10,968
Restated balance	8,516
g) Provision for doubtful debts (Also see notes 32.5)	(4,261)
Balance previously reported	-
Restated balance	4,261
Surplus for the year ended 31 March 2007	103,709
Reconciliation of profit for the year ended 31 March 2008:	
Balance previously reported	104,579
Correction of errors	(870)
Restated balance	103,709

33 CHANGE IN ESTIMATES

33.1 Reassessment of the useful lives of vehicles

During the year ended 31 March 2009 some vehicles reached the end of their original estimated useful lives. The useful lives of these vehicles were reassessed and the impact on the depreciation expense in the current year and future periods is as follows:

Impact on the depreciation expense for the year ended 31 March 2009	4,252
Impact on the depreciation expense for future periods	2,945
Total	<u><u>7,197</u></u>

34 STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

At the date of authorisation of these financial statements, Government Motor Transport has not applied the revised IAS 1 (Presentation of Financial Statements) that have been issued but is not yet effective.

Management has considered the revised IAS 1 and anticipates that the adoption of this standards will not have a significant impact on the financial position, financial performance or cash flows of GMT as there are no fundamental differences between the standard currently being applied and the equivalent IAS standards, due to the fact that these types of transactions (other comprehensive income) is not currently applicable at GMT. Certain presentation adjustments to the financial statements will however have to be made when this standard is applied in future, i.e. reference to the 'Statement of Financial Position', 'Statement of Comprehensive Income' and reporting of 'Total Comprehensive Income for the year'.

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