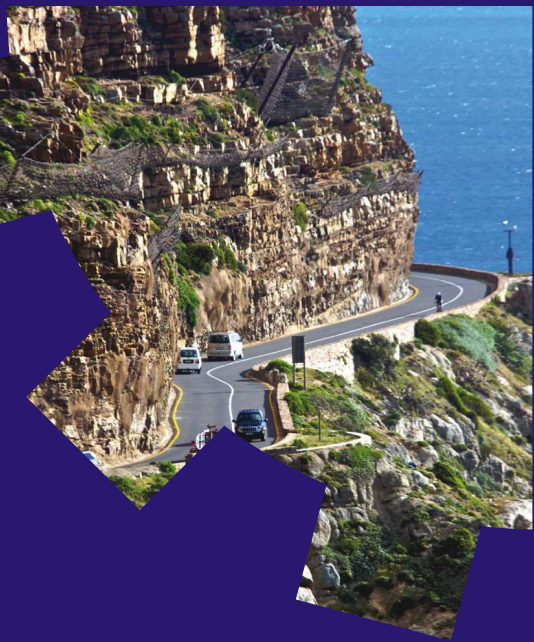
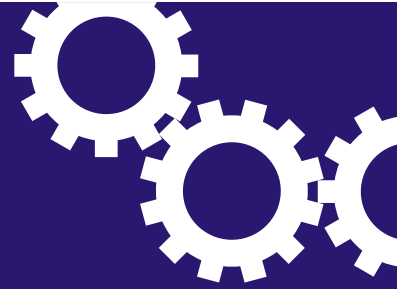




DEPARTMENT of TRANSPORT & PUBLIC WORKS

Provincial Government of the Western Cape

Government Motor Transport: Western Cape



Annual Report 2009/2010

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Abbreviations

AARTO	Administrative Adjudication Road Traffic Offences Act, 1998 (Act 46 of 1998)
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
FIU	Forensic Investigation Unit
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 of the Western Cape 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. In die geval van enige teenstrydigheid tussen die verskillende vertalings van hierdie dokument, sal die Engelse teks heers.

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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PART ONE:

**GENERAL
INFORMATION**

PART 1: 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 2009 to 31 March 2010 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.



JJC MOUTON
ACCOUNTING OFFICER

Date: 30 August 2010

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 GMT linkage within the macrostructure of the Department of Transport and Public Works is depicted in Figure 1.

In the Annual Performance Plan for the 2009/10 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 PART 2 of this Report:

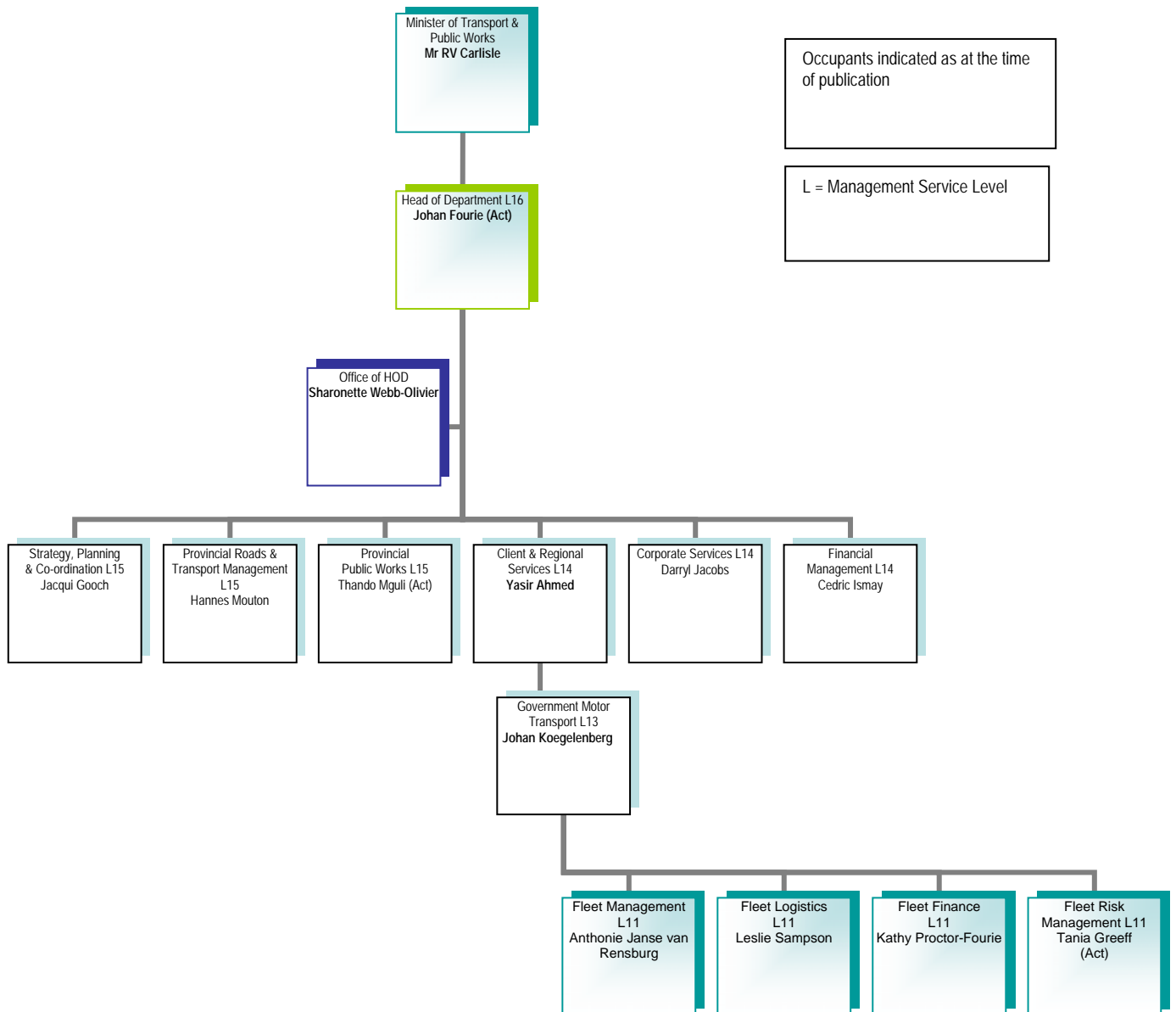
- Keeping the fleet within its life expectancy
- Improving vehicle management and control
- Implementation of effective debtor management
- Development and implementation of effective business processes
- Improvement and enhancement of electronic systems
- Improvement of quality of service to clients
- Empowerment of clients to manage their allocated vehicles effectively

PART 1: GENERAL INFORMATION *(continued)*

1.3 Organisation Macrostructure

The Departmental Organisation Macrostructure is depicted in **Figure 1** below.

FIGURE 1: ORGANISATIONAL STRUCTURE



PART 1: GENERAL INFORMATION *(continued)*

1.4 Vision and Mission Statement

Vision

The Vision of the Department is that applicable to the Provincial Government of the Western Cape, as decided upon by the Western Cape Provincial Cabinet and quoted below.

"An open opportunity society for all"

GMT formulated the following internal vision:

"The leading government motor transport service."

Mission

It is important that the departmental and GMT's mission statement is aligned to the Provincial Mission, as the Department's reason for being is to contribute to the Provincial Government's mission. The Provincial Mission is:

"The Western Cape Government will promote freedom and opportunity for all the people of the province through:

- Policies and practices that strengthen the Constitution;
- Create the conditions for sustainable economic and employment growth;

- Alleviate poverty by providing a welfare safety net for those unable to provide for themselves;
- Ensure the safety of every person;
- Attract, develop and retain skills and capital;
- Develop and maintain infrastructure;
- Deliver clean, efficient, cost-effective, transparent and responsive public administration."

In support of the Provincial Government's mission, the Department's mission statement is as follows:

"The Department of Transport and Public Works develops and maintains appropriate infrastructure and related services for sustainable economic development which generates growth in jobs and facilitates empowerment and opportunity."

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

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

PART 1: GENERAL INFORMATION *(continued)*

1.5 Legislative and other mandates

The achievement of the strategic goals is guided by the following legislative mandates and policies:

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
Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993)
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 Land Transport Act, 2009 (Act 5 of 2009)
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
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)

1.6 Constitutional mandates

In support of its departmental parent (Transport and Public Works) GMT derives its mandate from:

The Constitution of the Republic of South Africa (Act no 108 of 1996) as a whole which successfully put an end to an arbitrary government and brought participatory democracy to all South Africans. The South African Constitution demands a significant change in service delivery and the quality thereof via effective legislation that must be responsive to the economic and social challenges that face South Africa. GMT forming part of the parent Department underwrites the realisation of the principles of Batho Pele and co-operative government inclusive of the framework of values to fulfil the Constitutional mandate.

PART 1: GENERAL INFORMATION *(continued)***1.7** Legislative mandates

The activities of GMT are guided by the legislative prescripts as listed under paragraph 1.5 above and specifically as set by the Public Finance Management Act, 1999 (Act 1 of 1999 as amended by Act 29 of 1999), Treasury Regulations and Provincial Treasury Instructions.

The operational activities are guided by the National Transport Circular 4 of 2000.

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

1.8 Standing Committee on Public Accounts (SCOPA): Recommendations

The Table below shows the recommendations emanating from the Report of the Standing Committee on Public Accounts on the discussion of the Annual Report of GMT for 2008/09 and progress thereon.

SUBJECT	RESOLUTION	REPLY
The financial statements submitted for audit were subjected to a material amendment resulting from the audit.	<p>1. In order to deal with the prevalence of material misstatements in financial statements that have to be corrected during the audit period, the trading entity needs to work closely with the provincial treasury to:</p> <p>1.1 develop a strategy that has the overall aim to improve financial management controls in order to produce accurate financial statements; and</p> <p>1.2 subject the financial statements to a quality review before they are submitted for auditing, while internal audit and audit committees can play a crucial role in the review process of the financial statements.</p>	<p>Strategy introduced includes the following:</p> <p>Contracting in of expert knowledge and skill in the form of chartered accountant to assist with the conversion process.</p> <p>A GAAP compliant implementation framework.</p> <p>Accounting policy adjustments.</p> <p>Accounting Standard operating procedures (SOP'S).</p> <p>Acquisition of a GAAP compliant accounting system.</p> <p>Due to time constraints as result of the conversion process (Cash to GAAP) the AFS is not subjected to a comprehensive review as yet. This situation will improve once the GAAP accounting system has been implemented.</p> <p>The 2009/10 AFS were presented to the Audit Committee. The latter played a significant role in the review process.</p>

PART TWO:

**PROGRAMME
PERFORMANCE**

PART 2: PROGRAMME PERFORMANCE

2.1 Receipts

GMT's derives its main income from daily and kilometre tariff charges paid by the client departments (users) for the use of the vehicle fleet. Other income includes claims instituted against clients departments, insurance companies and private parties for losses suffered by the State, monies earned at auctions for withdrawn and sold vehicles and service charges not covered by the tariffs (e.g. tracking data communication costs).

2.2 Aim of the Trading Entity

GMT has as its main purpose the provision of state vehicles to provincial and national client departments and other entities used for transportation, in order that each of these clients may carry out its services efficiently and effectively.

2.3 Situational analysis

During the year under review the weakened global and domestic economic outlook with resultant widespread job losses and rising unemployment levels was clearly visible in the motor industry and vehicle fleet environment. This situation resulted in an increased focus on efficiencies in spending and more effective operational processes. Furthermore, GMT continued with research and followed global best practise and business models to strive towards a cost effective service and seamless service delivery at all times. The constant fluctuation in the fuel price was the biggest contributor to fleet operating cost risks and had a significant effect on cost forecasting. With effective planning of fleet activities and

responsible spending GMT concluded the annual budget without any deficit.

GMT continued to be strongly driven by technology (electronic systems) with limited internal capacity available in this professional field. It utilised contracted-in resources to assist with maintenance and enhancement activities. The latest development around the implementation of a GAAP compliant accounting system able to integrate with other electronic systems (e.g. BAS, LOGIS, PERSAL and FleetMan) commenced during January 2010. It was realised from the start that the project would be a challenge as very few accounting management staff with appropriate skills and knowledge is available in GMT. Contracted-in professionals are utilised during implementation with appropriate transfer of skills. The strengthening of internal capacity will be addressed during the current study to adjust the organisation and establishment.

2.4 Performance delivery environment

There are no changes to the performance delivery environment from the previous year.

2.5 Organisational environment

There are no changes to the performance delivery environment from the previous year.

2.6 Service delivery environment

Key measurable objectives were developed per focal area/strategic goal within GMT and incorporated into the Annual Performance Plan. The following Table depicts the aforementioned information and achievements realised as at year-end:

PART 2: PROGRAMME PERFORMANCE *(continued)*

TABLE 3.1: Strategic Goals, Measurable Objectives and Achievements

Measurable Objectives	Performance Measure / Indicator	Achievements		
		Target 2009/10	Actual 2009/10	Deviation (%)
Strategic Goal 1	Keep fleet within its life expectancy			
Replacement of vehicles	Number of vehicles procured and issued	600	158	-74
Service and maintenance of vehicles	Number of vehicle serviced and maintained as per manufacturers warranties	4 480	5 887	+31
Technical inspections	Number of vehicles inspected	6 800	9 527	+45
Identify under utilisation of vehicles	Number of monthly publications (1 set of management reports per client)	12	1	-92
Maintain the vehicle asset register	Number of asset registers issued on a quarterly basis	4	4	0
Strategic Goal 2	Improving vehicle management and control			
Training of transport officials (operational)	Number of sessions completed	8	9	+13
Training of transport officials (FleetMan)	Number of sessions completed	8	9	+13
Implementation of vehicle tracking and control	Number of vehicles completed	152	101	-34
Maintaining of vehicle tracking and control	Number of vehicles maintained	4 299	4 340	+1
Equitable distribution of maintenance/repair/conversion work activities to merchants	Percentage value of monthly expenditure (average over 12 months)	25	32	+28
Logging of misuse complaints and follow up	Number of cases reported	644	550	-15
Logging of other incidents	Number of cases reported	684	1 112	+63
Process traffic violations	Number of traffic violations processed	7 260	4 137	-43
Address claims against the State from 3 rd parties	Number of cases processed	80	105	+31
Address all accidents and losses incidents	Number of cases processed	2 028	1 972	-3
Strategic Goal 3	Implementation of effective debtor management			
Decrease amount of old outstanding debt dated from 31 March of the previous year	Outstanding in Rand value	R3 mil	R13 mil	-333
Debt handed over to Provincial Treasury to recoup on behalf of GMT	All avenues exhausted, amount in Rand value handed over	R3 mil	R0 mil	-100
Introduce new GAAP accounting system	Per phase implementation in terms of migration plan (phase 1-6)	6	2	-67
Strategic Goal 4	Development & implementation of effective business processes			
Drafting of business processes	Number of processes completed – document all business processes as per	207	61	-71

	Business Plan			
Maintaining/upkeep of business processes	Number of processes revisited and amended - maintain all business processes as per Business Plan	9	12	+33
Strategic Goal 5	Improvement and enhancement of electronic systems			
Electronic delivery of monthly accounts	Number of monthly accounts delivered	15	13	-13
Compile and publish policy circulars	Number of circulars issued	32	34	+6
Strategic Goal 6	Improvement of quality of service to clients			
Maintain regular operational and financial client forums	Number of monthly meetings	11	9	-18
Conduct client surveys	Yearly survey	1	1	0
Provision of new additional vehicles (over above normal replacements)	Number of vehicles ordered	200	76	-62
Provision of general hire vehicles and privately hired vehicles	Number of vehicles hired (12 months)	1 880	1 894	+1
Strategic Goal 7	Empowerment of clients to manage vehicles effectively			
Compile and publish operational management reports	Number of reports issued	14	2 080	+3 486
Compile and publish risk analyses profiles	Number of monthly publications	264	287	+9
Provide for a web-enabled FleetMan	Number of active FleetMan users	305	305	0

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

Strategic Goal 1

Replacement of vehicles

The performance indicator reflects vehicles procured and issued. The under-performance depicted is due to a total of 406 of the vehicles which were ordered were still in the process of delivery and or not issued by the 31 March 2010. The performance indicator has been adjusted in the 2010/11 APP to reflect the number of replacement vehicles acquired.

Service and maintenance of vehicles

More vehicles were maintained than originally planned and thus keeping the condition of vehicles at a high standard.

Technical Inspections

GMT launched a special project to fit FIFA World Cup 2010 decals to the vehicles. During these additional visits full asset inspections were carried out with the result that more inspections on the same vehicle were recorded than originally planned.

Identify under utilisation of vehicles

The compilation of effective management report on vehicle utilisation took longer than originally planned and could only be obtained in the last quarter of the year. This can be attributed to inadequate ICT services and solutions that could not fully address GMT's expectations.

PART 2: PROGRAMME PERFORMANCE *(continued)*

Strategic Goal 2

Training of Transport Officials (operational)

Special attention was given to accommodate one additional training session over and above the original planning before the FleetMan client module was launched. This was aimed at improved service levels.

Training of Transport Officials (FleetMan)

Special attention was given to accommodate one additional training session over and above the original planning before the FleetMan client module was launched. This was aimed at improved service levels.

Implementation of Vehicle Tracking and Control

The full GMT fleet is fitted with vehicle tracking units and all new vehicles are fitted before being issued to client departments. The projected increase in additional vehicle purchases by client departments did not fully materialise.

Maintaining of Vehicle Tracking and Control

The greater demand for maintenance of the tracking units was addressed.

Equitable Distribution of Work Activities to Merchants

The planned BEE market share was marginally exceeded through the equitable distribution of work to PDI/HDI's.

Logging of misuse complaints and follow up

The target is determined based on historical trends rather than forecasting. All complaints logged were followed up with the client departments.

Logging of other incidents

The target is determined based on historical trends rather than forecasting. All complaints logged were followed up with the client departments.

Process of traffic violations

The target is determined based on historical trends rather than forecasting. All traffic violations were logged and re-issued to the drivers that committed the offences. The decline could be attributed to efforts from GMT to change driver behaviour.

Address claims against the State from 3rd parties

The target is determined based on historical trends rather than predicting the number of claims. All claims were logged and processed.

Address all accidents and losses incidents

The target is determined based on historical trends rather than predicting the number of incidents. All incidents were logged and processed.

Strategic Goal 3

Decrease amount of old outstanding debt from 31 March of the previous year

Although GMT made progress in recouping its debt older than one year, the full target could not be reached. The business process is not effective and will be revisited and streamlined to gain efficiency

Debt handed over to the Provincial Treasury to recoup on behalf of GMT

Although the final process could not be concluded as yet progress was made in preparing the source documentation for hand over. Statistics on outstanding debt have subsequently been provided to the Provincial Treasury for intervention. The business process is not effective and will be revisited and streamlined. One of the interventions is that Provincial Treasury approved the charging of interest on unpaid invoices older than 30 days.

PART 2: PROGRAMME PERFORMANCE *(continued)*

Introduce new GAAP accounting system

The implementation of the project was delayed due to challenges experienced with the prescribed complicated ICT procurement process as well as an inadequate ICT infrastructure and hosting environment. GMT commenced with the design and development of a professional hosting environment as part of the remedial actions to speed up the project. The project scope and project and flight plan introduced as part of the migration plan are closely monitored.

Strategic Goal 4

Drafting of business processes

The target set for the year under review (207) includes all processes already documented during the 2008/09 (105) as well as the forecast for the year under review (102). Business Analysts responsible for the drafting of the business processes was not able to draft the planned volume as originally set as the requirement (207) as other assignments such as the revisiting of existing processes received priority. The APP for 2010/11 will provide for the processes documented during the year and not any previous year(s).

Maintaining/upkeep of business processes

The Business Analysts responsible for the re-drafting of the business processes was able to draft more than the planned volume as originally set as the requirement. Refer to "Drafting of business processes" above.

Strategic Goal 5

Electronic delivery of monthly accounts

The target was not fully met due to some client departments still preferring the paper format.

Compile and publish policy circulars

The target was slightly exceeded. The volume is forecasted with the aid of historic statistics and cannot be done accurately.

Maintain regular operational and financial client forums

Two Forum meetings had to be cancelled due to the year-end holiday period. Planning will be adapted for the future.

Strategic Goal 6

Provision of new additional vehicles

Additional vehicles are dependent on the availability of resources of client departments. Additional vehicles were ordered as requested by the client departments.

Provision of general hire vehicles and privately hired vehicles

The target was slightly exceeded. The volume is forecasted with the aid of historic statistics and cannot be done accurately.

Strategic Goal 7

Compile and publish operational management reports

The target was exceeded by far. All requests for reports were adhered to. An increased awareness of the value of tracking reports was identified as the major contributor for the increase.

Compile and publish risk analyses profiles

The target was exceeded slightly and could be attributed to an increased awareness of the value of these reports realised by the client departments.

PART THREE:

**REPORT BY THE
AUDIT COMMITTEE**

PART 3: REPORT BY THE AUDIT COMMITTEE**Report of the Audit Committee**

We are pleased to present our report for the financial year ended 31 March 2010.

Audit Committee Members and Attendance

In terms of Section 38 (1) (a) (ii) of the PFMA, the Department of Transport and Public Works (including this Trading Entity) is required to establish an Audit Committee. The appointment of this Audit Committee came in effect on 1 January 2010. To ensure adequate governance and oversight, the entity has been served by the Economic Cluster Audit Committee for the period 1 April 2009 – 31 December 2009. The Audit Committee should meet at least 4 times per annum as per its approved terms of reference.

The Economic Cluster Audit Committee consisted of the members listed hereunder and met 8 times from 1 April 2009 – 31 December 2009.

Name of Member	Number of Meetings Attended
Mr P Jones (Chairperson)	6
Mr Z Hoosain	7
Mr J Jarvis (Contract expired 31 December 2009)	8
Mr S Claassen (Contract expired 31 December 2009)	8

The Transport and Public Works Audit Committee consists of the members listed hereunder and met once from 1 January 2010 – 31 March 2010.

Name of Member	Number of Meetings Attended
Mr A Amod (Chairperson)	1
Mr Z Hoosain	1
Mr W Pieters	1

Apologies were tendered and accepted for meetings not attended. A quorum of members was present at all meetings.

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 line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with assurance that the internal controls are adequate and effective. This is achieved by a risk-based Internal Audit Plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective action. From the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General South Africa, no material deficiencies in the system of internal control were noted. The system of internal control applied by the Entity is therefore adequate.

PART 3: REPORT BY THE AUDIT COMMITTEE (continued)

The Entity has made no progress in respect of Enterprise Risk Management, and was constrained by the non-availability of capacity of the parent department. The Audit Committee is monitoring progress on a quarterly basis.

Information Technology

The Committee previously reported on the growing crisis of IT within the Provincial Government and the limited progress that has been made towards implementation of the turn-around strategy to address the IT-related risks facing the Province. Until the turn-around strategy relating to the governance of IT has been fully implemented, the risks facing the Entity will not be mitigated to an acceptable level.

The Audit Committee has been informed that IT Services have received priority consideration at Cabinet Level for the implementation of the IT Services Blueprint.

The quality of In-Year Management and Quarterly Reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee is satisfied with the content and quality of quarterly 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 Report and Management's responses;
- reviewed the Entity's processes for compliance with legal and regulatory provisions; and
- reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's conclusions regarding the Annual Financial Statements, and proposes that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

Internal Audit

In the year under review, the Shared Internal Audit unit experienced challenges relating to capacity and change management which impacted on its ability to achieve its plan. The Audit Committee acknowledged these challenges and in conjunction with the Head of the Department agreed to a revised Internal Audit Plan. The Audit Committee will continue to monitor progress to ensure that Internal Audit adds value to the Entity and achieves optimal performance.

Auditor-General South Africa

The Audit Committee has met with the Auditor-General South Africa to ensure that there are no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings emanating from the current regulatory audit will be monitored by the Committee on a quarterly basis.

PART 3: REPORT BY THE AUDIT COMMITTEE (continued)

Appreciation

The Audit Committee wishes to express its appreciation to the Officials of the Entity, the Department of Transport and Public Works, Provincial Treasury, the Auditor-General South Africa and the Internal Audit Unit for the co-operation and information they have provided to enable us to compile this report.



Mr P Jones
Chairperson of the Economic Cluster
Audit Committee
Date: 12 August 2010



Mr A Amod
Chairperson of the Transport and Public Works
Audit Committee
Date: 12 August 2010

PART FOUR:

**ANNUAL FINANCIAL
STATEMENTS**

PART 4: ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2010

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 is 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 2010. On the basis of the review, and in view of the current financial position, the Accounting Officer has every reason to believe that GMT will be a going concern in the year ahead and has continued to adopt the going concern basis in preparing the AFS.

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

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

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

The Accounting Officer has reviewed GMT's systems of internal control and risk management for the period from 1 April 2009 to 31 March 2010. The Accounting Officer is of the opinion that GMT's systems of internal control and risk management were effective for the period under review, inclusive of 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 2010 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 2010 were submitted for auditing on 31 May 2010.

PART 4: ANNUAL FINANCIAL STATEMENTS *(continued)*
for the year ended 31 March 2010

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 2010

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Government Motor Transport, which comprise the statement of financial position as at 31 March 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information as set out on pages 37 to 74.

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). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 and section 4 of the Public Audit Act of South Africa and section 40(2) of the PFMA, my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. 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 2010, and its financial performance and its cash flows for the year then ended in accordance with the SA Statements of GAAP and in the manner required by the PFMA.

Emphasis of matter

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

Restatement of corresponding figures

8. As disclosed in note 32 to the financial statements, the corresponding figures for 31 March 2009 have been restated as a result of an error discovered during 2010 in the financial statements of the Government Motor Transport for the year ended, 31 March 2009.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In terms of the PAA of South Africa and *General notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009* I include below my findings on the report on predetermined objectives, compliance with the PFMA and financial management.

Findings

Predetermined objectives

10. No matters to report.

Compliance with laws and regulations

11. No matters to report.

INTERNAL CONTROL

12. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA, but not for the purposes of expressing an opinion on the effectiveness of internal control.

13. No matters to report.



Cape Town

31 July 2010



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

PART 4: ANNUAL FINANCIAL STATEMENTS *(continued)*
For the year ending 31 March 2010

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

6.1 **General review of the state of affairs**

6.1.1 **Government Motor Transport mandate**

All government motor transport activities prior to 1988 were managed by the national Department of Transport. However, during June 1988 the provincial authorities of the day were commissioned by the National Cabinet to perform these functions through the respective government garages. The Provincial Government took this competency over from the pre 1994 dispensation and transformed the functions into GMT as a fleet management entity. 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 operations, logistics, finance and risk. It is GMT's intention to review the current business model and mandate.

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 accounting 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 followed by numerous site visits to view operational GAAP systems in a government environment. A contract was awarded in December 2009 and the configuration and implementation process began in January 2010. The migration to the new system has proven to be more difficult than anticipated due to challenges beyond the control of GMT. It is envisaged that the new system will be functional with effect from 1 October 2010 and will run parallel with BAS till 31 March 2011.

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 12.4 % (R 38 million) from R304 million in the 2008/09 year to R342 million in the 2009/10 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 R7 million from R46.6 million in the 2008/09 year to R39.6 million in the 2009/10 year. The decrease was mainly due to the change in the tender relating to GMT's participation in the arrangement of vehicles hired from private rental companies.

The total expenditure of GMT of R 264.2 million was marginally higher than the estimated expenditure / budget of R 233 million. The increase is mainly attributed to the increase in the depreciation for the vehicle fleet.

PART 4: ANNUAL FINANCIAL STATEMENTS *(continued)*

For the year ending 31 March 2010

The reason for the sharp increase in depreciation is as a result of the decrease in the residual value of the fleet, from 44% to 35% of the purchase price of the fleet which was reassessed during the year under review. The residual value of the fleet is calculated annually based on the history of the auction income of the vehicles over the past three years. Operating Expenditure includes the maintenance, repair and running costs of the fleet which is difficult to restrain. Maintenance, repairs and running costs in relation to the carrying value of the vehicle fleet decreased from 38% in 2008/09 to 35% in 2009/10 which was mainly due to the decrease in the fuel price and more effective maintenance strategies implemented by GMT management. The maintenance as a percentage of expenditure (47.1%) is high but this is in line with the type of business that GMT is conducting. There was a sharp decrease in the Private transport rentals in 2009/2010 (R8.5 million) compared to R0.2 million in 2008/2009. The decrease was due to the change in the tender relating to GMT's participation in the arrangement of vehicles hired from private rental companies.

The net profit for the year increased from R79.9 million in the 2008/09 year to R117.6 million in the 2009/10. The increase in the net profit percentage is mainly due to the increase in Revenue which is as a result of the tariff increase and more kilometres being travelled in the year under review as well as the decrease in operating expenditure due to the decrease in the cost of fuel and more effective maintenance strategies implemented by GMT management. 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 0,45 times for 2009/2010 and 0,46 times for 2008/2009 and reflects a marginal decrease.

Financial position

The financial position strengthened significantly as at year-end compared to 31 March 2009.

There was however a decrease in non current assets from R400.5 million to R369.8 million which was mainly due to the decrease in number of vehicles in the fleet. GMT does, however have capital commitments of R69.5 million with regards to vehicles ordered but not yet delivered at year-end.

Current Assets increased from R251 million in 2008/2009 to R382 million in 2009/2010. This was mainly due to an increase of R143 million in the GMT trading account held by the Western Cape Department of Transport and Public Works from R180.5 million on 31 March 2009 to R323.6 million on 31 March 2010. The increase was mainly due to vehicle additions in 2010 that were not in line with the prior financial years.

The Accumulated Surplus/Total Equity increased from R496 million as at 31 March 2009 to R614 million as at 31 March 2010. This increase is mainly due to the increase in the trading account for the financial year under review.

Significant accounting for errors

There are no changes in GMT's accounting policies for the 2009/2010 financial year. Corrections were however made to prior year balances which increased GMT's accumulated surplus as at 31 March 2008 with R1.9 million and its Net Profit for the year ended 31 March 2009 with R 0.6 million. The increase was mainly due to the correction of trade receivables as at 31 March 2008 regarding additional vehicle purchases only claimed in the 2010 financial year.

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.

PART 4: ANNUAL FINANCIAL STATEMENTS *(continued)*
For the year ending 31 March 2010

The risk module within FleetMan has been further enhanced to generate various risk profile reports as a management tool for both GMT and its client departments 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 are compiled on a regular basis and utilised in the early detection of risks and compilation of action plans to contain such risks. Profiles are continuously issued to the client departments to assist with remedial action and future prevention.

The traffic violation module on FleetMan was enhanced in preparation for the roll out of the new Administrative Adjudication Road Traffic Offences Act, 1998 (Act 46 of 1998) (AARTO). This enhancement also assists GMT to manage its traffic violations more effectively. A client base is currently being compiled regarding the traffic violations, which is linked to the risk module.

The roll-out of the FleetMan Client Module in March 2010, has provided access to the client departments onto the FleetMan system to monitor all aspects of their fleet. In order to improve the quality of service delivery, access to this module is only provided once an appointed official has

successfully completed the FleetMan training course.

In February 2010, GMT successfully commenced with the full roll-out of the electronic billing to the provincial client departments. This entails that accounts are e-mailed directly to the client departments, therefore allowing them more time to reconcile their accounts. The objective behind this initiative was to fast track the billing process so as to enable the client departments to settle their accounts with GMT within the 30 day period as prescribed by the PFMA.

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 4 417 vehicles in the fleet.

During the course of the year 280 replacement and 33 additional vehicles were purchased and received. The fleet is compiled as follows:

Provincial Departments (88 % of the fleet)	Quantity
Agriculture	215
Cape Nature	146
Community Safety	365
Cultural Affairs & Sport	83
Economic Development	18
Education	514
Environmental Affairs & Development Planning	37
Health	1 495
Local Government and Housing	90
Parliament	6
Premier	65
Social Development	330
Transport and Public Works	130
Treasury	20
Government Motor Transport (General Pool)	435*
SUB TOTAL	3 949

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

PART 4: ANNUAL FINANCIAL STATEMENTS *(continued)*

For the year ending 31 March 2010

National Departments (12% of the fleet)	Quantity
Environmental Affairs & Tourism (Marine and Coastal Management)	113
Home Affairs	28
Department of Rural Development and Land Reform	22
Justice	131
Labour (Service Products)	2
Mineral & Energy Affairs	1
Office of the Presidency	2
Parliament	3
Prosecuting Authority	7
Public Service Commission	1
Public Works	64
South African Social Security Agency (SASSA)	94
SUB TOTAL	468
GRAND TOTAL	4 417

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 FleetMan 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 2010/11.

6.2.4 Inventories

Refer to Note 7 of the Notes to the AFS.

6.3 Capacity constraints**6.3.1** Tracking

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 both the vehicles stolen during the 2009/10 financial year were vehicles fitted with tracking devices, of which one was recovered.

As mentioned, only two vehicles (a decline from 4 to 2 vehicles) less than the previous year were stolen / hijacked during the 2009/10 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.

PART 4: ANNUAL FINANCIAL STATEMENTS *(continued)*
For the year ending 31 March 2010

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 2010/2011 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 2008/09 and 2009/10 year could be billed before year-end.

The full roll-out of electronic billing was intended to fast track the payment process, however, it remains a challenge to ensure that government debtors settle their accounts within 30 days as prescribed by the PFMA.

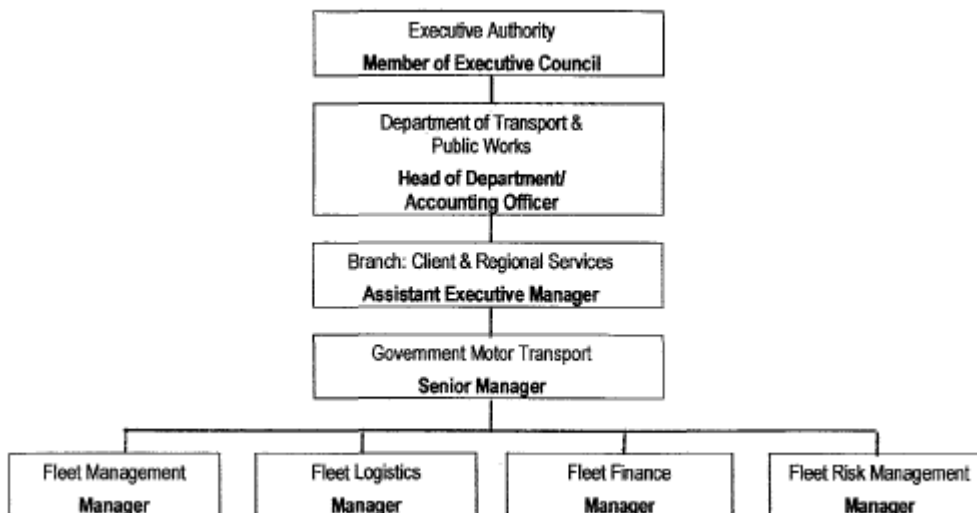
6.3.5 Transport Officers

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 which was launched during 2008 and will be continued with in the next financial year.

6.4 Structures

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:



PART 4: ANNUAL FINANCIAL STATEMENTS *(continued)*

For the year ending 31 March 2010

In support of GMT's Annual Performance Plan, performance agreements were entered into with the Senior and Middle Management Service Members of GMT. Each staff member also 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 are continuously revisited during the financial year 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 agent 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 Unit (FIU) 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 FIU. 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 reviewed the 2004 Fraud Prevention Plan. The reviewed Fraud Prevention Plan inclusive of a policy, strategy and implementation plan is effective from 1 June 2010. 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 (from 1 April 2010 the Department of the Premier). 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.

PART 4: ANNUAL FINANCIAL STATEMENTS *(continued)*
For the year ending 31 March 2010

6.5.4 Audit committee

The Department was served by the Economic Cluster Audit Committee for three quarters of the year under review. The Department appointed its own Audit Committee with effect from 1 January 2010.

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.

6.5.5 Conflict of interest

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

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 which is captured by the Metro of Cape Town's traffic authorities is obtained in electronic format and integrated into FleetMan to stream line 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 next financial year.

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.

A customised version of FleetMan is in a testing phase 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.

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.

The system's database management software was migrated to the latest version of Oracle 11G.

Oracle Financials

The configuration and implementation of the new GAAP compliant financial system (Oracle Financials) commenced in January 2010. It is envisaged that the system will be operational by 31 March 2010.

6.6 New activities

GMT implemented the following new activities:

(a) Enhancements to systems

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.

(b) Service level agreements (SLA)

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

PART 4: ANNUAL FINANCIAL STATEMENTS *(continued)*

For the year ending 31 March 2010

(c) Training of Transport Officers

A special project to increase the training sessions where transport officers will receive training in operational activities of the fleet was introduced. This special project is regarded as ongoing as a result of the high turn over rate of transport officers.

each client department, attention is focused on follow-up actions (mostly via e-mail) on previous month's outstanding accounts. The actions were intensified during 2009/2010 and at year-end a total amount of R55.1 million was recorded as outstanding. The amount compared to the previous financial year reflects a decrease of 18.5%.

(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.

The debtors' collection period was calculated which shows how long (on average) the departments take to pay their invoices. The debtors' collection period in 2009/2010 (59 days) decreased compared to 2008/2009 (81 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.

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

The management of traffic violations has improved drastically over the past two financial years. FleetMan is continuously enhanced in order to manage the implementation of AARTO and the next step is to introduce the use of driver tags in order to identify drivers quicker.

(g) Business process drafting project

The drafting of all operational business processes is nearing completion. It is planned to complete the project during 2010/2011. The second phase to identify possible improvements and the alignment of electronic system processes with the business has commenced.

(f) Debtors control

With effect from 1 April 2010, GMT will implement the charging of interest on all accounts outstanding for more than 30 days. The standard National Treasury determined percentage interest (currently 12.5% per annum) will be charged as approved by the Provincial Treasury.

6.7 Proposed activities

The following important future operational initiatives are planned:

(a) The implementation of the GAAP compliant accounting system.

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

Although the target date for implementation was initially set for 31 March 2010, further work, particularly on the full migration from the current Basic Accounting System (BAS), the organisational environment and further training of staff will have to be done.

PART 4: ANNUAL FINANCIAL STATEMENTS *(continued)*
For the year ending 31 March 2010

- (b) The simplifying of the tariff calculation methods
- A simplified methodology to calculate daily and kilometre tariffs needs to be explored. This requires an in-depth study. The aim is to conclude the research, draft a business case and allow for a consultation process.
- (c) The renewal of the business model
- GMT does not have regional offices however, the option to establish regional hubs is under consideration by management. GMT is of the opinion that the creation of hubs will allow GMT to be closer to all its clients and therefore improve on its service delivery and more efficient use of the fleet. This will be included in the future business model. An in-depth study to determine the most efficient model based on best practice will be commissioned. Furthermore, the business case will also address the legal mandate of GMT to make it more focussed.
- (d) The full implementation of Service Level Agreements (SLA's) with all clients
- GMT prepared a service level agreement covering all operational and financial aspects that provides for all the services performed by GMT together with service standards. Twelve clients have signed the SLA's to date. Finalising the outstanding SLA's will be pursued. The required service levels will also be revisited and adjusted and synchronised with the latest client expectations.
- (e) Advance driver training
- An analysis of the driver risk profile shows a sharp increase in the frequency of speed violations. This is followed by an increase in the accident rate. The associated fines received by GMT are routed to the respective clients for the supply of the drivers' details. These details are then forwarded to the local traffic authorities for re-issuing of the fines in their names. Although it is the responsibility of the client departments to exercise effective management and control over drivers, an initiative will be explored to introduce a system of sending repeat offenders/speedsters and drivers involved in accidents on advance driver training and to provide such training proactively to targeted users. This will be investigated during the 2010/2011 financial year.
- (f) Further enhancement of electronic systems
- FleetMan together with associated supplementary systems (e.g. the vehicle tracking and control systems and fuel management) require further enhancement to standards that compare favourably with similar Oracle based systems as well as other fleet management and support systems. Integrated hosting to accommodate FleetMan, the new GAAP module and the tracking and control systems need further work.
- (g) Sharing of the fleet management system (FleetMan)
- The Provincial Cabinet previously approved a proposal that the sharing of computerised application systems such as FleetMan, *inter alia*, with other organs of the State be accepted as a principle but with intellectual ownership to be retained by the Province of the Western Cape.
- GMT launched a further module of the system (client module) towards the end of 2009 allowing existing clients to utilise the functionalities that could assist them in managing at departmental level. After the testing phase smaller adjustments had to be introduced and the module was placed into production at the end of March 2010. During the next phase clients will have the opportunity to identify further requirements.

PART 4: ANNUAL FINANCIAL STATEMENTS *(continued)*
For the year ending 31 March 2010

6.8 **Events after the reporting date**

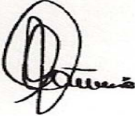
Note 26 of the AFS refers to a disclosure of preliminary claims from 3rd parties against GMT as well as the estimated loss value with regard to government vehicles after reporting date as non-adjusting events after the reporting date in the AFS.

6.9 **Performance information**

The Annual Performance Plan (2010/11) was tabled in the Provincial Parliament. Performance information will be dealt with in **PART 2** of the Annual Report.

6.10 **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: 31 May 2010

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

	Notes	2009/10 R'000	2008/09 R'000	2007/08 R'000
EQUITY AND LIABILITIES				
Equity				
Retained Earnings		614 169	496 521	416 618
Total equity		<u>614 169</u>	<u>496 521</u>	<u>416 618</u>
Non-current liabilities				
Non-current provisions	1	1 850	1 346	1 334
Deferred income	2	129 647	135 261	125 480
Total non-current liabilities		<u>131 497</u>	<u>136 607</u>	<u>126 815</u>
Current liabilities				
Trade and other payables	3	6 419	18 213	6 921
Provisions	4	324	282	332
Bank overdraft	9	-	-	184
Total current liabilities		<u>6 743</u>	<u>18 495</u>	<u>7 437</u>
Total liabilities		<u>138 240</u>	<u>155 102</u>	<u>134 252</u>
Total equity and liabilities		<u>752 409</u>	<u>651 623</u>	<u>550 869</u>
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	5	354 972	389 043	316 019
Intangible assets	6	14 802	11 541	9 661
Total non-current assets		<u>369 774</u>	<u>400 584</u>	<u>325 680</u>
Current Assets				
Inventory	7	59	33	45
Accounts receivable	8	55 100	67 627	58 108
GMT trading account	9	323 593	180 522	164 028
Cash and cash equivalents	10	2 800	1 969	2 366
Non-current assets held for sale	11	1 085	887	641
Total current assets		<u>382 635</u>	<u>251 039</u>	<u>225 189</u>
Total Assets		<u>752 409</u>	<u>651 623</u>	<u>550 869</u>

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2009/10 R'000	2008/09 R'000
Revenue	12	342 311	304 419
Other Income	13	39 625	46 623
Administrative expenses	14	(14 782)	(16 404)
Staff costs	15	(16 642)	(14 016)
Operating expenditure	16	(146 668)	(181 150)
Depreciation	17	(72 713)	(46 447)
Amortisation	18	(1 228)	(940)
Accidents and losses	19	(2 038)	(2 705)
Other expenses	20	-	(1)
Operating leases	27	(10 219)	(9 475)
PROFIT FOR THE YEAR		117 647	79 904
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		117 647	79 904

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2010**

Description	Retained earnings	Total equity
	R	R
Balance at 31 March 2008	414 702	414 702
Correction of errors (Note 32.8)	1 916	1 916
Restated balance	416 618	416 618
Changes in equity for 2009		
Profit for the year ended 31 March 2009	79 904	79 904
Balance previously reported	79 311	79 311
Correction of errors (Note 32.9)	592	592
Balance at 31 March 2009	496 521	496 521
Changes in equity for 2010		
Profit for the year ended 31 March 2010	117 647	117 647
Balance at 31 March 2010	614 169	614 169

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2009/10 R'000	2008/09 R'000
Cash receipts from customers		364 594	316 008
Cash paid to suppliers and employees		(339 254)	(235 016)
Cash generated from operations	21	25 339	80 992
Interest received		-	-
NET CASH FROM OPERATING ACTIVITIES		25 339	80 992
CASH FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		10 839	11 588
Acquisition of property, plant and equipment		(55 115)	(125 269)
Intangible asset - development cost capitalised		(4 488)	(2 820)
NET CASH FROM INVESTING ACTIVITIES		(48 764)	(116 501)
CASH FROM FINANCING ACTIVITIES			
Increase in income received in advance		13 365	4 657
Grants received during the year		10 891	30 639
NET CASH FROM FINANCING ACTIVITIES		24 256	35 296
NET INCREASE IN CASH AND CASH EQUIVALENTS		831	(213)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		1 969	2 182
CASH AND CASH EQUIVALENTS - END OF THE YEAR	22	2 800	1 969

Accounting Policies for the year ended 31 March 2010

The Annual Financial Statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice and the Public Finance Management Act, Act 1 of 1999 as amended.

The following are the principle accounting policies of the entity which are, in all material respects, consistent with those applied in the previous year, except as otherwise indicated:

1. Basis of preparation

The Annual Financial Statements have been prepared on the historical cost basis 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 user departments over the estimated useful life cycle of vehicles to enable GMT to replace the vehicle at the end of its life cycle and to cover GMT overheads. Revenue are also charged against user departments for all kilometres covered in GMT vehicles according to a tariff per classification code of the vehicle to cover the maintenance and running costs of the fleet.

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 %.

Accounting Policies (continued)
for the year ended 31 March 2010

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 a one year period. Motor vehicles are originally measured at cost and are depreciated on a basis considered appropriate to reduce the carrying amount over the expected lifespan of the assets. Depreciation is calculated after taking residual values in account.

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

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

Estimated useful lives:

- Vehicles: Straight line (4 - 15 years)

Gains and losses on the disposal of motor vehicles are recognised in the Income Statement once they accrue to the Entity.

Accounting Policies (continued)
for the year ended 31 March 2010

7. Intangible assets

Intangible assets are shown at cost less accumulated amortisation and impairment losses. Expenditure on the development of the FleetMan system and Oracle Financial system are capitalised by GMT and amortised using the straight line basis over their useful lives.

FleetMan system

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 FleetMan system is reviewed annually and adjusted for impairment, where it is considered necessary.

Oracle Financial system

The useful life of the Oracle Financial system is regarded to be 9 years. Amortisation will commence on the date when the asset is available for use which is considered to be 1 October 2010. Intangible assets are not revalued. The carrying amount of the Oracle Financial system will be reviewed annually and adjusted for impairment, where it is considered necessary.

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.

Accounting Policies *(continued)* for the year ended 31 March 2010

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:

- a. Purchasing costs (which include all costs directly attributable to the acquisition of the inventories), and;
- b. Other costs incurred in bringing inventories to their current location and condition.
- c. 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.

Accounting Policies (*continued*) for the year ended 31 March 2010

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

Accounting Policies (continued)
for the year ended 31 March 2010

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 2008) and the date on which the audit of the financial statements is completed (31 July 2008) are considered for inclusion in the AFS.

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

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

All adjusting events are taken into account in the financial statements as the necessary adjustments are made to the financial statements. Where non-adjusting events after the reporting date are of such importance that non-disclosure would affect the ability of the users of the financial statements to make proper evaluations and decisions, the entity discloses the following information for each significant category of non-adjusting event after the reporting date:

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

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2009/10	2008/09
1 NON-CURRENT PROVISIONS	R'000	R'000
Capped leave pay:		
Opening balance	1 346	1 335
Provisions made during the year	506	11
Less: Current portion transferred to current liabilities	(2)	-
	1 850	1 346
	1 850	1 346

The following is included in the provisions:

Capped leave pay

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

2 DEFERRED INCOME		
Opening balance	130 037	124 913
Grants/vehicles received during the year	10 891	30 639
Transferred to other income	(29 869)	(25 515)
Closing balance	111 058	130 037
Other government grants received (Income received in advance)	18 589	5 224
	129 647	135 261
	129 647	135 261
Depreciation, impairment and vehicles sold and alienated	29 869	25 515

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 2010

	2009/10 R'000	2008/09 R'000
3 TRADE AND OTHER PAYABLES		
Trade creditors	892	16 977
Sundry creditors	5 254	611
Operating lease liability (See note 27)	272	625
	<u>6 419</u>	<u>18 213</u>

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	202	195
Overtime, staff leave, 20/30 year service and acting allowances	121	87
Current portion of non-current provisions	2	-
	<u>324</u>	<u>282</u>

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 of the specific provisions.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

The movement on current provisions are reconciled as follows:

	Performance bonus	Overtime, staff leave & 20/30 year service	Non current provisions	Total
<i>31 March 2010:</i>				
Balance at beginning of year	195	87	-	282
Contributions to provision	202	121		323
Transfer from non-current	-	-	2	2
Expenditure incurred	(195)	(87)	-	(282)
Balance at end of year	202	121	2	324

	Performance bonus	Overtime, staff leave & 20/30 year service	Non current provisions	Total
<i>31 March 2009:</i>				
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

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

5 PROPERTY, PLANT AND EQUIPMENT
31 March 2009

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	460 938
Accumulated depreciation:	(2 085)	(139 735)	(141 821)
Accumulated impairment losses	(42)	(3 069)	(3 111)
Correction of error (Refer to note 32.1.c)			
Gross carrying amount	12	-	12
Restatement of opening balances	(0)	-	(0)
Gross carrying amount	(19)	-	(19)
Accumulated depreciation:	(17)	-	(17)
Accumulated impairment losses	35	-	35
Restated carrying amount at 1 April 2008	815	315 204	316 019
Gross carrying amount	2 923	458 008	460 931
Accumulated depreciation:	(2 101)	(139 735)	(141 836)
Accumulated impairment losses	(7)	(3 069)	(3 076)
Additions at cost	1 433	137 466	138 899
Depreciation:	(441)	(46 006)	(46 447)
Impaired losses	-	(2 449)	(2 449)
Carrying value of disposals:	-	(15 314)	(15 314)
Cost	-	(33 768)	(33 768)
Accumulated depreciation	-	18 454	18 454
Stolen vehicles recovered during the year	-	55	55
Cost	-	111	111
Accumulated depreciation	-	(56)	(56)
Stolen and alienated	0	(833)	(833)
Cost	(8)	(1 181)	(1 189)
Accumulated depreciation	8	348	356
Non-current assets held for sale	-	(887)	(887)
Cost	-	(4 226)	(4 226)
Accumulated depreciation	-	3 338	3 338
Net Carrying amount at 31 March 2009	1 807	387 236	389 043
Gross carrying amount	4 348	556 410	560 759
Accumulated depreciation:	(2 534)	(163 656)	(166 191)
Accumulated impairment losses	(7)	(5 518)	(5 525)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

5 PROPERTY, PLANT AND EQUIPMENT (continued)

31 March 2010

Reconciliation of Carrying Value

Description	Plant and equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2009	1 807	387 236	389 043
Gross carrying amount	4 348	556 410	560 759
Accumulated depreciation:	(2 534)	(163 656)	(166 191)
Accumulated impairment losses	(7)	(5 518)	(5 525)
Additions at cost	689	54 315	55 004
Depreciation:	(645)	(72 068)	(72 713)
Impaired losses	-	(1 503)	(1 503)
Correction of errors	111	-	111
Cost	(345)	-	(345)
Accumulated depreciation	449	-	449
Accumulated impairment losses	7	-	7
Carrying value of disposals:	-	(11 841)	(11 841)
Cost	-	(34 275)	(34 275)
Accumulated depreciation	-	22 434	22 434
Stolen and alienated	(11)	(1 615)	(1 626)
Cost	(29)	(2 292)	(2 321)
Accumulated depreciation	17	678	695
Non-current assets held for sale	-	(1 504)	(1 504)
Cost	-	(4 286)	(4 286)
Accumulated depreciation	-	2 782	2 782
Net Carrying amount at 31 March 2010	1 951	353 021	354 972
Gross carrying amount	4 664	569 872	574 535
Accumulated depreciation:	(2 713)	(209 830)	(212 543)
Accumulated impairment losses	-	(7 021)	(7 021)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2009/10	2008/09
	R'000	R'000
6 INTANGIBLE ASSETS		
Net Carrying amount at beginning of the year	11 541	9 661
Gross carrying amount	13 947	11 127
Accumulated amortisation	(2 406)	(1 466)
Internal Development cost capitalised during the year	4 488	2 820
Amortisation during the year	(1 228)	(940)
Net Carrying amount at end of the year	14 802	11 541
Gross carrying amount	18 436	13 947
Accumulated amortisation	(3 634)	(2 406)

Intangible assets have not been pledged as security for any liabilities of GMT.

GMT is currently in the process of implementing a GAAP compliant accounting system which is envisaged to be rolled out in the 2011/2012 financial year. Amortisation will commence on the Oracle Financial system on the date when the asset is available for use. The proposed date is currently 1 April 2011.

Breakdown between systems:**FleetMan System:**

Net Carrying amount at beginning of the year	11 541	9 661
Gross carrying amount	13 947	11 127
Accumulated amortisation	(2 406)	(1 466)
Internal Development cost capitalised during the year	2 872	2 820
Amortisation during the year	(1 228)	(940)
Net Carrying amount at end of the year	13 185	11 541
Gross carrying amount	16 819	13 947
Accumulated amortisation	(3 634)	(2 406)

Oracle Financial System:

Net Carrying amount at beginning of the year	-	-
Gross carrying amount	-	-
Accumulated amortisation	-	-
Internal Development cost capitalised during the year	1 617	-
Amortisation during the year	-	-
Net Carrying amount at end of the year	1 617	-
Gross carrying amount	1 617	-
Accumulated amortisation	-	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2009/10	2008/09
	R'000	R'000
7 INVENTORY		
Consumable Stores - at cost	59	33
Total Inventory	<u>59</u>	<u>33</u>

The cost of inventories recognised as an expense and included in administrative expenses amounted to R 119,286.27 (2009: R 186,109.80).

8 ACCOUNTS RECEIVABLE

Trade receivables	73 297	85 825
Less: Provision for doubtful debts	(18 198)	(18 198)
Total accounts receivable	<u>55 100</u>	<u>67 627</u>

The provision for doubtful debts exists due to the possibility that not all debts will be recovered. The provision for doubtful debts has been determined by reference to past default experience and the current economic environment. Included in the provision for doubtful debts is the following:

1) An amount of R 17,922 m which GMT intends to write off as bad debts due to lost documentation.	17 922	17 922
2) Prescribed debt.	276	276
	<u>18 198</u>	<u>18 198</u>

9 GMT TRADING ACCOUNT

Closing balance as at 31 March	<u>323 593</u>	<u>180 522</u>
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GMT's Trading account is held by the Western Cape Department of Transport & Public Works.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

10 CASH AND CASH EQUIVALENTS

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

Nedbank

Account Number 1452049831 (Fleet Account):

Bank statement balance at the beginning of the year	1 942	2 366
Bank statement balance at the end of the year	2 800	1 942

Wesbank

Account Number 44778 (Fleet Account):

Bank statement balance at the beginning of the year	27	(121)
Bank statement balance at the end of the year	-	27

First National Bank

Account Number 51450025859 (Fleet Account):

Bank statement balance at the beginning of the year	-	(63)
Bank statement balance at the end of the year	-	-

Bank balances

2 800	1 969
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Total Overdraft

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2009/10 R'000	2008/09 R'000
11 NON-CURRENT ASSETS HELD FOR SALE		
Vehicles at carrying value	1 504	1 822
Plant and equipment at carrying value	-	-
	1 504	1 822
Less: Impairment loss	(419)	(935)
	1 085	887

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.

12 REVENUE

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

Rendering of services:

National Departments	58 779	57 392
Provincial Departments	283 532	247 028
	342 311	304 419

An analysis of the entity's revenue as per:

Kilometer tariffs	188 355	172 446
Daily tariffs	153 956	131 973
	342 311	304 419

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.

13 OTHER INCOME

Grants received	29 869	25 515
Other income	1 766	1 147
Re-imbursive income	7 989	19 960
Total Other Income	39 625	46 623

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2009/10 R'000	2008/09 R'000
14 ADMINISTRATIVE EXPENSES		
Bank charges	8 870	8 907
Entertainment	1	1
Fees for services		
- SITA	1 081	1 285
- Legal fees	34	35
- License fees	2 579	4 237
Other administrative expenses	1 743	1 405
Stationery and printing	296	386
Training and staff development	7	14
Travel and subsistence	171	133
	<u>14 782</u>	<u>16 404</u>
15 STAFF COSTS		
Salaries and Wages		
Basic salaries	11 693	9 577
Performance awards	202	207
Periodic payments	863	756
Other non-pensionable allowance	1 055	986
Leave payments	-	37
Overtime and long service awards	174	199
Social contributions (employer's contributions)		
Medical	1 221	1 042
Official unions and associations	3	3
Pension	1 432	1 211
Total Employee Related Costs	<u>16 642</u>	<u>14 016</u>

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 2010

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 2009						
Senior Manager: GMT	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	1 562	89	58	138	-	1 847

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 2010						
Senior Manager: GMT	629	-	19	55	-	703
Manager: Fleet Finance	365	20	4	38	-	427
Manager: Fleet Logistics	280	13	12	32	-	337
Manager: Fleet Management	357	20	6	38	-	421
Manager: Fleet Risk Management	295	9	8	21	-	333
TOTAL	1 926	62	49	184	-	2 221

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2009/10 R'000	2008/09 R'000
16 OPERATING EXPENDITURE		
Consultant, contractors and special services	8 810	7 564
- Audit fees	1 508	1 105
- Other	7 301	6 458
Maintenance, repairs and running costs	124 568	148 387
- Property and buildings	37	26
- Machinery, equipment and vehicles	124 531	148 361
Loss on sale of vehicles	5 159	6 294
Private transport rentals	224	8 502
Tracking costs	5 563	8 538
Third party claims	1 052	1 221
Stores/Consumables	73	59
Communication costs	577	501
Courier and delivery charges	33	49
Municipal services	30	25
Grants paid	578	-
Traffic fines	-	10
	146 668	181 150
17 DEPRECIATION		
Plant and equipment	645	441
Vehicles	72 068	46 006
	72 713	46 447
18 AMORTISATION		
Intangible asset - FleetMan	1 228	940
	1 228	940
19 ACCIDENTS AND LOSSES		
19.1 Impairment losses on fixed assets		
<i>Impairment losses recognised:</i>		
Property, Plant and Equipment	1 514	1 726
- Vehicles	1 503	1 726
- Plant and equipment	11	-
Non-current assets held for sale	419	935

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2009/10 R'000	2008/09 R'000
19.2 Other		
Accidents and losses incurred	105	45
	2 038	2 705
20 OTHER EXPENSES		
Gifts, sponsorships and donations	-	1
21 RECONCILIATION OF CASH GENERATED FROM OPERATIONS		
Surplus for the Year	117 647	79 904
Adjustment for:		
Deferred income recognised during the year	(29 869)	(25 515)
Depreciation - property, plant and equipment	72 713	46 447
Amortisation - Intangible assets	1 228	940
Impairment losses	1 933	2 449
Net loss on disposal of vehicles	3 504	5 146
Increase in the provision for doubtful debts	-	-
Increase in provisions	829	293
Operating cash flows before working capital changes	167 984	109 663
Working capital changes	(142 644)	(28 672)
(Increase)/Decrease in inventories	(25)	12
(Increase)/Decrease in receivables	12 528	(9 519)
(Increase)/Decrease in the GMT trading account	(143 070)	(16 494)
Increase/(Decrease) in payables	(11 795)	(2 338)
Cash payments made against provisions	(282)	(332)
Cash generated from operations	25 339	80 992

22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of bank account balances. Cash and cash equivalents included in the statement of cash flows, comprise the following statement of financial position amounts:

Bank Balances	2 800	1 969
Bank Overdraft	-	-
	2 800	1 969

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

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 (Act No 58 of 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 32,911.13 (2008/09: R 189,787.87) 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 2009/10 financial year is R 1,322,409.43. Therefore, a contingent liability of R 1,322,409.43 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.

	2009/10	2008/09
	R'000	R'000
25 CAPITAL COMMITMENTS		
Commitments for the acquisition of:		
- Property, plant and equipment ordered, but not delivered by year-end.	69 506	7 764
- Intangible Assets	2 934	-
	72 440	7 764

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

12 (Twelve) cases with an estimated claim value of R 79,648.16

Damages/Losses - government vehicles

150 (One hundred and fifty) cases with an estimated value of R 578,976.43

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2009/10	2008/09
	R'000	R'000

27 OPERATING LEASE ARRANGEMENTS

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	8 730	9 792
2 to 5 years	6 808	12 245
More than 5 years	-	-
	15 539	22 037
Total Operating Lease Arrangements	15 539	22 037

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

Minimum lease payments	10 572	9 566
Contingent rentals	(353)	(91)
	10 219	9 475
Total Operating Lease Expenses - as Lessee	10 219	9 475

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	2009/10 R'000	2008/09 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	625	716
Operating expenses recorded	10 219	9 475
Operating lease payments effected	(10 572)	(9 566)
Total Operating Lease Liabilities	<u><u>272</u></u>	<u><u>625</u></u>

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 belongs 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:

	2009/10 R'000	2008/09 R'000
Revenue		
Transport claims	<u>6 272</u>	<u>11 324</u>
Expenditure		
License fees	<u>2 490</u>	<u>4 223</u>
The amount of outstanding balances as a 31 March		
Accounts receivable - GMT Trading account	<u><u>323 593</u></u>	<u><u>180 522</u></u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

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):

<u>Financial Assets:</u>	<u>Classification</u>	2009/10 R'000	2008/09 R'000
Accounts receivable			
Trade receivables	Loans and receivables	55 100	67 627
GMT Trading account	Loans and receivables	323 593	180 522
Cash and cash equivalents			
Bank balances	Available for sale	2 800	1 969
Total financial assets		<u><u>381 492</u></u>	<u><u>250 119</u></u>
<u>Summary of financial assets:</u>			
Loans and receivables:			
GMT Trading account		323 593	180 522
Trade receivables		55 100	67 627
		<u><u>378 692</u></u>	<u><u>248 150</u></u>
Available for sale:			
Bank balances		2 800	1 969
		<u><u>2 800</u></u>	<u><u>1 969</u></u>
Total Financial Assets		<u><u>381 492</u></u>	<u><u>250 119</u></u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

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>	2009/10 R'000	2008/09 R'000
Trade and other payables			
Trade creditors	Not valued at FVTPL	892	16 977
Sundry creditors	Not valued at FVTPL	5 254	611
Operating lease liability	Not valued at FVTPL	272	625
Total financial liabilities		6 419	18 213

Summary of financial liabilities:**Not valued at Fair Value through Profit and Loss:**

Trade creditors	892	16 977
Sundry creditors	5 254	611
Operating lease liability	272	625
	6 419	18 213
Total Financial Liabilities	6 419	18 213

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

29.4 Interest rate management

Government Motor Transport is not directly exposed to interest rate risk as it does not hold any interest bearing financial instruments. 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.

	2009/10	2008/09
	R'000	R'000
Maximum credit risk exposure		
Cash and cash equivalents	2 800	1 969
Trade receivables	55 100	67 627
GMT Trading account	323 593	180 522
	381 492	250 119
	381 492	250 119

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

	2009/10	2008/09
	R'000	R'000
Financial assets past due		
Accounts Receivable		
More than 30 days and not more than 60 days	8 240	12 219
More than 60 days and not more than 90 days	2 507	13 963
More than 90 days and not more than 120 days	381	1 727
More than 120 days	18 777	11 722
Total	29 904	39 632
	29 904	39 632

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

29.7 Fair value

The estimated net fair values of financial instruments have been determined as at 31 March 2010 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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

32 CORRECTION OF ERROR

R'000

32.1 Property, plant and equipment

DR/(CR)

Property, plant and equipment – Vehicles

The carrying value of property, plant and equipment as at 31 March 2009 has been adjusted to account for two vehicles that have been alienated in the 2008/09 financial year and vehicles sold in the prior financial year.

a) Gross carrying amount as at 31 March 2009

Balance previously reported:-

557 161

Add:

Component	Detail	
Property, plant and equipment - vehicles: Gross Carrying amount as at 31 March 2009	Cost price of vehicles GVZ324G & GUY486G alienated in the 2008/2009 financial year	(744)
Property, plant and equipment - vehicles: Gross Carrying amount as at 31 March 2009	Vehicles sold in the 2009 financial year (GBR308G & GBR206G)	(8)

Restated balance as at 31 March 2009

556 410

b) Accumulated depreciation as at 31 March 2009

Balance previously reported:-

(163 826)

Less:

Component	Detail	
Property, plant and equipment - vehicles: Accumulated depreciation as at 31 March 2009	Accumulated depreciation of vehicles GVZ324G & GUY486G alienated in the 2008/2009 financial year.	122
Property, plant and equipment - vehicles: Accumulated depreciation as at 31 March 2009	Depreciation adjustment regarding vehicles sold and alienated in the 2008/2009 financial year.	48

Restated balance as at 31 March 2009

(163 655)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	R'000 DR/(CR)						
Property, plant and equipment - Plant and equipment							
c) Gross carrying amount as at 1 April 2008							
Balance previously reported:-	803						
Add:							
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Component</th> <th style="width: 30%; text-align: center;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td style="border: 1px solid black;">Property, plant and equipment - plant and equipment: Gross Carrying amount as at 1 April 2008</td> <td style="border: 1px solid black;">Correction of the carrying value of plant and equipment not previously recorded and assets duplicated in the fixed asset register (Also see note 32.8)</td> <td style="text-align: right; vertical-align: bottom;">13</td> </tr> </tbody> </table>	Component	Detail		Property, plant and equipment - plant and equipment: Gross Carrying amount as at 1 April 2008	Correction of the carrying value of plant and equipment not previously recorded and assets duplicated in the fixed asset register (Also see note 32.8)	13	
Component	Detail						
Property, plant and equipment - plant and equipment: Gross Carrying amount as at 1 April 2008	Correction of the carrying value of plant and equipment not previously recorded and assets duplicated in the fixed asset register (Also see note 32.8)	13					
Restated balance as at 31 March 2009	816						

32.2 Accounts receivable**a) Trade receivables**

The balance of accounts receivable (trade receivables) as at 31 March 2009 has been adjusted to account for two vehicles that have been alienated in the 2008/09 financial year but the proceeds on disposal of these vehicles have only been received in the 2010 financial year.

Balance previously reported:- 133 188

Component	Detail	
Accounts receivable - trade receivables as at 31 March 2009	A sundry debtor has been raised for the proceeds on disposal of two vehicles, GVZ324G and GUY486G, alienated in the 2008/09 financial year	534
Accounts receivable - trade receivables as at 31 March 2008	Correction trade receivables as at 31 March 2008 regarding additional vehicles claimed in the 2010 financial year (Also see note 32.8)	1 909
Accounts receivable - trade receivables as at 31 March 2008	Correction trade receivables as at 31 March 2008 regarding claims for extras fitted to additional vehicles	(613)
Accounts receivable - trade receivables as at 31 March 2009	Correction trade receivables with regards to claims for extras fitted to additional vehicles	(3 841)
Accounts receivable - trade receivables as at 31 March 2009	Correction of over-billed kilometres regarding withdrawn vehicles	(144)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

R'000
DR/(CR)

Accounts receivable - trade receivables as at 31 March 2009	Correction of the provision for doubtful debts against trade receivables with regards to the alignment of trade receivables with GMT's debtors listing	(45 209)
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Restated balance as at 31 March 2009	85 825
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- b) Provision for doubtful debts**
Correction of a provision for doubtful debts which was raised to align GMT's trade receivables with its debtor's listing.

Balance previously reported:-	63 406
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Trade receivables as at 31 March 2009	Correction of the provision for doubtful debts against trade receivables	(45 209)
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Restated balance as at 31 March 2009	18 198
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32.3 Trade creditors

The balance of trade creditors as at 31 March 2009 have been adjusted to correct trade creditors that have been double accounted for as at 31 March 2009.

Balance previously reported:-	(17 213)
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Component	Detail	
Trade creditors as at 31 March 2009	Correction of trade creditors that were double accounted for as at 31 March 2009 regarding external computer services: system development costs	235

Restated balance as at 31 March 2009	(16 978)
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32.4 Intangible Assets

The carrying value of intangible assets as at 31 March 2009 has been adjusted to account for development cost that has been expensed during the year ended 31 March 2010.

Balance previously reported:-	11 133
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Component	Detail	
Intangible Assets - FleetMan: Gross Carrying amount as at 31 March 2009	Capitalization of development cost that was raised against trade payables at year-end and incorrectly expensed in 2009	408

Restated balance as at 31 March 2009	11 541
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GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

32.5	Non-current assets held for sale	R'000
	The carrying value of non-current assets held for sale as at 31 March 2010 has been adjusted with regards to a vehicle that has been sold in February 2009 but was incorrectly included in non-current assets held for sale as at 31 March 2010.	DR/(CR)
	Balance previously reported:-	890

Component	Detail
Non-current assets held for sale as at 31 March 2009	Correction of a trailer (GBR081G) included in non-current assets held for sale as at 31 March 2010 but was sold in February 2009

(3)

Restated balance as at 31 March 2009

887

32.6	Deferred income	
	The carrying value of deferred income has been adjusted as at 31 March 2009 to account for additional vehicles sold in the prior financial year.	

134 501

Component	Detail
Deferred income as at 31 March 2009	Correction of the deferred income recognised as revenue during the 2009 financial year regarding three trailers sold in the prior financial year
Deferred income as at 31 March 2008	Correction of deferred income with regards to claims for extras fitted to additional vehicles as at 31 March 2008
Deferred income as at 31 March 2009	Correction of deferred income with regards to claims for extras fitted to additional vehicles in the 2008/09 financial year

(10)

(613)

(3 841)

Restated balance as at 31 March 2009

130 037

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	R'000 DR/(CR)									
32.7 Operating Lease Liability										
Correction of operating lease liability and operating lease expenses in prior financial year according to lease contracts received.										
Balance previously reported as at 31 March 2009:-	609									
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: center;">Component</th> <th style="width: 50%; text-align: center;">Detail</th> <th style="width: 10%;"></th> </tr> </thead> <tbody> <tr> <td style="border-bottom: 1px solid black;">Operating lease liability</td> <td style="border-bottom: 1px solid black;">Correction of outstanding liability as at 31 March 2008 (Also see note 32.8)</td> <td style="text-align: right; border-bottom: 1px solid black;">6</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Operating lease liability</td> <td style="border-bottom: 1px solid black;">Correction against operating lease expenditure in 2009</td> <td style="text-align: right; border-bottom: 1px solid black;">10</td> </tr> </tbody> </table>	Component	Detail		Operating lease liability	Correction of outstanding liability as at 31 March 2008 (Also see note 32.8)	6	Operating lease liability	Correction against operating lease expenditure in 2009	10	
Component	Detail									
Operating lease liability	Correction of outstanding liability as at 31 March 2008 (Also see note 32.8)	6								
Operating lease liability	Correction against operating lease expenditure in 2009	10								
Restated balance as at 31 March 2009	625									
 32.8 Effect on accumulated surplus as at 31 March 2008										
Balance previously reported:-	414 702									
Add:										
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%; text-align: center;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td style="border-bottom: 1px solid black;">Correction of the carrying value of plant and equipment not previously recorded and assets duplicated in the fixed asset register (Also see note 32.1(c))</td> <td style="text-align: right; border-bottom: 1px solid black;">13</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Correction trade receivables as at 31 March 2008 regarding additional vehicles claimed in the 2010 financial year (Also see note 32.2)</td> <td style="text-align: right; border-bottom: 1px solid black;">1 909</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Correction of operating lease liability as at 31 March 2008 (also see note 32.7)</td> <td style="text-align: right; border-bottom: 1px solid black;">(6)</td> </tr> </tbody> </table>	Detail		Correction of the carrying value of plant and equipment not previously recorded and assets duplicated in the fixed asset register (Also see note 32.1(c))	13	Correction trade receivables as at 31 March 2008 regarding additional vehicles claimed in the 2010 financial year (Also see note 32.2)	1 909	Correction of operating lease liability as at 31 March 2008 (also see note 32.7)	(6)		
Detail										
Correction of the carrying value of plant and equipment not previously recorded and assets duplicated in the fixed asset register (Also see note 32.1(c))	13									
Correction trade receivables as at 31 March 2008 regarding additional vehicles claimed in the 2010 financial year (Also see note 32.2)	1 909									
Correction of operating lease liability as at 31 March 2008 (also see note 32.7)	(6)									
Accumulate surplus as at 31 March 2008	416 618									
 Reconciliation of retained earnings as at 31 March 2008										
Balance previously reported in 2008 Annual Financial Statements	414 702									
Correction of errors	1 916									
Restated balance as at 31 March 2008	416 618									
 32.9 Effect on profit for the year ended 31 March 2009										
Balance previously reported:-	79 311									
<i>Adjustments against:</i>										
a) Revenue (refer to note 32.9 e)	(14 784)									
Balance previously reported	319 203									
Restated balance	304 419									

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

	R'000
b) Other income	7
Balance previously reported	46 616
Restated balance	46 623
Administrative expenses	
c) Other administrative expenses	8
Balance previously reported	1 413
Restated balance	1 405
Operating expenditure	15 676
d) Loss on sale of vehicles	(95)
Balance previously reported	6 198
Restated balance	6 294
e) Provision for doubtful debts (refer to note 32.9 a)	14 784
Balance previously reported	14 784
Restated balance	-
f) Consultant contractors & special services	643
Balance previously reported	7 101
Restated balance	6 458
g) Tracking costs	345
Balance previously reported	8 882
Restated balance	8 538
h) Depreciation	48
Balance previously reported	46 495
Restated balance	46 447
i) Operating leases	(363)
Balance previously reported	9 113
Restated balance	9 475
Surplus for the year ended 31 March 2009	79 903
Reconciliation of profit for the year ended 31 March 2009:	
Balance previously reported	79 311
Correction of errors	592
Restated balance	79 903

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

33 CHANGE IN ESTIMATES R'000

33.1 Reassessment of the useful lives of vehicles

During the year ended 31 March 2010 some vehicles reached the end of their original estimated useful lives. The useful lives of vehicles are annually 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 2010	4 518
Impact on the depreciation expense for future periods	5 243
Total	<u>9 761</u>

34 STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

At the date of authorisation of these financial statements the following Standards were in issue but not yet effective.

Standard	Details of amendment	Annual periods beginning on or after
IFRS 1: First-time Adoption of International Financial Reporting Standards	Amendment relieves first-time adopters of IFRSs from providing the additional disclosures introduced through Amendments to IFRS 7 in March 2009	01-Jul-10
Amendment to IFRS 2	Group Cash-Settled Share-Based Payment Transactions Amendments To IFRS 2 (AC 139) – Share-Based Payment (effective date 1 June 2009)	01-Jan-10
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations	01-Jan-10
IFRS 7: Financial Instruments: Disclosures	Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments Removed some disclosure items which were seen to be superfluous or misleading	01-Jan-11

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

34 STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED (continued)

IFRS 8: Operating Segments	Disclosure of information about segment assets	01-Jan-10
IFRS 9: Financial Instruments	New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement	01-Jan-13
IAS 1: Presentation of Financial Statements	Current/non-current classification of convertible instruments	01-Jan-10
	Clarification of statement of changes in equity	01-Jan-11
IAS 7: Statement of Cash Flows	Classification of expenditures on unrecognised assets	01-Jan-10
IAS 17: Leases	Classification of leases of land and buildings	01-Jan-10
IAS 24: Related Party Disclosures	Simplification of the disclosure requirements for government-related entities	01-Jan-11
IAS 36: Impairment of Assets	Unit of accounting for goodwill impairment test	01-Jan-10
IAS 39: Financial Instruments: Recognition and Measurement	Treating loan prepayment penalties as closely related embedded derivatives Scope exemption for business combination contracts Cash flow hedge accounting	01-Jan-10

PART FIVE:

**HUMAN CAPITAL
MANAGEMENT
(OVERSIGHT
REPORT)**

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT)

5.1 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).

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*

5.2 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 5.1: 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. The client module of the web-enabled fleet management system (FleetMan) was 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.

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*

5.3 Consultation Arrangements with Clients and Staff

TABLE 5.2: 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 5.3: 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 12 have been signed-off. The balance will be processed during 2010/2011.
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.

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*

Table 5.4 - 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.	The project to document all internal business procedures is 82 percent completed. The business procedures are published on the departmental Electronic Content Management System.
Maintaining of various help desk/call centre facilities.	The following were operational: <ul style="list-style-type: none"> - GMT Bureau for the reporting of all fleet management related incidents and to obtain information. - Technical Helpdesk for liaison with regard to technical fleet management issues. - Call centre operated by the private vendor facilitating repairs and maintenance to vehicles. - Call centre operated by the private vendor Automated Fuel Solutions (AFS) facilitating eFuel enquiries. - Call centres operated by private vendors facilitating tracking and control enquiries.
Electronic publications.	Publications on Intranet and Internet. Phase 1 of the ECM system to facilitate file tracking and archiving of information in electronic format, was rolled out. The monthly accounts are now published in electronic format.

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued***Table 5.5 - 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 550 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 1 102 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.	<ul style="list-style-type: none"> - 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

5.4. Expenditure

Departments budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 5.6) and by salary bands (Table 5.7). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

TABLE 5.6: Personnel costs by programme, 2009/10

Programme	Total Expenditure (R'000)	Compensation of Employees/ Social Contributions	Training Expenditure (R'000)	Goods & Services (R'000)	Personnel cost as a percentage of total expenditure	Average personnel cost per employee (R'000)	Total Number of Employees
GMT	264 290	16 642	99	-	6.33	163	102

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*

TABLE 5.7: Personnel costs by salary bands, 2009/10

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)	Total Number of Employees
Lower skilled (Levels 1-2)	547	3.4	68	8
Skilled (Levels 3-5)	5 962	36.8	119	50
Highly skilled production (Levels 6-8)	7 117	43.9	187	38
Highly skilled supervision (Levels 9-12)	1 880	11.6	376	5
Senior management (Levels 13-16)	703	4.3	703	1
Total	16 209	100	159	102

The following tables provide a summary per programme (Table 5.8) and salary bands (Table 5.9), of expenditure incurred as a result of salaries, overtime, home owners 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 5.8: Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2009/10

Programme	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
GMT	11 693	70.0	175	1.1	483	2.9	1221	7.3
Total	11 693	70.0	175	1.1	483	2.9	1 221	7.3

TABLE 5.9: Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2009/10

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)	372	2.2	3	0.02	32	0.2	66	0.4
Skilled (Levels 3-5)	3 957	23.8	111	0.7	258	1.6	672	4.0
Highly skilled								

production (Levels 6-8)	5 164	31.0	43	0.3	177	1.1	401	2.4
Highly skilled supervision (Levels 9-12)	1 223	7.3	17	0.1	12	0.1	47	0.3
Senior management (Level 13)	680	4.1	0	0	4	0.02	19	0.1
Total	11 351	68.2	174	1.1	483	2.9	1 205	7.2

5.5 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 two key variables: - programme (Table 5.10) and salary band (Table 5.11).

The vacancy rate reflects the percentage of posts that are not filled as per the approved post establishment.

TABLE 5.10: Employment and vacancies by programme, 31 March 2010

Programme	Number of posts	Number of posts filled	Vacancy Rate (%)	Number of posts filled additional to the establishment
GMT	111	102	8.1	0
Total	111	102	8.1	0

TABLE 5.11: Employment and vacancies by salary bands, 31 March 2010

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	8	8	0	0
Skilled (Levels 3-5)	56	50	10.7%	0
Highly skilled production (Levels 6-8)	40	38	5%	0
Highly skilled supervision (Levels 9-12)	6	5	16.7%	0
Senior management (Levels 13-16)	1	1	0	0
Total	111	102	8.1%	0

5.6 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. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

The following table (Table 5.12) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*

TABLE 5.12: Job Evaluation, 2009/10

Salary Band	Number of Posts Filled	Number of Jobs Evaluated	% of posts evaluated by Salary Bands	Posts Upgraded		Posts Downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	8	2	25.0	0	0	0	0
Skilled (Levels 3-5)	50	7	12.5	20 (2)	10.0	4 (2)	50.0
Highly skilled production (Levels 6-8)	38	6	15.0	20 (3)	15.0	2 (1)	50.0
Highly skilled supervision (Levels 9-12)	5	1	16.7	5 (1)	20.0	0	0
Senior Management Service Band A	1	0	0	0	0	0	0
Total	102	16	15.7	45 (6)	13.3	6 (3)	50.0

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

TABLE 5.13: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 2009/10

Beneficiaries	African	Asian	Coloured	White	Total
Female	4	0	12	4	20
Male	2	0	5	18	25
Total	6	0	17	22	45
Employees with a disability					0

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

TABLE 5.14: Employees whose salary level exceed the grade determined by job evaluation (in terms of PSR 1.V.C.3), 2009/10

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Asst. Manager Office Support	1	7	8	Downgraded by JE
Admin. Assistant	1	5	6	Downgraded by JE
Drivers	2	2	3/4	Downgraded by JE
Cleaning Assistant	1	1	3	Downgraded by JE
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2009/2010				5
Percentage of total employment				4.9%

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*

TABLE 5.15: Profile of employees whose salary level exceed the grade determined by job evaluation (in terms of PSR 1.V.C.3), 2009/10

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	2	3	5
Total	0	0	2	3	5
Employees with a disability					

5.7 Employment Changes

Turnover rates provide an indication of trends in the employment profile of GMT. The following tables provide a summary of turnover rates by salary band (Table 5.16).

TABLE 5.16: Annual turnover rates by salary band, 2009/10

Salary Band	Number of employees per band as on 1 April 2009	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	12	4	0	33.3%
Skilled (Levels 3-5)	43	2	2	9.3%
Highly skilled production (Levels 6-8)	35	3	1	11.4%
Highly skilled supervision (Levels 9-12)	5	0	0	0
Senior Management Service Band A	5	0	0	0
Senior Management Service Band B	1	0	0	0
Total	96	9	3	12.5%

Table 5.17 identifies the major reasons why staff left GMT.

Table 5.17: Reasons why staff left the employ of GMT

Termination Type	Number	% of total
Death	1	33.3
Resignation	1	33.3
Transfers to other Public Service Departments	1	33.3
Total	3	3.1
Total number of employees who left as a % of the total employment		2.7

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*

Table 5.18: Promotions by salary band

Salary Band	Employees 1 April 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	OSDs	OSDs as a % of Emplo yee Salary Band
Lower skilled (Levels 1-2)	12	0	0	3	25.0	0	0
Skilled (Levels 3-5)	43	1	2.3	31	72.1	0	0
Highly skilled production (Levels 6-8)	35	0	0	23	65.7	0	0
Highly skilled supervision (Levels 9-12)	5	0	0	5	100.0	0	0
Senior management (Levels 13-16)	1	0	0	0	0	0	0
Total	96	1	1.0	62	64.6	0	0

5.8 Employment Equity

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

Table 5.19: Total number of employees (including employees with disabilities) per occupational categories, 31 March 2010

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
SMS Professionals	0	0	0	1	0	0	0	0	1
Professionals	0	1	0	2	0	0	0	2	5
Technicians and associate professionals	1	7	0	23	0	3	0	4	38
Clerks	2	18	0	3	6	20	0	1	50
Elementary occupations	0	6	0	1	1	0	0	0	8
Total	3	32	0	30	7	23	0	7	102
Employees with disabilities	0	0	0	3	0	0	0	0	3

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*

Table 5.20: Total number of employees (including employees with disabilities) per occupational bands, 31 March 2010

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	0	0	0	1	0	0	0	0	1
Professionally qualified	0	1	0	2	0	0	0	2	5
Skilled technical	1	7	0	23	0	3	0	4	38
Semi-skilled	2	18	0	3	6	20	0	1	50
Unskilled	0	6	0	1	1	0	0	0	8
Total	3	32	0	30	7	23	0	7	102
Employees with disabilities	0	0	0	3	0	0	0	0	3

Table 5.21: Recruitment, 2009/10

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled technical	0	2	0	1	0	0	0	0	3
Semi-skilled	1	0	0	0	1	0	0	0	2
Unskilled	0	2	0	1	1	0	0	0	4
Total	1	4	0	2	2	0	0	0	9
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 5.22: Promotions, 2009/10

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Semi-skilled	0	0	0	0	0	1	0	0	1
Unskilled	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	1	0	0	1
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 5.23: Terminations, 2009/10

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled technical	0	1	0	0	0	0	0	0	1
Semi-skilled	0	0	0	0	0	2	0	0	2
Total	0	1	0	0	0	2	0	0	3
Employees with disabilities	0	0	0	0	0	0	0	0	0

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*

Disciplinary action, 2009/10

No disciplinary action was instituted during the year under review.

Table 5.24: Skills development, 2009/10

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	1	0	0	0	0	1
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	0	0	0	0	0	1	0	1	2
Clerks	1	1	0	1	1	2	0	0	6
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	2	0	0	1	0	0	0	3
Total	1	3	0	2	2	3	0	1	12
Employees with disabilities	0	0	0	0	0	0	0	0	

5.9 Signing of Performance Agreements by SMS member

Table 5.25: Signing of Performance Agreements by SMS Member, 30 September 2009

SMS Level	Number of funded SMS posts per level	Number of SMS members per level	Number of signed Performance Agreements per level	Signed Performance Agreements as % of SMS members per level	Number of SMS who received Performance Bonuses
13	1	1	1	100	0
Total	1	1	1	100	0

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*5.10 Filling of SMS post

Table 5.26: SMS post information, 31 March 2010

SMS Level	Number of SMS posts per level		Number of SMS posts filled per level	% of SMS posts filled per level	Number of SMS posts vacant per level	% of SMS posts vacant per level
	Funded	Unfunded				
Salary Level 13	1	0	1	100	0	0
Total	1	0	1	100	0	0

Table 5.27: SMS post information, 30 September 2009

SMS Level	Number of funded SMS posts per level	Number of SMS posts filled per level	% of SMS posts filled per level	Number of SMS posts vacant per level	% of SMS posts vacant per level
Salary Level 13	1	1	100	0	0
Total	1	1	100	0	0

5.11 Performance Rewards

To encourage good performance, GMT has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 5.27) and salary bands (Table 5.28).

TABLE 5.28: Performance Rewards by race, gender, and disability, 1 April 2009 to 31 March 2010

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African	2	10	20	7	700
Male	1	3	33	3	1000
Female	1	7	14	4	571
Asian	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Coloured	11	56	20	62	1107
Male	4	32	13	31	969
Female	7	24	29	31	1292
White	12	36	33	132	3667
Male	6	29	21	56	1931
Female	6	7	86	76	10857
Employees with a disability	1	3	33	5	1667
Total	25	102	25	201	1971

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*

TABLE 5.29: Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2009 to 31 March 2010

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	0	8	0	0	0	0.0
Skilled (Levels 3-5)	12	50	24	52	1 040	0.3
Highly skilled production (Levels 6-8)	9	38	24	66	1 737	0.4
Highly skilled supervision (Levels 9-12)	4	5	80	83	16 600	0.5
Total	25	101	25	201	1 990	1.3

TABLE 5.30: Performance related rewards (cash bonus), by salary band, for Senior Management Service, 2009/10

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure	Personnel cost per band
	Number of beneficiaries	Number of employees	% of total within band				
Band A	0	0	100	0	0	0	0
Total	0	0	100	0	0	0	0

5.12 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 5.31). The estimated cost of the leave is also provided.

TABLE 5.31: Sick leave, 1 January 2009 to 31 December 2009

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)	41	68.3	7	87.5	5.9	9
Skilled (Levels 3-5)	384	64.8	42	84.0	9.1	122
Highly skilled production (Levels 6-8)	238	58.4	30	78.9	7.9	139
Highly skilled supervision (Levels 9-12)	20	40.0	5	100.0	4.0	19
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	683	62.1	84	83.2	8.1	289

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued***Incapacity leave (temporary and permanent)**

No incapacity leave (temporary and permanent) was granted to staff during the year under review.

Table 5.32 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 5.32: Annual Leave, 1 January 2009 to 31 December 2009

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	118	14.8
Skilled (Levels 3-5)	1 206	23.7
Highly skilled production (Levels 6-8)	901	26.5
Highly skilled supervision (Levels 9-12)	133	26.6
Senior management (Levels 13-16)	26	26.0
Total	2 384	24.1

TABLE 5.33: Capped leave, 1 January 2009 to 31 December 2009

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2009	No of employees as at 31 December 2009	Total capped leave available as at 31 December 2009
Lower skilled (Levels 1-2)	7	3.5	Not available	8	101.28
Skilled (Levels 3-5)	28	4		50	1 256.73
Highly skilled production (Levels 6-8)	67	6.7		38	1 404.68
Highly skilled supervision (Levels 9-12)	1	1		5	306
Senior management (Levels 13-16)	0	0		1	100
Total	103	5.2		102	3 168.69

TABLE 5.34: Leave payouts, 2009/10

No payments were made to employees as a result of leave that was not taken.

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*

5.13 HIV and AIDS & Health Promotion Programmes

TABLE 5.35: Steps taken to reduce the risk of occupational exposure

Note: This Table is applicable to the Department as a whole.

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>All employees are regarded as being at risk of contracting HIV & AIDS. However, the following categories can be regarded as being at relatively higher risk due to the nature and spread of their work:</p> <ul style="list-style-type: none"> - Unskilled staff; - Semi-skilled; and - Technical staff 	<p>The HIV & AIDS Coordinator conducts regular VCT events throughout the Department to encourage staff to know their status.</p> <p>In addition, regular communiqués are sent to all staff and also articles in the departmental newsletter.</p> <p>Specific measures to prevent exposure:</p> <ul style="list-style-type: none"> - First Aiders wear gloves when treating injuries. - Regular awareness raising and VCT campaigns. - Serialised communication via e-mail.

TABLE 5.36: Details of Health Promotion and HIV and AIDS Programmes (the applicable boxes are ticked and provide the required information)

Note: This Table is applicable to the Department as a whole.

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Ms F Rayi Senior Manager : Human Capital Relations
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		<p>The unit who deals with HIV & AIDS, Special Programmes, consists of the following:</p> <p>1 x Senior Manager 1 x Manager : Special Programmes 1 x HIV & AIDS Coordinator 1 x Admin Assistant</p> <p>There is no dedicated budget for HIV & AIDS. However, the budget for HIV & AIDS is included in the overall budget of the Directorate Human Capital Relations.</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 introduced in July 2006. An external service provider has been contracted to render EAP-related services to staff and their immediate family members. Key elements of the service:</p> <ul style="list-style-type: none"> -Telephonic and face-to-face-counselling; - HIV & AIDS counselling; -Treatment for work and personal related issues; -Critical incident de-briefing, and -Financial and legal advice.
<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	<p>The Department has established a Human Rights Equality Forum which deals with the following matters:</p> <ul style="list-style-type: none"> - Human Rights Issues (Gender; Youth & Disability) - HIV & AIDS <p>All branches, regional offices and organised labour are represented on this Forum, 25 members in total.</p>
<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 adheres to national, provincial and departmental policies and practices. There is therefore no discrimination against HIV & AIDS positive employees.</p>
<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>Awareness raising sessions to address stigma and discrimination; A booklet containing, amongst others, the following information:</p> <ul style="list-style-type: none"> - How to lead a healthy lifestyle - Treatment that is available - Details of community health centres - Details of ARV sites <p>The EAP is a further instrument which is immediately available to assist HIV positive staff.</p>

7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X	Yes, at regular intervals and throughout the department (including district offices). More than 50% of staff members have been tested through departmental initiatives. Twenty six staff members have tested positive. Only one staff member has disclosed a positive status. Hence every effort is made to mitigate the negative effects of stigmatisation.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X	<p>Every opportunity is used to promote a healthy lifestyle, e.g. Awareness and Induction Sessions, VCT and Health Day events.</p> <p>Progress on the implementation of workplace programmes is monitored during quarterly reviews between the HIV & AIDS Coordinator and supervisor.</p> <p>Monitoring is also achieved through the submission of progress reports to the Provincial Department of Health and DPSA on request.</p>

5.14 Labour Relations

Collective agreements

The collective agreements entered into with trade unions within the Department are reflected in the Annual Report of the Department of Transport and Public Works.

Misconduct and disciplinary hearings

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

TABLE 5.37: Misconduct and disciplinary hearings finalised, 2009/10

Outcomes of disciplinary hearings	Number	% of total
Official to be placed more suitably	1	1
Total	1	1

TABLE 5.38: Types of misconduct addressed at disciplinary hearings, 2009/10

Type of misconduct	Number	% of total
Poor Performance	1	1
Total	1	1

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued***Grievances**

No grievances were lodged during the year under review.

Disputes

No disputes were lodged during the year under review.

Strike actions

No staff member was involved in strike actions during the year under review.

Precautionary suspensions

No staff member was involved in suspensions during the year under review.

5.15 Skills Development

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

TABLE 5.39: Training needs identified, 2009/10

Occupational Categories	Gender	Number of employees as at 1 April 2009	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	2	0	0	0	0
	Male	4	0	2	0	2
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	5	0	7	0	7
	Male	24	0	0	0	0
Clerks	Female	29	0	13	0	13
	Male	24	0	19	0	19
Elementary occupations	Female	1	0	1	0	1
	Male	13	0	3	0	3
<i>Sub Total</i>	Female	37	0	21	0	21
	Male	65	0	24	0	24
Total		102	0	45	0	45
Employees with disabilities	Female	0	0	0	0	0
	Male	2	0	0	0	0

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*

TABLE 5.40: Training provided, 2009/10

Occupational Categories	Gender	Number of employees as at 1 April 2009	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	2	0	0	0	0
	Male	4	0	1	0	1
Technicians and associate professionals	Female	5	0	4	0	4
	Male	24	0	1	0	1
Clerks	Female	29	0	5	0	5
	Male	0	0	0	0	0
Elementary occupations	Female	1	0	1	0	1
	Male	13	0	2	0	2
Sub Total	Female	37	0	10	0	10
	Male	65	0	9	0	9
Total		102	0	19	0	19
Employees with disabilities	Female	0	0	0	0	0
	Male	2	0	0	0	0

5.16 Injury on Duty

The following tables provide basic information on injury on duty.

TABLE 5.41: Injury on duty, 2009/10

Nature of injury on duty	Number	% of total
Required basic medical attention only	4	4
Total	4	4

5.17 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.

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*

FleetMan consists of the following:

TABLE 5.42: System Configuration

Facility	Quantum as at 31 March 2008	Quantum as at 31 March 2009	Quantum as at 31 March 2010
Screens	208	272	278
Reports	282	302	341
Tables	575	674	704
Records	58 499 628	82 948 489	140 055 919
Space utilized	10 Gb	17 Gb	23 Gb
Database	19 Gb	24 Gb	35 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 Modified Cash based accounting to GAAP (also refer to par 6.1.2 of PART 4 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 5.43: Analysis on consultant appointments using appropriated funds

Project Title / Consultant	Total number of consultants that worked on the project	Duration: Work period (Hours)	Expenditure In Rand
Fleet management system (FleetMan) development and maintenance:			
Business Analysis (contractors)	2	3 907	
System Development (contractors)	5	8 625	
Business Consulting (contractors)	2	5 194	R 10 188 055
Financial management improvement:			
Chartered accountants (consultants)	3	1 256	R 1 276 935
GAAP accounting system Configuration and implementation:			
Business consulting (contractors)	2	375	R 26 593
Total number of projects	2	19 357	R 11 491 583

PART 5: HUMAN CAPITAL MANAGEMENT (OVERSIGHT REPORT) *Continued*

Table 5.44: 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	38	1
GAAP financial system / Global Bits Thuta	100	100	4

Report on consultant appointments using Donor Funds

No Donor Funds were utilised.

Notes

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The Department develops and maintains appropriate infrastructure and related services for sustainable economic development which generates growth in jobs and facilitates empowerment and opportunity.



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