



**Western Cape
Government**

Transport & Public Works



Annual Report 2011/12
Government Motor Transport

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FOREWORD

WORLD CLASS SYSTEMS FOR A WORLD CLASS GOVERNMENT FLEET

I am pleased to present the Annual Report for Government Motor Transport, Western Cape. The purpose is to provide a summary of the many activities carried out by the only Trading Entity in the Department of Transport and Public Works for the period 1 April 2011 – 31 March 2012.

Over the last three years, the team at GMT has faced and overcome many challenges as they set out to implement Generally Accepted Accounting Practice (GAAP). During the year under review, the team at GMT successfully bedded down the new financial system that was configured specifically for the trading entity, while ensuring integration with GMT's fleet management system (FleetMan). These systems have set GMT on a path towards becoming an electronic environment with the absolute minimum paper, while continuing to improve efficiencies and client experiences. GMT manages its own bank account and through an innovative secure connection to the banker's system, is able to effect immediate payment from its bank account into the accounts of any of its creditors.

GMT has grown its fleet to 4 973 units at the end of the last financial year. The size of the fleet and the many challenges to meet the needs of a diverse range of clients led GMT team and the Provincial Treasury to review the GMT business model. Recommendations from this study will be implemented to set GMT on a path for further growth and improved business processes.

The continued goodwill and personal contributions made by the management and staff of GMT is much appreciated and central to the on-going success of this ground breaking trading entity that manages a world class Government fleet.



ROBIN CARLISLE
Executive Authority
Department of Transport and Public Works

Date: 27 September 2012

NOTES:

PART 1: GENERAL INFORMATION

1.1 Submission of Annual Report to the Executive Authority

I have the honour of submitting the Annual Report of Government Motor Transport (GMT) for the period 1 April 2011 to 31 March 2012.



CJ FOURIE
ACCOUNTING OFFICER

Date: 26 September 2012

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 1.4.1.

In the Annual Performance Plan for the 2011/12 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 Strategic Objectives were identified, the progress of which is captured under **PART 2** of this Report:

- Provide a vehicle fleet.
- An effective utilised vehicle fleet.
- Excellent client satisfaction rating.
- An unqualified external audit opinion annually.
- Improvement financial management capability.
- Improved operational capability.
- An effective fleet management system.

1.3 Vision, Mission and Values

During August 2010, the Provincial Cabinet began a process to review its vision, mission and values, based upon the results of a survey undertaken amongst management staff in the Provincial Government. This review process resulted in the Provincial Cabinet redeveloping its vision and mission.

Vision

From a service delivery perspective, the Provincial Government's vision, and therefore the vision applicable to the Department of Transport and Public Works is:

PART 1: GENERAL INFORMATION (continued)

"To create an open opportunity society for all in the Western Cape so that people can live lives they value."

GMT formulated the following internal vision:

"The leading government motor transport service."

Mission

In collaboration with the redefinition of the vision, a revised mission statement was developed for the Provincial Government:

"To protect and promote rights and expand opportunities".

However, the Department did not alter its mission statement which remained 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."

Values

Furthermore, the core values applicable to the Provincial Government of the Western Cape were revised and reflect as follows:

"Competence, Accountability, Integrity, Responsiveness and Caring"

The values practised by GMT, shown in Table 1.3.1 below, are those applicable to the Western Cape Government, as decided upon by the Provincial Cabinet. GMT is client driven and will continue to work towards a full understanding of client expectations and associated transport requirements. The values are all underpinned by the concept of team work and apply to the Department as well as to all provincial employees. A detailed explanation of what each core value encapsulates is outlined below:

Table 1.3.1: Values of GMT

Value	Detailed explanation
Competence	Our people are able to do the tasks they are appointed to do, live our values and always strive for excellence. We all deliver on our outcomes and targets with quality, on budget and in time. We focus on the best results to serve the people of the Western

PART 1: GENERAL INFORMATION (continued)

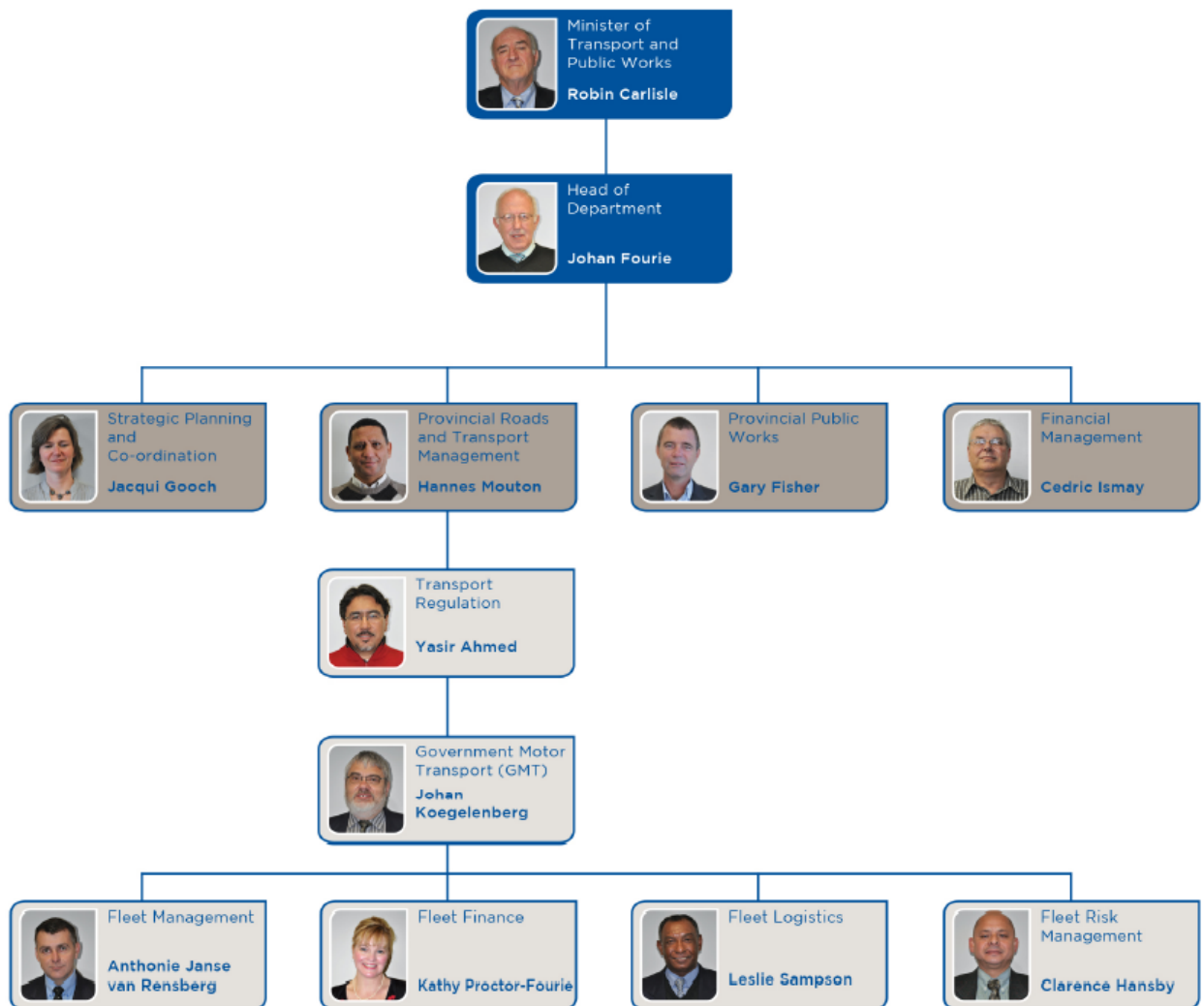
	<p>Cape.</p> <p>We demonstrate an understanding of and work together to achieve our role in our Constitutional and electoral mandate.</p>
Accountability	<p>We have a clear understanding of our objectives, roles, delegations and responsibilities.</p> <p>We are committed to deliver agreed outputs on time.</p> <p>We hold each other accountable and know we can trust each other to do as we say we will.</p> <p>As individuals we take responsibility and ownership for our outcomes, and accept the consequence of failure to do so.</p>
Integrity	<p>We seek for truth and greater understanding of it in each situation and we do the right things.</p> <p>We are honest, show respect and live out our positive values.</p> <p>We are reliable and trustworthy, doing what we say we will.</p> <p>There are no grey areas, with integrity applying at all levels in all instances ensuring we are corruption free.</p>
Responsiveness	<p>We take the public seriously, listening and hearing their voice (listening a lot and talking less).</p> <p>We respond with action timeously, always asking is this the right response, where could we be potentially wrong and how we can do it better.</p> <p>We engage collaboratively with each other, our stakeholders and the media, providing full information.</p> <p>Our focus is the citizen, and responding as their government for the best results for the people we serve. They tell us how well we respond.</p>
Caring	<p>We endeavour to understand persons' needs and will show interest.</p> <p>We will show respect for each other.</p> <p>We will treat staff as more than just a worker and value staff as people.</p> <p>We will empathise with our staff.</p> <p>We will emphasise positive aspects in the workplace.</p> <p>We will provide honest criticism when needed.</p>

PART 1: GENERAL INFORMATION (continued)

1.4 Organisational macrostructure

The Departmental Organisation Macrostructure reflecting GMT is depicted in Figure 1.4.1 below.

Figure 1.4.1: Organisational structure



1.5 Legislative and other mandates

The Department and GMT's mandate is derived from the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), (hereafter referred to as the Constitution) and the Constitution of the Western Cape, 1997. Certain mandates are concurrent responsibilities, while others are exclusively the responsibility of the provincial sphere of government. These mandates, as well as those derived from functional legislation and policies are outlined in this section.

PART 1: GENERAL INFORMATION (continued)

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 underwrites the realisation of the principles of Batho Pele and co-operative government inclusive of the framework of values to fulfil the Constitutional mandate.

Legislative mandates

The following national and provincial legislation guides GMT in the discharge of its responsibilities. The key responsibilities placed upon GMT by legislation are outlined below.

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)
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):

This act aims at achieving equity in the workplace by promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination and implementing affirmative action measures to redress the disadvantaged in employment experienced by designated groups in order to ensure equitable representation in all occupational categories and levels in the workforce.

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 (PPPFA), 2000 (Act 5 of 2000)

The main thrust is that a government department must determine its preferential procurement policy and must implement the set preferential procurement framework.

Promotion of Administrative Justice Act (PAJA), 2000 (Act 3 of 2000)

It gives effect to section 33 of the Constitution, 1996 which stipulates that everyone has the right to administrative action that is lawful, reasonable, and procedurally fair. Furthermore,

PART 1: GENERAL INFORMATION (continued)

everyone whose rights have been adversely affected has the right to be given reasons. PAJA deals with general administrative law and therefore binds the entire administration at all levels of government.

Promotion of Access to Information Act (PAIA), 2000 (Act 2 of 2000)

This act responds to section 32 of the Constitution, 1996. In terms of this provision everyone has the right of access to information held by the State. PAIA fosters a culture of transparency and accountability in the public and private bodies by giving effect to the right of access to information and to actively promote a society in which people have effective access to information to enable them to more fully exercise and protect all their rights.

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

This is the principal act which governs public administration. It provides the administrative and operational framework for the government departments by providing direct guidelines concerning employment and human resource practices, i.e. conditions of employment, terms of office, discipline, retirement and discharge of members of the public service, and matters connected therewith.

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)

White Paper on Human Resource Management, 1997

It focuses on the essential role of human resource capacity in meeting the goal of efficient service delivery. This is a key goal in the overall transformation of the Public Service. Human resource development and management within a transforming and transformed Public Service must facilitate the development of human resource practices that will support the broader goals of transformation.

Public Finance Management Act (PFMA), Act 1 of 1999

To secure transparency, accountability, and sound management of the revenue, expenditure, assets and liabilities of GMT.

Code of Conduct

Collective Agreements

PART 1: GENERAL INFORMATION (continued)

Policy mandates

GMT is a trading entity responsible for the provision of vehicle fleet services to provincial, national and other entities. The Treasury Regulations makes provision for trading entities and thus applicable to GMT. The achievement of the strategic goals is guided by the following policies:

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.

1.6 Minister's statement

The Trading Entity continued with its exceptional level of service delivery of fleet management services to the client departments and entities.

The challenge that faced the management to migrate the modified cash based financial environment to accrual accounting (GAAP) and thus meeting legislative prescripts was eventually overcome with the implementation of the new system on 1 April 2011. This is the first institution in the provincial sphere to be fully operational in accrual. The achievement is proof that set goals are actively pursued until concluded.

1.7 Accounting officer's overview

In the Annual Performance Plan for the 2011/12 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 key areas of delivery and focus pertinent to the 2011/12 financial year, linked to each strategic goal of GMT and to the Provincial Government and parent department are outlined in Table 1.7.1 below.

Table 1.7.1: Key areas of delivery

Strategic Goal 1	Access to a unique vehicle fleet.
Goal statement	To allow client's access to a unique fleet of vehicles on a full time basis that will enable them to deliver government's services efficiently and effectively.
Key focus areas and deliverables	Provide replacement and additional vehicles, inclusive of customised vehicles. Provide and external contract to supplement the internal pool of vehicles. Provide value adding services at competitive cost to allow clients to deliver on their respective mandates.
Links	<u>Western Cape Provincial Government:</u> Deliver clean, efficient, cost effective, transparent and responsive public administration. <u>Departmental Goal 1:</u> Promote good governance and an effective and efficient department.

PART 1: GENERAL INFORMATION (continued)

Strategic Goal 2	Improved vehicle management and control.
Goal statement	To improve business processes that enables the provision of vehicles at competitive cost.
Key focus areas and deliverables	<p>Arrange for the servicing and maintenance of the fleet.</p> <p>Perform regular inspection of vehicles and repair work to ensure value for money.</p> <p>Carry out inspections of merchants.</p> <p>Maintain and update the asset register.</p>
Links	<p><u>Western Cape Provincial Government Strategic Agenda 2009:</u></p> <p>Deliver clean, efficient, cost effective, transparent and responsive public administration.</p> <p><u>Departmental Goal 1:</u></p> <p>Promote good governance and an effective and efficient department.</p>

Strategic Goal 3	Improved client service.
Goal statement	To respond to the demand for a client orientated, effective and efficient above average service.
Key focus areas and deliverables	<p>Fit all vehicles with tracking and control devices.</p> <p>Facilitate forums and on-site visits to determine and address client's requirements.</p> <p>Issue policy and guidelines to clients.</p> <p>Measure client satisfaction levels and address short comings</p>
Links	<p><u>Western Cape Provincial Government Strategic Agenda 2009:</u></p> <p>Deliver clean, efficient, cost effective, transparent and responsive public administration.</p> <p><u>Departmental Goal 1:</u></p> <p>Promote good governance and an effective and efficient department.</p>

Strategic Goal 4	Improved financial reporting.
Goal statement	Improved financial reporting through the transformation from cash accounting to a fully functional accrual based system.
Key focus areas and deliverables	<p>Implement and enhance a GAAP compliant financial system to meet the regulatory requirement of Treasury Regulations.</p> <p>Document and update all business processes.</p>
Links	<p><u>Western Cape Provincial Government Strategic Agenda 2009:</u></p> <p>Deliver clean, efficient, cost effective, transparent and responsive public administration.</p> <p><u>Departmental Goal 1:</u></p> <p>Promote good governance and an effective and efficient department.</p>

Strategic Goal 5	A healthy operational environment.
Goal statement	<p>Provide departmental transport officers with guidance and policy directives through training sessions.</p> <p>Log and follow up on misuse complaints and traffic violation incidents.</p> <p>Process 3rd party claims against the State and accidents and losses incidents.</p>

PART 1: GENERAL INFORMATION (continued)

Key focus areas and deliverables	To be in a position to effectively respond to client's expectations in a continuously changing business environment.
Links	<u>Western Cape Provincial Government:</u> Deliver clean, efficient, cost effective, transparent and responsive public administration. <u>Departmental Goal 1:</u> Promote good governance and an effective and efficient department.
Strategic Goal 6	Effective operational systems.
Goal statement	To enhance operational activities through technologically advanced fleet management systems such as the "Electronic Highway".
Key focus areas and deliverables	Register and manage system users.
Links	<u>Western Cape Provincial Government:</u> Deliver clean, efficient, cost effective, transparent and responsive public administration. <u>Departmental Goal 1:</u> Promote good governance and an effective and efficient department.

PART 1: GENERAL INFORMATION (continued)

NOTES:

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES

2.1 Funding mechanism

GMT's expenditure is mainly funded / financed through daily and kilometre tariff charges paid by the client departments (users) for the use of the vehicle fleet. Other income is made up of claims instituted against client 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). Annual tariff increases are calculated by GMT based on operational expenditure forecasts and indicators and submitted to the Provincial Treasury before the start of the new financial year.

The following is applicable to GMT:

Responsible Minister: The Provincial Minister for Transport and Public Works.

Administering Department: The Provincial Department of Transport and Public Works.

Accounting Officer: The Head: Provincial Department of Transport and Public Works.

2.2 Aim of the Trading Entity

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

2.3 Situational analysis

Internal business process were revisited and streamlined with a view to improve efficiency and therefore serve as a counter measure for external factors such as the weakened global and domestic economic outlook, widespread job losses and rising unemployment levels in the motor industry and vehicle fleet environment. The constant fluctuation in the fuel price (mostly increases) remained the biggest contributor to fleet operating cost risks and had a significant effect on cost forecasting.

With effective planning of fleet activities, responsible spending and dedicated follow-up of debtors GMT concluded the financial year without any deficit. The positive outcome of the Renewal of the Fleet drive was that a total of 1 154 replacement vehicles were ordered compared to 310 in the previous financial year. At year-end a total of 1 109 units were delivered.

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 of the fleet and financial systems. One of the highlights of the year under review was the new financial system (GoFin) that went into production on 1 April 2011. All the business processes are driven via electronic work flows and thus largely preventing human intervention and associated errors. Furthermore, a major contribution is made towards a paper-less environment as source documents are stored electronically. Contracted chartered accountants assisted with the implementation and preparation of the Annual Financial Statements. During this exercise appropriate skills and knowledge were transferred to internal staff members. The strengthening of internal capacity has been addressed in the proposed new staff establishment. The report is currently under consideration of the Department of the Premier. It is also planned to appoint a chartered accountant on contract to take the process further.

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

2.4 Key strategic objectives achievements

GMT's key strategic objectives as published in the Strategic Plan are as follows:

- An unqualified external audit opinion annually.
- Improved financial management capability.
- Improved operational capability.
- An effective fleet management system.

The following achievements and/or progress were made during the period under review:

Provide a vehicle fleet

At year-end there were 4 973 vehicles in the fleet that represents an increase of 10% compared to the previous financial year. During the course of the year under review 1 154 replacement and 153 additional vehicles were ordered.

An effective utilised vehicle fleet

An overall analysis of the annual kilometres travelled by each vehicle in the fleet revealed that a part of the fleet is underutilised. The enhanced tracking and control system has been web enabled and it is planned to make this available to clients in the 2012/13 financial year to obtain regular utilisation reports to address underutilisation. Management also redirected its technical resources towards more vehicle inspections to prevent unnecessary and unplanned maintenance and repair work. The local transport officers also received coaching and guidance through this action. A total of 7 451 inspections were carried out. GMT also presented structured sessions and provided further guidance to transport officers. A total of 209 transport officers attended these sessions that was held in Cape Town, Stellenbosch, George, Caledon, Beaufort West and Vredendal.

Excellent client satisfaction rating

During the annual survey GMT obtained a satisfactory rating from its clients.

An unqualified external audit opinion annually

GMT continued with strict management and controls and therefore repeated the previous year's achievement of an unqualified opinion.

Improved financial management capability

The new GAAP compliant financial system (GoFin) that replaced the BAS and LOGIS systems has been implemented. The following focal stages are highlighted to illustrate the steps that preceded this achievement and actions that followed thereafter:

Step/action	Date
Request for quotations to implement the system	30 October 2009
Letter of award	21 December 2009
Project kick-off	11 January 2010
Establish Project Management Office (PMO)	4 April 2010

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

Step/action	Date
Interim hosting environment and connectivity for users fully setup	1 January 2011
System went live	1 April 2011
Data migration completed and in Production	18 April 2011.
All code and configurations fully available in Production	18 April 2011
Business/system integration between FleetMan and GoFin completed	18 April 2011
New Bank account inclusive of host-to-host tested and operational. Final testing of loading statements directly into the system payment system using secure proxy to proxy connection.	18 April 2011
Implement Incident Management System for GoFin, FleetMan and other ICT related issues	18 April 2011
Implement User Productivity Kit (UPK) setup for training and assessments of users.	18 April 2011
Process the first Purchase Order	18 April 2011
Final testing/execution of payments in GoFin transferring directly to supplier's bank accounts via bankers Corporate Payment System.	20 April 2011.

The major advantages of GoFin are the following:

- The budget, requisitions and payments are processed via electronic work flows and thus replacing the hand driven and paper based activities.
- Payments are effected directly into suppliers' bank accounts via a full electronic process and prevent any human intervention.
- The following financial output documents are produced by GoFin and utilised for monthly, half yearly and annual reporting:

- Statement of Financial Position
- Statement of Comprehensive Income
- Balance Sheet
- Trial Balance
- Statement of Cash Flows
- Debtor Statement with age analysis

Improved operational capability.

GMT continued with the re-engineering of its business processes. Focussed attention was given to the financial processes to ensure seamless integration between GoFin and the operational business.

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

An effective fleet management system

FleetMan was further enhanced to meet user requirements and expectations. The enhancements also included changes to integrate with GoFin. The latter is not an “off the shelf” system but a full enterprise resources planning (ERP) system that was configured to integrate with FleetMan recognising the business processes.

An Incident Management system (WorkerBee) was implemented and is used to log and follow-up on all calls/incidents for GoFin, FleetMan and other ICT related issues via a Project Management Office (PMO). Furthermore a User Productivity Kit (UPK) was implemented to compile training material and assessments.

2.5 Overview of the service delivery environment

GMT continued with its core business to provide an effective fleet management service to its clients. During the year it made good progress with the replacement of vehicles that reached the end of its economic life. A total of 1 154 new vehicles were ordered compared to the 310 in the 2010/11 financial year and represents a 22% turnover that compares favorably with the annual target of 25%.

The requests for vehicle maintenance and repairs were promptly responded to in consultation with the service providers thus ensuring an effective operational fleet. The total expenditure to address these requests amounted to R67 mil. The fleet travelled a total of 103 661 463 kilometers during the year which is 2 977 831 km's more than the previous year.

Fuel expenditure represents the largest portion (69%) of operational expenditure. To ensure that a firm hand is maintained on fuel usage GMT maintained the 4 177 eFuel units in the fleet. Only 763 fuel cards are still in use. Only minor cases of irregular fuel patterns were spotted via exception reports and followed up.

An improved version of the FleetMan client module for use by the clientele was launched. During the year a total of 30 users were trained in the system. The training of operational transport officers continued and 11 sessions were conducted where 209 officials received training.

It appears that the efforts to high-light the occurrence of traffic violations via management and vehicle tracking reports, the referral of exceptional cases of speed violations directly to Heads of Department, did not have the expected results as yet. The total violations processed increased by 26% (6 545 cases versus 4 843 of the previous year). This is contrary to the position at the end of the 2010/11 financial year when the increase was only marginally. It is expected that the situation would worsen further with the implementation of the AARTO legislation that will bring new challenges. A firm implementation date is still awaited for the implementation of AARTO. The Entity's management has already commenced with a revised strategy to address the occurrence of traffic violations. The latter requires further work that will continue in the next financial year.

However, it is pleasant to report that the cases of alleged misuse of vehicles logged with the GMT Bureau has decreased by 47% from 679 in the previous financial year to only 375 in the year under review.

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

The accidents and claims over the last three financial years that appears within norms are depicted in **Table 2.5.1** below:

Table 2.5.1: Accidents and losses incidents

Cases Processed	2009/10	2010/11	2011/12
Accidents and losses	1 972	2 100	2 679
3 rd Party Claims	105	112	88

GMT's main focus for the year under review was the successful implementation of GoFin as referred to earlier.

2.6 Overview of the organisational environment

There are no changes to the performance delivery environment from the previous year. Furthermore, no significant internal developments impacted on GMT's ability to deliver on its Annual Performance Plan and Strategic Plan.

2.7 Key policy developments and legislative changes

There were no key policy developments and legislative changes to report on for the year under review.

2.8 Collection of revenue

GMT's main source of income is derived through the charging of daily and kilometre tariffs and claims instituted for the excess payment on accidents above R10 000 and cases of gross negligence. This supplemented with the income received for redundant vehicles sold at the auctions and claims instituted with private parties involved in losses (mainly accident damage to government vehicles).

The outcome of the collection for 2010/11 is depicted in **Table 2.8.1** below:

Table 2.8.1: Revenue collected

Category of Revenue	2008/09 Actual R'000	2009/10 Actual R'000	2010/11 Actual R'000	*2011/12 Target R'000	2011/12 Actual R'000	**2011/12 Actual R'000 (New Classification according to AFS)	% Deviation from target (based on pre-audit classificati on)
Daily and Kilometre Tariffs	304 419	342 310	401 056	438 230	437 559	272 775	0
Auctions – Profit on sale of vehicles	1 144	1 656	4 490	2 530	14 484	4 780	472
Other claims	18 376	6 393	6 925	7 120	9 608	11 377	35
Collections from 3rd parties	1 587	1 706	1 405	18	18	17	0
Grants received (funding from clients for additional vehicles)	25 516	29 870	24 939	280	220	24 305	-21
Interest received	-	-	-	8 526	4 930	122 848	-42
TOTAL	351 042	381 935	43 8 815	504 559	623 823	436 102	24

* The standard table description was utilised. However, in this instance the column represents the budget and not a target included in GMT's Strategic Plan and Annual Performance Plan. **An extra column has been added to this column to align the revenue collected with the new classifications as reported in the AFS.

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

The tariffs are the only category of income that is forecasted per financial year. The tariffs claimed but not paid by the client departments at the end of the financial year are classified as debt.

The position of claims raised but not settled at year-end for 2011/12 is shown in **Table 2.8.2** below:

Table 2.8.2: Claims and debt comparison

Type	2007/08 R'000	2008/09 R'000	2009/10 R'000	2010/11 R'000	2011/12 R'000
Daily and Kilometre Tariffs claimed	252 894	304 419	342 310	340 422	437 490
Accumulative debt at year-end	87 512	67 627	55 100	54 767	64 659
% Variance	35	22	16	16	15

Compared to the previous financial year the debt position improved further as discussed in more detail in the Accounting Officers Report (refer to Part 3) and now only represents 15% of the total amount claimed during the year from the clients. If one takes into consideration that debt accrue at R37.5 mil on average per month, the debt represents 64 days of outstanding debt on average.

The implementation of interest charges with effect from 1 April 2011 for debt older than 30 days spurred on clients to settle the accounts quicker than before. During the year a total amount of R2 571 million was raised as interest and will be reflected in clients' financial statements as fruitless expenditure. The dedicated debt chasers introduced at GMT to perform follow-up actions as well as GMT management and the Provincial Treasury's intervention also contributed towards the improved debtor position. GMT will continue to follow-up on clients not settling their accounts within the 30 day prescript.

2.9 Expenditure trends

2.9.1 Operating (administration, staff, operating, depreciation, amortisation and leases) and Capital Expenditure (vehicles and equipment)

The expenditure over the last three financial years is depicted in **Table 2.9.1.1** below.

Table 2.9.1.1: Expenditure trends

Category of Expenditure	Percentage				Annual Average
	2009/10	2010/11	2011/12	*2011/12 (New Classification according to AFS)	
Operating Expenditure as a % of total expenditure	56	71	60	80	62
Capital expenditure as a % of total expenditure	23	18	40	26	27
Total	79	89	100	106	89

*An extra column has been added to this column to align the revenue collected with the new classifications as reported in the AFS.

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

2.9.2 HDI expenditure trends

The expenditure over the last three financial years is depicted in **Table 2.9.2.1** below:

Table 2.9.2.1: Progress with promoting Historically Disadvantaged Individuals (HDI)

Category of Expenditure	Percentage/Rands (R'000)			Annual Average
	2009/10	2010/11	2011/12	
Total Rand value of repair and maintenance work allocated	83 887 850	80 901 907	66 978 083	77 255 946
% of total repairs and maintenance work allocated to HDI by value	46	49	65	53

2.10 Service delivery achievements

GMT maintained the standards and service levels achieved in the previous financial year. In some instances the performance bar has been raised, e.g. more vehicles were replaced and fewer vehicles were hired than planned. A special effort was instituted to train more transport officers.

An overview of GMT's performance against pre-determined targets is depicted in **Table 2.10.1** below.

Table 2.10.1: Strategic objectives, performance indicators and performance

Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Provide a vehicle fleet	No of replacement vehicles acquired (ordered)	250	1 154	More vehicles could be replaced than originally planned for as part of the program to expedite the renewal of the fleet.
	No of vehicles added to the fleet	20	153	The client departments had more requirements for additional vehicles than what was planned for.
	No of vehicles hired	30	N/a	The indicator could not be reported on due to the change of the Provision of Privately Hired Vehicles' Policy that now provides for a contract (arranged by GMT) for utilisation by its clients. To obtain the required feedback data has become extremely cumbersome and resulting in reliance of third parties. The indicator will be adjusted in future financial years.

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
An effective utilised vehicle fleet	No of vehicles serviced and maintained	6 500	4 522	The target was not fully met as the new replacement vehicles required less servicing and maintenance.
	No of vehicle inspections carried out	6 960	7 451	More inspections were carried out as part of the drive to improve on service delivery.
	No of merchant inspections carried out	50	19	The target was not met after a collective agreement was entered into with the service provider to redirect resources towards vehicle inspections to ensure effective service delivery levels.
	No of updates of the asset register	4	4	The target was met.
Excellent client satisfaction rating	No of tracking units provided	4 380	4 661	The target was exceeded as additional vehicles were added to the fleet.
	No of eFuel units provided	4 192	4 177	The target was almost met. However, all newly acquired vehicles were fitted.
	No of client forums maintained	6	6	The target was met.
	No of policy and guideline circulars issued by GMT	34	26	The target was not fully met as the volume is forecasted with the aid of historic statistics and cannot be done accurately.
An unqualified external audit opinion annually	No of phases completed of GAAP system implementation	6	8	The target was met and GoFin went into production on 1 April 2011.
Improved financial management capability	No of business processes documented	20	29	The target was exceeded marginally as more resource time could be allocated to the project than originally planned.
	No of documented business processes reviewed	15	42	The target was exceeded as more resource time could be allocated to the project than originally planned.

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Improved operational capability	No of transport officers trained (operational)	80	209	The target was exceeded as special attention was given to accommodating additional training sessions over and above the original planning. This was aimed at improved service delivery levels.
	No of transport officers trained (FleetMan)	10	30	The target was exceeded as special attention was given to accommodating additional training sessions over and above the original planning. This was aimed at improved service delivery levels.
	No of misuse complaints processed	600	375	The target is determined based on historical trends rather than forecasting. All complaints logged were followed up with the client departments.
	No of traffic violations processed	4 917	6 545	The target is determined based on historical trends rather than forecasting. All traffic violations logged were followed up with the client departments.
	No of 3 rd party claims processed	112	88	The target is determined based on historical trends rather than predicting the number of claims. All claims were logged and processed.
	No of accident and losses incidents processed	2 100	2 679	The target is determined based on historical trends rather than predicting the number of incidents. All incidents were logged and processed.
An effective fleet management system	No of registered FleetMan users	315	355	More users were registered than planned due to the demand from client departments and internally from GMT.

Note: Although the six targets reflected in blue are below the targets set and might be regarded as under performance, it must be noted that these targets are based on historical data that cannot be forecasted more accurately. All indicators were suitably developed during the strategic planning process and included in the Annual Performance Plan to portray all facets of GMT's activities.

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

NOTES:

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

REPORT BY THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2012.

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 Committee was appointed on 1 January 2010 by the Accounting Officer in consultation with the Executive Authority and consists of three independent members. The Audit Committee should meet at least 4 times per annum as per its approved terms of reference.

Name of Member	Number of Meetings Attended
Mr. Ameen Amod (Chairperson)	7
Mr. Zakariya Hoosain	7
Mr. Wessel Pieters	7

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 our review of the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General South Africa (AGSA), other than the matters highlighted by the Auditor-General, the committee is satisfied with the system of internal control.

The quality of In-Year Management 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 Department 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 AGSA and the Accounting Officer;
- reviewed the AGSA's Management Report and management's response thereto;
- reviewed adjustments resulting from the audit.
- reviewed and where appropriate recommended changes to the interim financial statements as presented by the Department for the six months ending 30 September 2011.
- With reference to the reporting on other matters raised by the AGSA on the entity's compliance with laws and regulations, the Committee notes that the AGSA changed its interpretation of the application of leases as indicated in its report at a very late stage. This gave rise to significant accounting and other changes which GMT was not able to adequately respond to in the available time left before the scheduled date for the finalisation of the draft financial statements.
- The Committee reports that it has complied with National Treasury Regulation 3.1.10(d) which requires the Committee to review the financial information provided to it, which responsibility was so discharged at a committee meeting convened on 12 September 2012. The Committee reports that such oversight responsibility could only be discharged after the regulatory audit was duly concluded, and only after the AGSA had tabled its audit report on the annual financial statements together with its management report on any material adjustments and other matters observed in its conduct of the audit. The Committee disagrees with the interpretation of the AGSA regarding the role of the Committee in terms of its responsibilities regarding draft financial statements made available to the AGSA by management for audit. The committee will continue to engage with the AGSA and in doing so has formally requested the AGSA for its legal opinion which gave rise to the negative conclusions reported in its audit report.
- The Audit Committee concurs and accepts the AGSA's opinion 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 South Africa.

Internal Audit

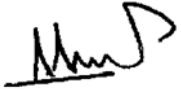
In the previous year, the Audit Committee reported that the Shared Internal Audit Unit experienced challenges relating to capacity which impacted on its ability to cover high risk areas. The Audit Committee is still concerned that further audit coverage is required and that there is a need for additional capacity to support the increased coverage of further high risk areas.

Auditor-General South Africa

The Auditor-General South Africa reported some unresolved issues that emanated from the regulatory audit. We note the unresolved matters; however they do not impact on the overall audit opinion. Corrective actions on the detailed findings emanating from the current regulatory audit are being monitored by the Audit Committee on a quarterly basis.

Appreciation

The Audit Committee wishes to express its appreciation to the Management of the Department, 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. Ameen Amod
Chairperson of the Transport and Public Works Audit Committee

Date: 12 September 2012

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

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 of the Department of Transport & Public Works. 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 can be viewed after the Accounting Officer's Report.

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 2012. 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 2011 to 31 March 2012. 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 2012 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 2012 were submitted for auditing on 29 June 2012.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

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

3.1 General review of the state of financial affairs

The following reflects on important policy decisions and strategic issues facing GMT:

3.1.1 GMT's 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 (parent department) and is responsible for the execution of the fleet functions with regard to operations, logistics, finance and risk.

The Provincial Treasury appointed a study group represented by academics from the University of Cape Town's Graduate School of Business to perform a strategic analysis of GMT to determine if the current model of operation is efficient and cost effective. The purpose of the analysis would be to assess the current business model being used by GMT in order to furnish recommendations on the most appropriate business model and tariff determination, inclusive of accounting practices. They are to present their findings in the 2012/13 financial year. GMT will work in partnership with the Provincial Treasury to review the findings of the study group and revisit the current business model and mandate in order to improve service delivery to its clientele.

3.1.2 Accrual accounting

In terms of Treasury Regulation 18.2 the Annual Financial Statements (AFS) of trading entities such as GMT must conform to Generally Accepted Accounting Practice (GAAP). In previous years, 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.

With effect from April 2011, the financial affairs of GMT were managed in terms of standard operating procedures and a GAAP compliant implementation framework, as part of the strategy, until the GAAP compliant accounting system is fully implemented. The current accounting policies were revisited and amended where necessary. The 2009/10 financial year was the last financial year where cash based statements had to be converted. The new financial system (GoFin) that is utilised for all financial transactions in GAAP, was acquired and configured for the year under review, to meet operational and legal prescripts. The system was certified functional with effect from 1 April 2011.

The organisation and establishment of the GMT Fleet Finance Division, that is mainly responsible for management and control of the financial affairs, also required re-engineering. This process was concluded as part of the Refinement Study that focused on the revised organisation and establishment. This will ensure that all posts are in accordance with the new GAAP requirements. Furthermore, GMT must manage its own bank account and cash flow requirements. GMT currently makes use of Interns / contract appointments

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

until such time as the re-engineered structure is approved. Approval is to be obtained in the 2012/13 financial year.

To strengthen capacity in the financial environment, GMT obtained approval to appoint chartered accountants on a contractual basis. The expert knowledge and skill of these chartered accountants are contracted to assist with GAAP related issues and the preparation of the AFS. Steps are been taken to appoint a chartered accountant in the 2012/13 financial year on a full time basis.

3.1.3 **Overview of the 2012 Annual Financial Statements**

During the year under review GMT retrospectively adjusted its annual financial statements to reclassify operating leases with regards to permanently allocated vehicles, to finance leases.

The effect of the reclassification on GMT's Annual Financial Statements is the following:

Finance lease investments were disclosed in the annual financial statements, instead of the carrying value of permanently allocated vehicles. Depreciation on permanently allocated vehicles was written back and the daily tariffs charged for permanently allocated vehicles, was disclosed separately as the capital redemption portion (i.e. credited against finance lease investments) and the interest earned on the finance lease investments.

a) Financial performance

Revenue: Consisted of kilometre tariffs and daily tariffs charged only for general hire vehicles.

Revenue for the year under review has increased by 6% (R 15.36 million) from R257,4 million in the 2010/11 financial year to R 272,8 million in the 2011/12 financial year. This increase is a combined result of the annual tariff increase, as well as the increase in the number of kilometres driven during the financial year.

Other Income for the year under review increased by R 14.4 million from R 26 million in the 2010/11 financial year to R40.4 million in the 2011/12 financial year. This was due to an increase in grant revenue received with regards to additional vehicles purchased during the year.

The total expenditure of R 294 million was noticeably lower than the estimated expenditure/budget of R 329.7 million. The decrease is mainly due to the treatment of vehicles which are permanently allocated to departments, having to be reported as finance leases instead of operating leases. As indicated above, actual depreciation on permanently allocated vehicles was written back and daily tariffs charged for permanently allocated vehicles was split between a capital redemption portion (credited against finance lease investments) and interest earned on finance lease investments. This resulted in the adjustments not being accounted for in the 2011/12 operational budget. Furthermore, vacant posts were not filled which had an effect on the personnel budget not being fully spent and the fuel price not increasing as forecasted. In addition new vehicles ordered but not yet delivered before year-end closure had a considerable impact on the expenditure.

Operating Expenditure includes the maintenance, repair and running costs of the fleet which is difficult to fully control. These cost in relation to the carrying value of the vehicle fleet and permanently allocated vehicles carrying value of finance lease investments,

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

increased from 24.8% in the 2010/11 financial year to 27% in 2011/12 financial year which was largely due to rising fuel prices. The maintenance, repairs and running costs as a percentage of the total expenditure (57.1%) appears high but still in line with the type of operational business.

Due to the increase in the average residual value of the fleet from 38.8% (financial 2010/11) to 41.16% (financial 2011/12) the depreciation expenditure in the 2012 financial year decreased from R 13 million to R 10 million. The residual value of the fleet is calculated annually based on the history of auction income of vehicles sold over the past three years. The revaluation is in line with prices of second hand vehicles in the private sector.

The net profit for the year decreased from R151.7 million in the 2010/11 financial year to R142.4 million in the 2011/12 financial year. The decrease in the net profit percentage from 40% to 32% was largely due to the increase in tracking costs, maintenance and running costs of the fleet and an increase in costs for external resources, contractors and special services. The intention is to reinvest profits in order to improve fleet and service delivery to client departments.

Asset turnover indicates how effective assets were utilised to produce revenue. The higher the turnover figure, the more effective assets are utilised. The asset turnover was calculated at 0,22 times for the 2011/2012 financial year and 0,25 times for 2010/2011 financial year which shows a marginal decrease.

b) Financial position

The financial position strengthened significantly as at year-end, compared to the previous financial year.

The increase in non-current assets from R 486.9 million to R 553.9 million was largely due to the increase in the number of vehicles in the fleet, as well as an increase in finance lease investments. Capital commitments of R 103 million as at 31 March 2012 represents vehicles ordered but not yet delivered at year-end.

Current Assets increased from R 556.1 million in 2010/2011 to R 675.5 million in 2011/2012. This was largely due to the increase of R 112 million in cash and cash equivalents. At the end of the previous financial year the Trading Account held by the Department of Transport and Public Works reflected a balance of R 407,6 million.

The Accumulated Surplus/Total Equity increased from R 1 007 million as at 31 March 2011 to R 1 149 million as at 31 March 2012. The profit for the year under review will be utilised for future replacement vehicles.

c) Significant accounting for errors

Recognition of finance lease receivables

During the year under review GMT retrospectively adjusted the annual financial statements in order to reclassify operating leases of permanently allocated vehicles, to finance leases. Due to the short notice and unrealistic time to affect the changes systematically all such calculations and adjustment had to be performed manually.

Incorrect residual values and incomplete daily tariffs were corrected and updated in the amortisation schedules used to calculate finance lease receivables.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

Vehicles permanently allocated to the Marine Living Resources Fund were excluded from finance lease receivables and were accounted for as operating leases allocated to GMT.

The accounts receivable balance as at 31 March 2011 was restated. This resulted in the daily tariff balances of vehicles subject to finance leases, having to be reclassified from accounts receivable to finance lease receivables.

Unspent conditional grants

In previous financial years unspent conditional grants were erroneously included in income received in advance and disclosed as a non-current liability. A correction was made to disclose unspent conditional grants separately as a current liability.

Incorrect residual values

Incorrect residual values applied to vehicles in the current and prior financial years had to be corrected. This adjustment had an affect on the amortisation schedules needed to calculate the finance lease receivables, depreciation expense and carrying values of vehicles allocated to GMT.

Trade and other payables

Trade and other payables have been timeously restated to adjust identified errors.

3.2 Services rendered

3.2.1 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 4 973 vehicles in the fleet. 1 023 vehicles are allocated to GMT and included in property, plant and equipment in GMT's annual financial statements as at 31 March 2012. During the course of the year 1 109 vehicles were purchased and received. The outstanding deliveries will be reflected in the next financial year. The fleet allocation is depicted in **Table 3.2.1.1** below:

Table 3.2.1.1: Fleet allocation

Provincial Departments (90 % of the fleet)	Quantity
Agriculture	233
CapeNature	156
Community Safety	352
Cultural Affairs & Sport	95
Economic Development	22
Education	521
Environmental Affairs & Development Planning	42
Health	1 485
Human Settlements	106
Parliament	6
Premier	108
Social Development	353
Transport and Public Works	118
Treasury	21
Government Motor Transport (General Pool)	899*
SUB TOTAL	4 517

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for the year ended 31 March 2012 (continued)

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

National Departments (10% of the fleet)	Quantity
Agriculture, Forestry and Fisheries (The Marine Living Resources Fund)	118
Home Affairs	24
Department of Rural Development and Land Reform	23
Justice and Constitutional Development	126
Labour (Service Products)	2
Mineral & Energy Affairs	1
Office of the Presidency	0
Parliament	3
Prosecuting Authority	5
Public Service Commission	1
Public Works	55
South African Social Security Agency (SASSA)	98
SUB TOTAL	456
GRAND TOTAL	4 973

3.2.2 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 vehicle register. Thereafter a daily tariff is charged to recover the replacement cost (capital) and GMT overhead costs over the economic life cycles of the vehicles. All replacement vehicles are thus funded by the GMT Trading Account. The kilometre tariff income on the other hand provides for the running costs of vehicles. The Provincial Treasury approved revised tariffs for 2012/13.

3.2.3 Free services

No free services were rendered that would have yielded significant revenue had a tariff been charged.

3.2.4 Inventories

Refer to the Notes to the AFS.

3.3 **Capacity constraints**

3.3.1 Operational efficiency

The project to install tracking and control devices in all vehicles was maintained 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 is made within the operational budget of GMT. The project is showing positive results as only one vehicle was stolen during the 2011/12 financial year.

Furthermore, the growing trend of unacceptable driver behaviour remains one of the major challenges in the fleet management environment. Analysing the utilisation of the fleet revealed that it travelled just over 100 mil kilometres and consuming 10,9 mil litres of fuel. The concern is that a total of 6 545 traffic violations occurred during the year under review, reflecting mostly transgression of speed limits. This type of behaviour inevitable leads to other more serious incidents, such as accidents. Vehicles lost through serious accidents (for example people transporters) cannot always be replaced immediately due to the lead time on replacement vehicle orders which leads to lower levels of service delivery.

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Remedial action is constantly developed/updated and heads of client departments are regularly provided with risk reports for corrective action. More stringent actions are planned and reported later in this report (refer to paragraph 3.10 c).

3.3.2 Staff and establishment structure

GMT staff and organisation remained unchanged during the year under review and placed an increased burden on the already small establishment to address all client expectations, slowing down service delivery and increasing the risk of non-compliance. However, the report on a proposed revised staff establishment and structure has been completed. GMT Management is in agreement with the findings/ recommendations and referred the report to the Department of the Premier for consideration and implementation. The revised establishment should lead to enhanced service delivery and efficiencies. In the interim, GMT is in support of the WCG job creation initiative, whereby unemployed students and members of the public in dire need, were periodically employed under the EPWP, Pay 1000 and Internship programs, respectively. Furthermore, contract workers were employed to alleviate the constant pressure in terms of service delivery expectations.

3.3.3 Technology specialist/experts

The maintenance, repair and fuel management, tracking and control and banking systems of the external service agents have been integrated with GMT's core fleet management system (FleetMan). The latest addition to the integrated approach of an "Electronic Highway" is the acquiring and configuration of a new financial system (GoFin). Furthermore, GMT does not have adequate ICT in-house technology specialist/expertise in its establishment to upkeep, enhance and maintain these systems. The provincial Centre for e-Innovation could also not supply these resources. GMT therefore had to utilise the services of external/outsourced computer system development resources obtained via the SITA transversal contract to assist with the systems.

The expert knowledge and skill of chartered accountants were contracted in to assist with the preparation of the Annual Financial Statements and the implementation of GoFin. A chartered accountant to replace the contracted resources will be appointed on a full time basis.

3.3.4 Debt control

The e-billing process utilising odometer readings captured and verified by GMT has proven successful as all kilometres travelled during the financial year were billed before year-end. Although the monthly capturing of odometer readings by clients was intended to fast track the payment process, it remains a challenge to ensure that government debtors settle their accounts within 30 days as prescribed by the PFMA.

GoFin's functionality was utilised to charge interest on outstanding debt older than 30 days with effect from 1 April 2011. A total amount of R2 571 783,46 was charged.

3.3.5 Transport Officers

GMT is assisted by departmental transport officers in the management of the fleet at grass roots level. However, challenges are still experienced at these levels. GMT continued with the action plan that was launched previously to intensify training sessions, more frequent assets inspections and quality checks by the technical and administrative staff. Early detection and addressing of the shortcomings would lead to improved service delivery. The action plan with effective monitoring and evaluation will continue throughout the next

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financial year. In addition, constraints and barriers of transport officers are noted during scheduled training sessions. Actions are identified and simultaneously channelled to the relevant GMT responsibilities for mitigation. Transport Officers were also introduced and trained to utilise the FleetMan system's client module, to manage their fleet at departmental level. This module has been expanded to include functionality as requested by the Transport Officers.

3.3.6 Accommodation

GMT is located in two buildings in the Central Business District (CBD) of Cape Town. Over and above the difficulties encountered with effective management and control of resources due to this split, further challenges, in particular a critical shortage of adequate parking space for the growing fleet, is now a factor seriously affecting service delivery. The parent department allocated an underutilised building in Paardeneiland to GMT that was previously utilised as government garage and workshop. To a certain extent this interim arrangement relieved the critical need. This facility is utilised on a monthly basis for the auctioning of redundant vehicles. Furthermore, a feasibility study revealed that the organisation requires to be relocated to improve operational efficiency in the long term. The Property Management component of the parent department completed a bid specification and commenced with the process to obtain bids for the acquiring of suitable premises to re-establish GMT. It is planned to make such an acquisition in the next financial year. The current premises are located in a part of Cape Town already identified for residential and commercial redevelopment.

3.4 **Utilisation of donor funds**

GMT did not make use of any donor funds during the year under review.

3.5 **Trading entities**

GMT is a trading entity under the administration of the provincial Department of Transport and Public Works. For services rendered, refer to paragraph 3.2 above.

3.6 **Organisations to whom transfer payments have been made**

GMT did not make any transfer payments during the year under review.

3.7 **Public private partnerships (PPP)**

GMT was not engaged in any PPP during the year under review.

3.8 **Corporate governance arrangements**

3.8.1 Accountability arrangements

The Head of the Department: Transport and Public Works is also the Accounting Officer for GMT. The organisation is depicted in **Figure 1.4.1** in **PART 1** of this Report:

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In support of GMT's Annual Performance Plan, performance agreements continue to be entered into with the Senior and Middle Management Service Members of GMT. Each staff member also has an individual performance agreement and development plan.

3.8.2 King Code of Governance of South Africa

GMT recognises the King Code of Governance of South Africa to be a key instrument to guide the implementation of the governance elements, principles and practices. The discussion below aims to address the nine principles of the Code.

1. **Ethical leadership**

The responsibility for leadership is assigned to the Executive Authority and delegated to the Accounting Officer of the parent department. The values of GMT subscribe to the principles of ethics and are encapsulated in GMT's Strategic Plan 2010 – 2014. Furthermore, the responsibility for effective service delivery was assigned to the Accounting Officer and delegated to GMT's Management through the Strategic Plan 2010 – 2014 and the Annual Performance Plan 2011/12. These plans establish the measureable objectives expected to be achieved in the financial year ending 2011/12. GMT through the Department of Transport and Public Works has and maintains a system whereby performance outcomes are reported on a quarterly basis through the Accounting Officer to the Executive Authority, Provincial Treasury and Executive Council in the prescribed format. The Department utilises its Enterprise Content Management System to assist with the electronic reporting process.

The Department's commitments to service delivery, ethics and a code of conduct are driven by the expectation that all employees -

- practice Batho Pele principles and comply with the Code of Conduct for the Public Service;
- involved in procurement processes comply with the values and Code of Conduct contained in the Accounting Officer's Supply Chain Management System;
- involved as supply chain practitioners comply with the Code of Conduct for Supply Chain Practitioners (National Treasury Practice Note 4 of 2003), and
- involved in bid adjudication comply with the Code of Conduct for Bid Adjudication Committees (National Treasury 2006).

2. **Executive Management**

The Department has and maintains a Ministerial Top Management Committee chaired by the Executive Authority, a Top Management Committee chaired by the Accounting Officer, Enterprise Risk Management Committee chaired by the Accounting Officer as well as a Management Forum chaired by the Accounting Officer.

The Head of Department (also the Accounting Officer) occupied these positions for the period 1 April 2011 to 31 March 2012.

GMT's management consisted of the Head: GMT together with the four Divisional Managers. The management met on a regular basis and the individual managers had meetings with their section heads.

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The Strategic Plan 2010 – 2014 was approved by the Executive Authority and captures all the elements required by Treasury Regulation 5.2.2. Enterprise risk management was applied to the strategy by incorporating the risks and the mitigation thereof attached to each objective into the strategy document. As articulated in the Strategic Plan 2010 – 2014, the GMT Management under the supervision of the Accounting Officer and Executive Authority was directly involved with the strategy setting process.

The Head: GMT and his management concluded performance agreements that were aligned to Annual Performance Plan 2011/12 which in turn was linked to the Strategic Plan 2010 – 2014. Performance was measured on a quarterly basis or at least bi-annually against the specific outcomes in the respective agreements and assessed against the relevant protocol, through the prescribed performance management system. The final appraisal for the Head: GMT will only be conducted once the Auditor-General's Report for 2011/12 is published. The Head: GMT also submitted a financial disclosure certificate to the Executive Authority for noting.

It is acknowledged that financial discipline is fundamental to good governance in GMT and the public sector. GMT closed its financial year without a deficit or a request for additional funding from the parent department for "unavoidable and unforeseeable" expenditure. However, funds were subsequently shifted in order to optimally utilise limited resources for service delivery.

GMT has delegations issued by the Executive Authority and the Accounting Officer in terms of the Public Service Act, 1994 and the Public Finance Management Act, 1999, respectively.

3. Audit Committee

The parent Department has an Audit Committee that was appointed by the Accounting Officer in consultation with the Executive Authority and consists of three independent members with suitable skill and experience in the field. The Committee met on a regular basis (quarterly), operated in terms of an approved charter and has an oversight responsibility relating to the activities of Internal Audit, Enterprise Risk Management, Fraud Investigative Unit and Internal Control.

The Audit Committee met annually with representatives of the Auditor-General without the presence of management. The Committee conducted oversight on reports, which include but are not limited to the following:

- Monthly in-year monitoring of revenue and expenditure reports.
- Quarterly reports on performance (non-financial), i.e. performance on predetermined objectives.
- Interim and annual financial statements.
- Irregular, fruitless and wasteful and unauthorised expenditure reports.
- Financial management improvement response plan progress reports
- Three year Rolling Strategic Internal Audit Plan.
- Internal Audit operational plan and reports.
- Enterprise Risk Management plans and reports.
- Fraud Investigative Unit plans and reports.
- Annual report.
- Auditor-General's Audit Strategy.
- Auditor-General's Reports and Management reports.

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The leadership, in particular the Accounting Officer of the parent department (in consultation with the Chief Financial Officer) evaluated the Committee which was considered to be effective in fulfilling its mandate.

4. Internal Audit

Internal Audit continued to be offered by the Shared Internal Audit Function which, similar to the Enterprise Risk Management Support Unit was corporatised into the Corporate Service Centre of the Department of the Premier. The engagement between the parent department and Internal Audit has grown to the required level of maturity, thus living up to Internal Audit's mandate of objective assurance and providing value adding services that would result in improving the operations of the parent department, inclusive of GMT. A 3-year Rolling Strategic Internal Audit Plan was approved by the Audit Committee and the latter monitored the execution of the operational plan. The increasing maturity in the risk management process in the parent department will enable Internal Audit to deploy its limited resources on high and extreme risks and thus optimise the value edition of the Internal Audit service.

5. Governance of Risks

The Department recognises the need to implement Enterprise Risk Management as a key governance element.

The Enterprise Risk Management support unit was corporatised into the Corporate Service Centre of the Department of the Premier with effect from 1 April 2010, now known as the Provincial Enterprise Risk Management Unit (PERMU). The Chief Risk Officer is vested in PERMU. The relationship between PERMU and the Department is governed through a service level agreement and service schedules.

The journey to embed enterprise risk management in the parent department and GMT continued. The Risk Management Implementation Plan that was executed addressed the fundamentals of risk management and resulted in basic compliance to regulatory requirements. The Enterprise Risk Management Committee, chaired by the Head of the parent department who is also the Risk Champion, was re-established with reviewed membership. The Head: GMT is a member of this Committee. The departmental Risk Register, inclusive of GMT was updated towards the end of the financial year. GMT is engaging vigorously with the risk management process to ensure improved and credible risk information and by so doing improving the effectiveness of enterprise risk management. GMT maintained the Risk Register which identified the risks and the rating/likelihood. 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 GMT Fleet Risk Management Division was responsible for generating risk profiles, covering risks such as traffic violations, misuse incidents reported and accidents/losses, as well as comprehensive investigations, 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 through regular monitoring of transaction reports. The appointed service agents assisted with this task as part of the maintenance and fuel management contracts.

Fraud could represent a significant potential risk to GMT's assets, service delivery efficiency and reputation. Emanating from the parent departments' Enterprise Risk

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Management Strategy it has and maintains an updated Fraud Prevention Plan, which includes a Fraud Prevention Policy, Strategy and a five year Control Strategy Implementation Plan. The policy in brief entails the parent department's commitment to protecting its revenue, expenditure, assets, liabilities and reputation from any attempt by any person to gain financial or other benefit in a dishonest, unethical and unlawful manner. Fraud, corruption and theft and other forms of dishonest activities of a similar nature will not be tolerated through the support and fostering of a culture of zero tolerance. Incidents and suspicions will be investigated and treated with the application of the full extent of the law. Staff of GMT voluntarily and actively participated in a Fraud Health Check Survey.

Notwithstanding the aforementioned, GMT developed internal risk management procedures 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.

The Fraud Investigative Unit is corporatised into the Corporate Service Centre of the Department of the Premier. In all outcomes indicating fraud and or irregularities corrective action is recommended, which includes reporting the matter to the South African Police Services in cases where the actions are criminal in nature. The parent department has and maintains a Standard Operating Procedure guiding the Treatment and Management of Forensic Investigative Unit Reports.

Non-compliance to laws, rules, codes and standards could represent a significant risk to GMT's resources. During 2010/11 the Provincial Treasury confirmed the incorrect classification of expenditure under operational leases instead of financial leases as found by GMT's management. The case was reported to the Financial Control Division of the parent Department and corrective action to obtain approval for the expenditure is in process.

The parent Department has and maintains a Health and Safety Management Programme inclusive of Health and Safety Policy in accordance with the Occupational Health and Safety Act, 1993 (Act 85 of 1993). GMT has a fully functional Health and Safety Committee where the employer and employee representatives are represented. Proper record was kept of minutes of meetings, incidents and remedial actions taken.

GMT participates in the Western Cape Environmental Implementation Plan published by the Department of Environmental Affairs and Development Planning.

6. Governance of Information Communication Technology (ICT)

The Centre for e-Innovation (Ce-I) is corporatised in the Corporate Service Centre in the Department of the Premier. The relationship between the department and the Ce-I is governed by a Service Level Agreement and Service Schedules. The Director-General, on 5 January 2011, approved an Information Technology Governance Framework for the Provincial Government of the Western Cape, which supports and enables the business, delivers value and improves performance. This Framework is aligned to King III [the King Report on Governance for South Africa 2009]. Furthermore, on 27 October 2011 the Director-General also approved the Western Cape Government Charter for the Corporate Governance of IT which defines IT Governance structures, roles and responsibilities and which is aimed at achieving a paradigm shift from IT Governance to the Corporate Governance of IT. This Charter guides the department in accepting its IT Governance responsibilities. In accordance with this Charter the Central IT Committee

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(CITCOM), comprising of representatives for all departments and representatives of the Centre for e-Innovation, provides IT governance oversight at a provincial level. The Departmental IT Committee (DITCOM) provides IT governance oversight on behalf of the departmental Accounting Officer. The purpose of this governance is to ensure that IT contributes value to the organisation, through risk optimisation, benefits realisation and resource optimisation. The Chief Information Officer (CIO), vested in the Department of the Premier, is responsible for internal governance structures and is the bridge between IT and the Department. The CIO renders ICT services to the department and is responsible for transversal IT standards.

The Accounting Officer acknowledges his responsibility for cultivating an understanding of the value of IT within the department. In order to support the Accounting Officer in the dispatching of his responsibilities an IT Steering Committee, comprising of representatives from both the department (business) and the Ce-I (DITCOM), is maintained.

The departmental Strategic ICT Plan covering a period of five years considers the critical system needs of the department in order to enable more efficient delivery of services and execution of its core mandate. This Plan articulates the departmental ICT mandate and strategy and fully addressed issues of ICT architectures.

The Department of the Premier periodically assesses the ICT governance maturity in the Western Cape Government. Ce-I implements an IT Governance Improvement Programme in the Western Cape Government, guided by CITCOM. The Department co-operates within this Programme.

GMT utilised electronic systems to manage its fleet and financial activities. The external resources were employed via specialist contract houses in terms of the SITA transversal contract. The services are regulated with a yearly entered Service Delivery Agreement describing the functions and hourly rate payable. A Project Identification Document (PID) listing all tasks and Project Plan to improve and enhance the systems was compiled and approved by the GMT Management with effect from 1 April 2011. Each resource records the time spent on the system where after it got reconciled with the particular task as per PID. These time sheets were verified on a monthly basis by the System Administrator before submitted to the Manager: Fleet Logistics for approval. The Project Managers managed resource activities and issued progress reports to the GMT management. A System Steering Committee comprising of the Programme Manager, Project Managers, System Administrator, departmental ICT Services Manager and GMT Divisional Managers met on a quarterly basis under chairmanship of the Head: GMT to serve as overall management mechanism. The minutes of these meetings were distributed to the senior management of the parent department.

The second phase of the implementation of the new accounting system (GoFin) was performed by a private contractor. A dedicated Project Manager kept a watch full eye over the implementation with the aid of a Project Charter and Project Plan. Time sheets were kept by the individual resources and control was exercised to ensure that the time contracted and accounts delivered were in line with the specification and bid pricing. This contract made provision for change control to cater for unforeseen and additional client requirements. The Project Manager ensured that each Change Request was costed in terms of the approved rate and linked to the respective phases set out in the Project Charter/Plan.

A Cost Control Plan was used for keeping record of the financial activities and to ensure that the cost did not exceed the accepted bid and legal provision for

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additional work. Weekly Progress Reports were issued to the Steering Committee and parent department's senior management. A Project Steering Committee comprising of the Project Manager, System Controller, departmental ICT Services Manager, GMT Divisional Managers, Business Solutions Architect, representatives from the Chief Financial Officer, Provincial Treasury, Internal Audit and the Auditor-General met on a quarterly basis under chairmanship of the Head: GMT to serve as overall management mechanism. The minutes of these meetings were also distributed to the senior management of the parent department.

7. Compliance with laws, rules, codes and standards

The departmental Division Financial Control, the Division SCM Performance and Compliance as well as the Monitoring and Evaluation Component of the parent Department are the key structures that assist the Accounting Officer with measuring compliance in relation to financial management, supply chain management and performance management matters. A Financial Management Improvement Plan (the Plan) drives and is used as a tool to improve compliance. The Plan responds to and monitors progress with remedial actions on findings/resolutions of non-compliance reported by the Standing Committee on Public Accounts, Auditor's Management Report, Audit Report, and Auditor's Performance Reports as well as the Audit Committee and Internal Audit Reports.

8. Governing stakeholder relationships

GMT acknowledges that managing stakeholder perceptions and relationships is an integral part of the operations of GMT, particularly with the increased emphasis on service delivery. Key stakeholders include, but are not limited to client departments and merchants delivering contracted out services. Communication with these stakeholders occurs through regular forum meetings, surveys and one-on-one consultations. The main aim of the aforementioned communication activities is to consult, inform, promote, obtain feedback and provide access to services.

9. Integrated reporting and disclosures

Appropriate systems and processes are in place to produce integrated reports that gives a complete picture of the GMT's financial and non-financial profiles in a holistic and reliable manner and which also reflects on economic, social and environmental issues. These reports include, but are not limited to the following:

- Review and outlook in the annual Estimates of Revenue and Expenditure.
- 5year strategic and annual performance plans.
- Annual Report.
- Monthly in-year monitoring of revenue and expenditure reports.
- Quarterly reports on performance (non-financial), i.e. performance on predetermined objectives.
- Interim and annual financial statements.
- Irregular, fruitless and wasteful and unauthorised expenditure reports.
- Fraud Investigative Unit reports.
- Enterprise risk Management reports.

3.9 Discontinued activities/activities to be discontinued

GMT did not discontinue any of its activities during the year under review.

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3.10 **New and proposed activities**

GMT implemented the following new activities:

(a) Enhancements to systems

FleetMan

GMT's core business activities are supported by the FleetMan integrated fleet management system that was further effectively utilised in the management of fleet operational tasks consisting of 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. The FleetMan Client Module was expanded to include functionality to allow them to capture vehicle odometer readings on a monthly basis. It is anticipated that by March 2012 the odometer readings of 85% of all vehicles would be captured/or provided to GMT by the respective client departments. The objective behind this exercise was to allow the client departments the opportunity to take control of their kilometres travelled and to perform their own kilometre reconciliations before the billing takes place, assisting them to do their payment reconciliations before the monthly accounts are processed which was successfully accomplished. It would speed-up the payment of accounts and contributes towards the explicit requirement of GMT to have a positive cash flow from 2011/2012. The additional development will address reporting and performance measurement and improvements/extensions to the Client Module. Training sessions were introduced to enable transport officers to utilise the new functionality.

The risk module of FleetMan has been further enhanced to generate various risk profile reports as a management tool for both GMT and its client departments. This will enable improved overhead management of the highest risk areas in the fleet, such as traffic violations, misuse incidents reported, accidents and other losses.

The traffic violation module on FleetMan was enhanced further to incorporate scanned images of the various traffic violation documents to expedite follow-up actions and to address enquiries.

Further enhancements were done to enable the Fleet Management Division to manage their auctions more effectively. One such example is the automatic generation of the auction catalogue with vehicle particulars associated with each auction for viewing via the website before the actual action.

Automated performance management reports for all GMT sections were developed to enable effective and accurate reporting on the Annual Performance Plan.

GoFin

GoFin that went live on 1 April 2011, utilising the latest Oracle database and application software version R12, is the first in the Western Cape to be hosted and maintained by a private vendor in a modern Virtual Data Centre (VDC), built on an infrastructure as a service platform at the SITA Shared Services Housing environment. The new financial system that brought an end to the conversion of the modified cash based statements to be GAAP compliant, was utilised to record all financial transactions and asset registers. The system has vastly improved the quality of the monthly in year monitoring processes.

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GMT commenced utilising its own bank account from 1 April 2011 as it could no longer be reliant on the Department of Transport & Public Works for financial assistance.

(b) Training of Transport Officers

An additional process has been developed and will soon be introduced in order to measure the effectiveness of transport officers by means of a checklist. The outcomes from the checklists, that will be utilised during training sessions and site visits, will be analysed and further development areas identified.

In order to support and enhance the comprehensive training needs of the Entity, an advanced client liaison function will be in operation shortly to address any possible gaps in terms of Transport Official's operations, i.e. conduct client surveys, support to transport officials to ensure prescript adherence and to conduct induction training.

(c) Driver identification and control

Over and above FleetMan that was enhanced in order to manage the process, the new web-enabled version of the vehicle tracking and control system was introduced. The project to allocate each driver with his/her own driver tag as opposed to each vehicle having a tag, is in the testing phase. Enhanced Risk Profile reports will be available and will be made available to departments once this project is underway.

(d) Debtors control

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 Accounts Receivable Section staffed with officials allocated to each client department. Once the monthly accounts are raised and electronically delivered to each client department, attention is focused on follow-up actions on previous month's outstanding accounts. These actions resulted in a decrease of the debt to R64.6 million, compared to R65 million of the previous financial year.

The annual debtors' collection period was calculated which shows how long (on average) the departments take to pay their invoices. The debtors' collection period in the 2010/2011 financial year of 53 days decreased to 48 days for 2011/2012. The aim for the next financial year is to reduce this further to be in line with the PFMA requirement of 30 days.

With the implementation of GoFin and the charging of interest on outstanding accounts older than 30 days, management believes that the debtors' collection period will still improve to more acceptable levels in the 2012/2013 financial year.

The Provincial and National Treasuries assisted GMT to recover the amounts from the respective clients, who continuously default in the payment of their debt.

(e) Business process drafting project

The drafting of all operational business processes was continued. Furthermore, a further phase also continued to identify possible improvements and the alignment of electronic system processes with business. More work in this regard is required in the 2012/13 financial year.

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To support the above-mentioned, GMT has embarked on a business process inventory exercise in order to list all current documented business processes, as well as identifying which processes need to be re-engineered and also which processes still need to be documented. During this exercise process owners and participants are identified as well as the status of each process.

3.11 The following important future operational initiatives are planned:

(a) The enhancement of systems

Planned development for the divisions within Government Motor Transport for the 2012/2013 financial year, e.g. Fleet Operations, includes further refinements to auction screens and reports, the programming of driver tags, the requirements of AARTO, enhancements to manage BBB-EE requirements, work distribution, merchant activity, vehicle downtime and vehicle utilisation. Further development will accommodate the Repairs & Maintenance 2012 initiative, refinements to the Risk Module and the General Vehicle Hire processes.

Further improvements to the Billing process and implementing outstanding Interfaces to GoFin are scheduled. The transfer of the Billing and related problem solving responsibilities to the business is also planned for 2012/13. The integration of Business intelligence (BI) and tracking systems, as well as the development needed as result of the migration of FleetMan to the Virtual Data Centre (VDC), are additional activities planned for the next year.

Although GoFin went into production on 1 April 2011, not all functionalities were finalised, e.g. reporting and training for GMT to take over the month-end closure. GMT is looking to implement i-procurement and i-receivables modules in order to streamline and improve GMT's service delivery to its clientele. These phases are planned to be concluded by the end of the 2012/13 financial year, as some of the processes involve the appointment of champion users, who will need to be trained to work under super users on the system.

Fleet documentation integration with the departmental enterprise document management system (Livelink) was successfully tested and will be fully implemented during 2012/13. Integration with PERSAL data via Excel spread sheets will also be implemented to improve the reconciliation of staff expenditure. Customer Information will be maintained and synchronised between systems. The supplier functionality will be enhanced to cater for the Merchant Database.

(b) The renewal of the business model/ tariff calculation methods

GMT is awaiting a report to be issued to the Provincial Treasury on the outcome of the business model for GMT. Based on the outcome of this report, GMT is planning on working in conjunction with Provincial Treasury to implement the new proposed business processes, which will have an effect on the tariff calculations, in order to improve on the condition of the fleet and to improve service delivery to GMT clientele. It is envisaged that the implementation of the new business processes will take place in the 2013/14 financial year.

(c) The full implementation of Service Level Agreements (SLA's) with national 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. SLA's have been entered into with all provincial clients. However, not all the SLA's with national clients have been finalised. The latter will be processed in the 2012/13 financial year. The required service levels will also be revisited, adjusted and synchronised with the latest client expectations.

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(d) Training of drivers

The analysis of the driver risk profile of the previous financial year has been repeated and the frequency of speed violations has shown a sharp increase. Although it is the responsibility of the client departments to exercise effective management and control over drivers, GMT made progress with the first draft of the strategy to intervene and reduce this business risk. During the initial phase particulars of the speedsters exceeding the 60 kph by 30 kph and the 120 kph zone by 40 kph have been brought to the attention of the Heads of Department. Further work is required in the 2012/13 financial year to develop the driver policy which will assist client departments to manage offending drivers proactively rather than reactively.

3.12 **Asset management**

GMT's capital assets (excluding electronic systems) are captured in GoFin and accounted for. Every new vehicle's particulars are captured in the system once received by GMT. Each vehicle has a user code to keep track of the status. Auctioning is the final stage and captured to indicate that it has been sold. All stolen vehicles are treated in a similar way. The departmental transport control officers receive their individual asset registers on a quarterly basis for controlling purposes. At year-end an impairment test is performed on each vehicle to determine its usefulness within the fleet. Regular asset inspections are carried out by GMT's technical division. Internal GMT Policies guide the acquisition, maintenance and disposal of the fleet.

The electronic systems are classified as intangible assets and captured in the prescribed register.

All other assets such as furniture and computer equipment have been captured in GoFin in the Property, Plant and Equipment (PPE) asset register. The status of asset management in GMT covering all assets is depicted in **Table 3.11.1** below:

Table 3.11.1: Asset management

Aspect	Intangible	Immoveable	Moveable
Capturing of assets	In register	In register	In register
Compliance with minimum requirements	Comply	Comply	Comply
Compliance with asset management reforms	Comply	Comply	Comply
Challenges	None	None	None

3.13 **Inventories**

Inventories consist of stationery and photocopy paper.

3.14 **Events after the reporting date**

Note 29 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. This note (although not affecting the 2011/12 financial statements) also discloses the tariff adjustment for the 2012/2013 financial year (which must be reviewed by the Entity on an annual basis and approved by

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for the year ended 31 March 2012 (continued)

the relevant treasury) was approved by the Provincial Treasury at 5% (the CPI rate as at December 2011).

3.15 Information on Predetermined Objectives

The parent department's Monitoring and Evaluation (M&E) Directorate reported on predetermined objectives and provided strategic support and assistance to management. Furthermore, in terms of the Monitoring and Evaluation Strategic Framework, the following was undertaken to improve the effectiveness of performance reporting:

- The Department has and maintains an approved Manual for the Management of Performance Information, as required by NTR 5.3.1.
- The Quarterly Performance Reporting process is performed using an electronic workflow in LiveLink.
- At the end of each quarter, the M&E Directorate collects, verifies and validates the Portfolios of Evidence for reported Performance Information. A Technical Assessment Report, with findings and recommendations, is presented to the Head of Department for actioning.
- Governance structures in the Department have been augmented with the M&E Champions Forum. The Forum comprises M&E Champions from all units within the Department, inclusive of the Head: GMT and meets quarterly to engage M&E related issues.

The Annual Performance Plan (2012/13) was tabled in the Provincial Parliament. Performance information will be dealt with in **PART 2** of this Annual Report.

3.16 Standing Committee on Public Accounts (SCOPA): Recommendations

The Table below reflects the responses to the resolutions of SCOPA contained in their report dated 29 February 2012 for the financial year ended 31 March 2011.

Table 3.11.2: SCOPA Recommendations

RESOLUTION	REPLY
<p>(a) The Committee expressed its disappointment regarding the regression of the Entity due to non-compliance with laws and regulations. The Entity regressed from a financially unqualified audit opinion with no other matters, to a financially unqualified audit opinion with other matters;</p>	<p>14 (i) The Head: GMT as a member of the SMS Cadre annually discloses his financial interest.</p> <p>GMT operates under the SCM Accounting Officer System of the Department of Transport and Public Works. As such it is also bound to SCM Instructions:</p> <ul style="list-style-type: none"> (a) 7 of 2009 (Declaration of Interest pertaining to limited bids and quotations obtained via the EPSi). (b) 15 of 2011 (Vetting of SCM Practitioners). (c) 17 of 2010 (Disclosure of financial interest in respect of SCM officials). <p>(ii) In respect of formal bids, quotations and limited bids, all officials involved in the process of evaluation and adjudication, declares their financial interest in respect of each bid.</p> <p>(iii) In relation to Bids Adjudicated through the Departmental Bid Adjudication Committee, all members (who are also members of the SMS cadre) declares financial disclosures annually and interest in respect of each bid going through that Committee.</p> <p>(iv) In terms of SCM Instruction 15 of 2011, all SCM officials were required to complete forms for NIA to conduct a</p>

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for the year ended 31 March 2012 (continued)

RESOLUTION	REPLY
	<p>vetting exercise.</p> <p>15.(a) With effect from 1 April 2012 registration on the Western Cape Supplier Database (WCSD) is compulsory and no government institution may conduct business with a supplier who is not registered on that database.</p> <p>(b) The Western Cape Supplier Database (WCSD) registration form has always included all of the information contained in the SBD4 form, without specifically calling that section a SBD4. The EPSi (Electronic Purchasing System) draws the suppliers from the WCSD. The Department in collaboration with the Provincial Treasury initiated a project in terms of which the SBD 4, 8 and 9 forms have been consolidated and issued to bidders for completion despite the fact that the form in question is neither law nor is it a SCM prescript. The new Western Cape Supplier Database and Integrated Purchasing System were "re-engineered" in order to accommodate all governance requirements contemplated by the PFMA. The Provincial Treasury Instructions on Supply Chain Management was reviewed completely and the process was concluded in March 2012. A road show was undertaken across the entire Province to raise awareness of the new requirement that the Province will only do business with bidders registered on the Western Cape Supplier Database (having a central uniform complete profile of all Bidders with which the Department undertakes business).</p> <p>(c) Monthly data dumps were initiated through the SCM Focus group comparing personnel details against supplier details to ensure that the Department/GMT does not conduct business with officials who are not in possession of prescribed approvals (RWOPS).</p> <p>16. Bidder verification is performed centrally on the Western Cape Supplier Database through the Service Provider of the Provincial Treasury on behalf of all Provincial Government Departments.</p>
<p>(b) The Committee noted the non-compliance with Treasury Regulation which indicates that the Accounting Officer may enter into lease transactions without any limitations, provided that such transactions are limited to operating lease transactions. However, the entity entered into a finance lease for vehicle tracking units. The Committee resolved that the Entity complies with Treasury Regulations; and</p>	<p>Provincial Treasury referred the matter on 24 May 2012 to Legal Services to obtain an opinion on whether NT Practise Note 5 of 2006 condones the irregular expenditure.</p>
<p>(c) The Human Resource Management process was not followed for all appointments to verify all the claims made by applications for posts filled, as per the requirements of the Public Service Regulation. The Committee resolved that the Department monitors the HR processes / services offered by the Department of the Premier.</p>	<p>GMT introduced an internal control checklist to prevent the transgression of the DPSA prescripts.</p>
<p>The Committee acknowledged the Entity for obtaining a financially unqualified audit opinion with other matters.</p>	<p>Noted.</p>

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

3.17 **Other**

Improvement of financial management

The Provincial Treasury has set the target for the Province as a whole to achieve a financial management capability rating of 3+ by 2015. To this end the Financial Management and Supply Chain Management components of the parent Department undertook a series of initiatives to ensure that the fundamentals of financial and supply chain management are in place. GMT's management participated in the regular update of a Financial Management Improvement Plan.

The following SOP's were compiled:

- Accounts Payable
- Cash Management
- Intangible Assets
- Inventory
- Leases
- Manual Journals

Further work will have to be undertaken to update the business processes and SOP's within Division Fleet Finance in the 2012/13 financial year to comply with GAAP standards.

3.18 **Declaration**

Given the general tenor of the findings as regards internal controls and matters associated with non-compliance, the assurance is given that the Department will devise an action plan, approved by the Accounting Officer and its top management and forwarded to the Provincial Treasury, to systematically deal with these so as to prevent a repetition of similar findings during the next audit cycle.

3.19 **Approval**

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



ACCOUNTING OFFICER

DATE: 29 August 2012

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

**REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON
GOVERNMENT MOTOR TRANSPORT**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of Government Motor Transport set out on pages 48 to 100, which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practise (SA Statements of GAAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act no 1 of 1999) (PFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2001) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. 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.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of Government Motor Transport as at 31 March 2012, and its financial performance and cash flows for the year then ended in accordance with SA Statements of GAAP and the requirements of the PFMA.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

Emphasis of matter

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

As disclosed in note 35 to the financial statements, the corresponding figures for the year ended 31 March 2011 have been restated in the financial statements of the entity as a result of a change in the interpretation of the international accounting standard on leases during the year ended 31 March 2012. There were various adjustments identified with the most significant being the re-classification of operating leases in the prior year to finance leases in the current year.

Additional matters

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

9. I performed procedures to obtain evidence about the usefulness and reliability of the information in the report on predetermined objectives as set out on pages 10 to 18 of the annual report.
10. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned strategic objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information* (NTFMPPI).
11. The reliability of the information in respect of the selected strategic objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
12. There were no material findings on the information for predetermined objectives for the Government Motor Transport concerning the usefulness and reliability of the information.

Additional matter

Although no material findings concerning the usefulness and reliability of the performance information were identified in the report of predetermined objectives, I draw attention to the following matter below.

Achievement of planned targets

13. Of the total number of planned targets, six were not achieved during the year under review. This represents 28% of total planned targets that were not achieved during the year under

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

Compliance with laws and regulations

14. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Annual financial statements, performance and annual report

15. The accounting officer did not submit the financial statements for auditing within two months after the end of financial year, as required by section 40(1) (c) (i) of the Public Finance Management Act.
16. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 40(1) (b) of the PFMA. Material misstatements of receivables, revenue, deferred income, income received in advance, vehicle costs and vehicle accumulated depreciation, irregular expenditure and disclosure note items identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Audit committee

17. The audit committee did not review the adequacy, reliability and accuracy of the financial information provided to management and other users, as required by Treasury Regulation 3.1.10(d).

Human resource management

18. Employees were appointed without following a proper process to verify the claims made in their applications in contravention of Public Service Regulation 1/VII/D.8.
19. Sufficient appropriate audit evidence could not be obtained that the accounting officer implemented effective measures to ensure that employees do not abuse sick leave, as required by Public Service Regulation 1/V/F(c).
20. Sufficient appropriate audit evidence could not be obtained that funded vacant posts were filled within 12 months as required by Public Service Regulation /VII/C.1A.2.

Internal control

23. I considered internal control relevant to my audit of the financial statements, report on predetermined objectives and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

24. The accounting officer did not implement effective HR management to attract, develop and retain adequate and sufficiently skilled resources to support the finance department as the finance section is supplemented with the use of consultants for the preparation of the financial statements; the maintenance of the fixed asset register; the re-alignment of internal business

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

processes with the new accounting system and the maintenance and operation of the Fleetman system used for fleet management which is a part of the core business and daily processing of assets and revenue management.

25. The accounting officer did not ensure that there are sufficient IT governance processes in place to enable the IT department to develop and implement a strategic plan that supports business requirements with regards to the accounting of vehicle finance leases. Consultants used excel spreadsheets to perform the vehicle finance lease calculations at year end as the current systems used by the trading entity were not configured for these purposes.
26. Consequently the accounting officer did not exercise sufficient oversight responsibility to ensure that the legislated date for the submission of the financial statements was adhered to, because of the above mentioned control deficiencies which resulted in numerous year-end finance lease adjustments.

Financial and performance management

27. The financial statements contained numerous misstatements that were not detected and corrected. This was mainly due to insufficient review by management of information included in the financial statements.
28. Furthermore, management did not actively participate to ensure that the information on the gross investment in finance leases is valid, accurate and complete. The entity placed reliance on the work performed by consultants to prepare the gross investment in finance leases financial information to be included in the financial statements without the necessary independent review being performed thereof by a qualified official.
29. Management in the human resources section did not implement adequate monitoring and review controls to ensure compliance with applicable acts and regulations as the credentials of all new appointments were not verified; the reasons for funded posts that were not filled within twelve months were not documented and health assessments for incapacity leave applications were not completed in time.

Governance

30. Given that the financial statements were submitted late to audit as a result of numerous year-end finance lease adjustments which were processed, the audit committee did not implement an alternative plan to ensure that the financial information provided to management and other users were reviewed for adequacy, reliability and accuracy.

Auditor-General

Cape Town

29 Augusts 2012



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT				
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012				
	Notes	2011/12 R'000	2010/11 R'000	2009/10 R'000
EQUITY AND LIABILITIES				
Net Assets				
Retained Earnings		1 149 409	1 006 956	855 203
Total equity		1 149 409	1 006 956	855 203
Non-current liabilities				
Long-term liabilities	1	85	2 467	4 922
Non-current provisions	2	1 801	1 753	1 850
Total non-current liabilities		1 885	4 220	6 772
Current liabilities				
Current portion of long-term liabilities	1	213	3 318	6 962
Income Received in Advance	3	33 466	1 974	(0)
Unspent Grants		35 251	20 745	15 088
Trade and other payables	4	7 649	4 532	6 907
Provisions	5	1 561	1 318	510
Total current liabilities		78 141	31 887	29 468
Total liabilities		80 027	36 107	36 240
Total equity and liabilities		1 229 436	1 043 064	891 443
ASSETS				
Non-Current Assets				
Property, plant and equipment	6	109 927	83 711	99 796
Intangible assets	7	32 451	29 047	14 802
Finance lease receivables	8	411 521	374 129	257 170
Total non-current assets		553 899	486 886	371 768
Current Assets				
Inventory	9	40	61	59
Accounts receivable	10	52 136	32 636	33 308
GMT trading account	11	-	407 626	323 593
Cash and cash equivalents	12	525 088	5 158	2 800
Current portion of finance lease receivables	8	97 399	108 142	158 844
Non-current assets held for sale	13	874	2 553	1 072
Total current assets		675 537	556 177	519 675
Total Assets		1 229 436	1 043 063	891 443

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT			
STATEMENT OF COMPREHENSIVE INCOME			
FOR THE PERIOD ENDED 31 MARCH 2012			
	Notes	2011/12 R'000	2010/11 R'000
Revenue	14	272 775	257 407
Other Income	15	40 479	26 005
Interest Earned	16	122 848	95 905
Administrative expenses	17	(13 953)	(22 034)
Staff costs	18	(20 458)	(19 366)
Operating expenditure	19	(236 048)	(1 60 980)
Depreciation	20	(14 552)	(19 074)
Amortisation	21	(3 542)	(1 590)
Finance costs	22	(482)	(1 234)
Accidents and losses	23	(645)	(2 483)
Operating leases	30	(3 970)	(806)
PROFIT FOR THE YEAR		142 453	151 753
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		142 453	151 753

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2012		
Description	Retained earnings	Total equity
	R	R
Balance at 31 March 2010	616 067	616 067
Correction of errors (Note 35)	239 136	239 136
Restated balance	855 203	855 203
Changes in equity for 2011		
Profit for the year ended 31 March 2011	151 753	151 753
Balance previously reported	163 420	163 420
Correction of errors (Note 35)	(11 667)	(11 667)
Correction of error - Net Investment in Leases	-	-
Balance at 31 March 2011	1 006 956	1 006 956
Changes in equity for the year ended 31 March 2012		
Profit for the year ended 31 March 2012	142 453	142 453
Balance at 31 March 2012	1 149 409	1 149 409

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT			
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2012			
	Notes	2011/12	2010/11
		R'000	R'000
Cash receipts from customers		293 754	284 084
Cash paid to suppliers and employees		204 410	(282 624)
Cash generated from operations	24	498 164	1 460
Interest received		122 848	95 905
Interest paid		(482)	(1 234)
NET CASH FROM OPERATING ACTIVITIES		620 531	96 132
CASH FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		(5 498)	8 026
Acquisition of property, plant and equipment		(56 020)	(13 608)
Intangible asset - development cost capitalised		(6 947)	(15 835)
Investment in Finance lease receivables		(26 649)	(66 257)
NET CASH FROM INVESTING ACTIVITIES		(95 114)	(87 675)
CASH FROM FINANCING ACTIVITIES			
Loans repaid		(5 487)	(6 099)
NET CASH FROM FINANCING ACTIVITIES		(5 487)	(6 099)
NET INCREASE IN CASH AND CASH EQUIVALENTS		519 930	2 358
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		5 158	2 800
CASH AND CASH EQUIVALENTS - END OF THE YEAR	25	525 088	5 158

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

ACCOUNTING POLICIES

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

A deviation of between 5% to 13% exists depending on make and model vehicle between the odometer reading of the vehicle and the tracking device.

Conditional Grants and receipts

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

recognised in the Statement of Comprehensive Income in the period in which they become receivable.

Interest received

Interest received is recognised on the accrual basis.

4. Staff costs

Post – employment benefit costs

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

Pension Fund

GMT offers a defined contribution plan. The assets generated by this plan consists of contributions made by both GMT and the employees and are generally held in a separate administered fund, namely the Government Employees' Pension Fund. This fund is administered on behalf of GMT by pension fund administrators and is governed by the Pensions Fund Act, 1956 as amended.

The following rates of contribution are applied: employee contribution is 7,5 % of pensionable salary (basic salary plus annual bonus) and GMT contributes 13 %.

5. Irregular and fruitless and wasteful expenditure

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

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

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

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

6. Property, 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.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

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)
➤ Vehicle tracking units	Straight line (7 years)

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

Accounting policy: Motor vehicles

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

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

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

Estimated useful lives:

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

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

Accounting policy: Finance lease assets

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

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.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

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.

GoFin system:

The useful life of the Oracle Financial system is regarded to be 9 years. Amortisation commenced on the date when the asset was available for use which was considered to be 1 April 2011. Intangible assets are not revalued. The carrying amount of the Oracle Financial system will be reviewed annually and adjusted for impairment, where it is considered necessary.

8. Impairment of property, plant and equipment

At each reporting 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

Classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity.

Leases of Property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GMT as Lessee:

Finance leases

Where GMT enters into a finance lease, Property, Plant and Equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the commencement date of the lease and are measured at the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, GMT uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to Property, Plant, Equipment or Intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating Leases

GMT recognises operating lease rentals as an expense in the statement of Comprehensive Income on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

GMT as Lessor

Finance leases

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of GMT's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on GMT's net investment outstanding in respect of the leases or instalment sale agreements.

Operating Leases

Operating lease rental income is recognised in the statement of Comprehensive Income on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as revenue and the contractual payments are recognised as an operating lease asset or liability.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

Determining whether an arrangement contains a lease

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

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 Statement of Financial Position or in the notes thereto:

- ◆ Finance Lease Receivables
- ◆ Accounts receivable
- ◆ Bank Balances and Cash
- ◆ Current portion of Finance Lease Receivables

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
Finance Lease Receivables	Financial Assets at Amortised Cost
Cash and cash equivalents	Available for sale
Accounts receivable	Loans and receivables
Current portion of Finance Lease Receivables	Financial Assets at Amortised Cost

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

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

- ◆ 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 Statement of Financial Position 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) Financial liabilities measured at amortised cost ('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 Statement of Comprehensive Income.

Any other financial liabilities should be classified as financial liabilities measured at amortised cost and 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 measured at amortised cost ('other financial liabilities').

Recognition

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

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

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

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 reporting date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets. If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Accounts receivable is 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. Comparative figures

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

15. Contingent liabilities

A contingent liability is defined as a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

- (b) the amount of the obligation cannot be measured with sufficient reliability.

The Entity discloses for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and, where practicable -

- (a) an estimate of its financial effect;
- (b) an indication of the uncertainties relating to the amount or timing of any outflow, and
- (c) the possibility of any reimbursement.

16. Events after the reporting date

The Entity considers events that occur after the reporting date for inclusion in the Annual Financial Statements. Events that occur between the reporting date (31 March 2012) and the date on which the audit of the financial statements is completed (31 July 2012) are considered for inclusion in the AFS.

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

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

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

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

17. Cash and cash equivalents

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

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

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

18. Related parties

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

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

personnel are defined as the Senior Manager and all other managers reporting directly to the Senior Manager or as designated by the Senior Manager.

Government Motor Transport operates as a Trading Entity under the control of the Western Cape Department of Transport and Public Works and is therefore also regarded as a related party.

19. Capital commitments

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes.

Capital commitments are disclosed for:

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

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	2011/12	2010/11
	R'000	R'000
1 LONG-TERM LIABILITIES		
Finance Lease Liabilities	298	5 786
Sub-total	298	5 786
Less: Current Portion transferred to Current Liabilities:-	213	3 318
Finance Lease Liabilities	213	3 318
Total Long-term Liabilities	85	2 467

The management of GMT is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

1.1 Obligations under Finance Lease Liabilities

GMT as Lessee:

Finance Leases relate to vehicle tracking units with lease terms of 5 years (2011: 5 years). The effective annual interest rate on Finance Leases is between 7.81% and 22.93% (2011: 7.81% and 22.93%).

Ownership of the leased vehicle tracking units is not transferred to GMT at the conclusion of the lease agreements. GMT's obligations under Finance Leases are secured by the lessors' title to the leased assets.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2011/12 R'000	2010/11 R'000	2011/12 R'000	2010/11 R'000
Amounts payable under finance leases:				
Within one year	249	3 885	213	3 318
In the second to fifth years, inclusive	91	2 851	85	2 467
Over five years	-	-	-	-
	340	6 736	298	5 786
Less: Future Finance Obligations	42	951	-	-
Present Value of Minimum Lease Obligations				
	298	5 786	298	5 786
Less: Amounts due for settlement within 12 months (Current Portion)				
			213	3 318
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)				
			85	2 467

GMT has finance lease agreements for the following significant classes of assets:

- Office Equipment

Included in these classes are the following significant leases:

(i) Digicore Vehicle Tracking Units Batch

- Instalments are payable monthly in advance
- Average effective interest rate 19.53%
- Average monthly instalment R 16 700
- Annual escalation 10.00%

(ii) Afsol Tracking Units Batch

- Instalments are payable monthly in advance
- Average effective interest rate 10.41%
- Average monthly instalment R 44 341
- Annual escalation 0.00%

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	2011/12	2010/11
	R'000	R'000
2 NON-CURRENT PROVISIONS		
Capped leave pay:		
Opening balance	1 753	1 850
Provisions made/(redeemed) during the year	133	(97)
Less: Current portion transferred to current liabilities	(86)	-
	1 801	1 753

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.

3 INCOME RECEIVED IN ADVANCE

Income received in advance	33 466	1 974
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Income received in advance represents overpayments received from client Departments at the financial year-end. It is expected that these amounts will be repaid or will be applied towards revenue within 12 months after year-end.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	2011/12	2010/11
	R'000	R'000
4 TRADE AND OTHER PAYABLES		
Trade creditors	7 253	3 547
Sundry creditors	385	966
Operating lease liability (See note 30)	12	19
	7 649	4 532
	7 649	4 532

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.

5 CURRENT PROVISIONS

Personnel expense related commitments:

Performance & annual bonuses	887	767
Overtime, staff leave, 20/30 year service and acting allowances	588	551
Current portion of non-current provisions	86	-
	1 561	1 318
	1 561	1 318

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.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

The movement on current provisions are reconciled as follows:

	Performance & annual bonuses	Overtime, staff leave & 20/30 year service	Non current provisions	Total
31 March 2012:				
Balance at beginning of year	767	551	0	1 318
Contributions to provision	887	188	0	1 076
Transfer from non-current	0	0	86	86
Expenditure incurred	(767)	(152)	0	(919)
Balance at end of year	887	588	86	1 561

	Performance & annual bonuses	Overtime, staff leave & 20/30 year service	Non-current provisions	Total
31 March 2011:				
Balance at beginning of year	202	307	2	510
Contributions to provision	767	365	-	1 132
Expenditure incurred	(202)	(121)	(2)	(324)
Balance at end of year	767	551	-	1 318

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

6 PROPERTY, PLANT AND EQUIPMENT

31 March 2011

Reconciliation of Carrying Value

Description	Plant and equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2010	19 293	347 953	367 246
Gross carrying amount	40 299	568 320	608 619
Accumulated depreciation:	(21 006)	(213 521)	(234 527)
Accumulated impairment losses	-	(6 846)	(6 846)
Correction of error	-	(267 450)	(267 450)
Gross carrying amount		(438 029)	(438 029)
Accumulated depreciation:		163 733	163 733
Accumulated impairment losses		6 846	6 846
Restated carrying amount at 1 April 2010	19 293	80 502	99 795
Gross carrying amount	40 299	130 291	170 590
Accumulated depreciation:	(21 006)	(49 789)	(70 794)
Accumulated impairment losses	-	-	-
Additions at cost	1 336	23 822	25 158
Depreciation:	(5 949)	(13 124)	(19 074)
Impaired losses	-	(540)	(540)
Carrying value of disposals:	-	(5 685)	(5 685)
Cost	-	(22 729)	(22 729)
Accumulated depreciation	-	17 043	17 043
Vehicles transferred from GMT to Departments	-	(12 851)	(12 851)
Cost	-	(12 621)	(12 621)
Accumulated depreciation	-	(229)	(229)
Vehicles transferred from Departments to GMT	-	1 183	1 183
Cost	-	4 291	4 291
Accumulated depreciation	-	(3 108)	(3 108)
Stolen	-	-	-
Cost	-	-	-
Accumulated depreciation	-	-	-
Non-current assets held for sale	-	(4 277)	(4 277)
Cost	-	(11 467)	(11 467)
Accumulated depreciation	-	7 190	7 190
Net Carrying amount at 31 March 2011	14 680	69 030	83 710
Gross carrying amount	41 635	111 587	153 222
Accumulated depreciation:	(26 955)	(42 016)	(68 972)
Accumulated impairment losses	-	(540)	(540)

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

6 PROPERTY, PLANT AND EQUIPMENT

31 March 2012

Reconciliation of Carrying Value

Description	Plant and equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2011	14 680	69 030	83 710
Gross carrying amount	41 635	111 587	153 222
Accumulated depreciation:	(26 955)	(42 016)	(68 972)
Accumulated impairment losses	-	(540)	(540)
Additions at cost	240	59 435	59 675
Vehicles transferred from Departments to GMT	-	6 873	6 873
Cost	-	18 533	18 533
Accumulated depreciation	-	(11 660)	(11 660)
Depreciation:	(4 751)	(9 801)	(14 552)
Impaired losses	-	(170)	(170)
Carrying value of disposals:	(8 266)	(5 443)	(13 710)
Cost	(27 821)	(17 048)	(44 870)
Accumulated depreciation	19 555	11 605	31 160
Alienated	-	(26)	(26)
Cost	-	(87)	(87)
Accumulated depreciation	-	61	61
Vehicles moved from GMT to departments	-	(10 999)	(10 999)
Cost	-	(11 493)	(11 493)
Accumulated depreciation	-	494	494
Non-current assets held for sale	(98)	(777)	(875)
Cost	(887)	(3 447)	(4 334)
Accumulated depreciation	789	2 670	3 459
Net Carrying amount - 31 March 2012	1 804	108 122	109 927
Gross carrying amount	13 167	157 480	170 646
Accumulated depreciation:	(11 362)	(48 648)	(60 011)
Accumulated impairment losses	-	(709)	(709)

Vehicles have been restated due to permanently allocated vehicles being retrospectively treated as finance leases rather than operating leases. Refer to Note 35.7 (a) & (b) on "Correction of Error" for details of the restatement.

Plant and equipment with a gross carrying amount of R 2,572,914 have been fully depreciated and is still in use.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

7 INTANGIBLE ASSETS	2011/12	2010/11
	R'000	R'000
Net Carrying amount at beginning of the year	29 047	14 802
Cost	34 271	18 436
Accumulated amortisation	(5 224)	(3 634)
Development cost capitalised during the year	6 947	15 835
Amortisation during the year	(3 542)	(1 590)
Net Carrying amount at end of the year	32 451	29 047
Cost	41 217	34 271
Accumulated amortisation	(8 767)	(5 224)

No Intangible assets have not been pledged as security for any liabilities of GMT.

GMT implemented a GAAP compliant accounting system in the current financial year. Amortisation on the Oracle Financial system commenced on 1 April 2011, the date upon which the asset was available for use.

Breakdown between systems:

FleetMan System:

Net Carrying amount at beginning of the year	15 657	13 185
Cost	20 881	16 819
Accumulated amortisation	(5 224)	(3 634)
Development cost capitalised during the year	4 085	4 062
Amortisation during the year	(2 097)	(1 590)
Net Carrying amount at end of the year	17 646	15 657
Cost	24 967	20 881
Accumulated amortisation	(7 321)	(5 224)

Oracle Financial System:

Net Carrying amount at beginning of the year	13 390	1 617
Cost	13 390	1 617
Accumulated amortisation	-	-
Development cost capitalised during the year	2 861	11 773
Amortisation during the year	(1 446)	-
Net Carrying amount at end of the year	14 805	13 390
Cost	16 251	13 390
Accumulated amortisation	(1 446)	-

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	2011/12	2010/11
	R'000	R'000
8 FINANCE LEASE RECEIVABLES		
Finance Lease Receivables	508 920	482 271
Sub-total	508 920	482 271
Less: Current Portion transferred to Current Assets:-	97 399	108 142
Finance Lease Receivables	97 399	108 142
Total Long-term portion of Finance Lease Receivables	411 521	374 129

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

8.1 Amounts receivable under Finance Leases

GMT as Lessor:

Finance Leases relate to vehicles that are permanently allocated to certain user departments with lease terms of between 3 to 36 years. (2011: 3 and 36 years). The effective annual interest rate on the Finance Lease Receivables is between 0.11% and 101.80% (2011: 0.11% and 101.80%).

Ownership of the leased vehicles is not transferred to the user departments at the conclusion of the lease arrangements. GMT's rights under Finance Leases are secured by the lessors' title to the leased assets.

The amounts receivable under Finance Leases are as follows:

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

	Minimum Lease Receivables		Present Value of Minimum Lease Receivables	
	2011/12	2010/11	2011/12	2010/11
	R'000	R'000	R'000	R'000
Amounts receivable under finance leases:				
Within one year	213 292	212 980	97 399	108 142
In the second to fifth years, inclusive	564 753	503 350	269 825	275 384
Over five years	181 302	132 440	141 696	98 745
	<u>959 347</u>	<u>848 769</u>	<u>508 920</u>	<u>482 271</u>
Less: Unearned Future Finance Income	450 427	366 498	-	-
Present Value of Minimum Lease Receivables	<u>508 920</u>	<u>482 271</u>	<u>508 920</u>	<u>482 271</u>
Less: Amounts due for settlement within 12 months (Current Portion)			97 399	108 142
Finance Lease Receivables due for settlement after 12 months (Non-current Portion)			<u>411 521</u>	<u>374 129</u>

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	2011/12	2010/11
	R'000	R'000
GMT has finance lease agreements for the following significant classes of assets:		
- Vehicles		
Included in these classes are the following significant leases:		
(i) GVZ026G		
- Instalments are receivable monthly in arrears		
- Average effective interest rate	17.73%	
- Average monthly instalment	R 4 361	
- Annual escalation	5.30%	
(ii) GVZ317G		
- Instalments are receivable monthly in arrears		
- Average effective interest rate	7.83%	
- Average monthly instalment	R 5 275	
- Annual escalation	5.30%	

9 INVENTORY

Consumable Stores - at cost	40	61
Total Inventory	40	61

The cost of inventories recognised as an expense and included in administrative expenses amounted to R 259,932 (2011: R 190,137).

10 ACCOUNTS RECEIVABLE

Accounts receivable	70 333	50 833
Less: Provision for doubtful debts	(18 198)	(18 198)
Total accounts receivable	52 136	32 636

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

1) An amount of R 17,922m represents inter-governmental debt which GMT intends to write off as bad debts due to lost documentation.	17 922	17 922
2) Prescribed debt.	276	276
	18 198	18 198

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

11 GMT TRADING ACCOUNT

Closing balance as at reporting date	-	<u><u>407 626</u></u>
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GMT's Trading account was previously held by the Western Cape Department of Transport & Public Works. The outstanding balance has been repaid in full prior to year-end. GMT has been operating its own banking facilities as of the current financial year.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	2011/12	2010/11
12 CASH AND CASH EQUIVALENTS	R'000	R'000
<p>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.</p>		
Nedbank		
<i>Fleet Account:</i>		
Bank statement balance at the beginning of the year	5 158	2 800
Bank statement balance at the end of the year	<u>1 898</u>	<u>5 158</u>
Nedbank		
<i>Current Account:</i>		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>523 185</u>	<u>-</u>
Petty Cash	<u>5</u>	<u>-</u>
Bank balances	<u>525 088</u>	<u>5 158</u>
<p>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.</p>		
13 NON-CURRENT ASSETS HELD FOR SALE		
Vehicles at carrying value	777	4 277
Plant and equipment at carrying value	<u>98</u>	<u>-</u>
	875	4 277
Less: Impairment loss	<u>-</u>	<u>(1 724)</u>
	<u>875</u>	<u>2 553</u>

During the year under review, management made a resolution to dispose of vehicles. The disposal decision was based on the ageing of the vehicles/economic viability of the assets. To ensure transparency and fairness on the process an independent auctioneer will be appointed. The scheduled dates of these disposals are the 3rd and 24th of April 2012, the 15th of May 2012, the 5th of June 2012 and the 3rd of July 2012.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	2011/12	2010/11
	R'000	R'000
14 REVENUE		
An analysis of the entity's revenue is as follows:		
Rendering of services:		
National Departments	28 573	27 139
Provincial Departments	244 202	225 706
	272 775	257 407
An analysis of the entity's revenue as per:		
Kilometre tariffs	239 515	224 797
Daily tariffs	33 260	32 609
	272 775	257 407
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.		
15 OTHER INCOME		
Grants received	24 305	15 231
Profit on sale of vehicles	4 780	3 849
Re-imbursive income	11 394	6 925
	40 479	26 005
16 INTEREST EARNED		
Finance Lease Receivables:		
- Interest earned	117 918	95 905
External Investments:		
- Interest earned	2 159	-
Outstanding Debtors:		
- Interest earned	2 771	-
	122 848	95 905

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	2011/12 R'000	2010/11 R'000
17 ADMINISTRATIVE EXPENSES		
Bank charges	4 119	9 447
Entertainment	0	2
Fees for services		
- SITA	3 608	3 285
Legal fees	47	50
License fees	3 888	7 178
Other administrative expenses	776	1 728
Stationery and printing	582	185
Training and staff development	824	7
Travel and subsistence	108	151
	13 953	22 034
18 STAFF COSTS		
Salaries and Wages		
Basic salaries	13 518	13 016
Performance awards	320	331
Periodic payments	1 098	972
Other non-pensionable allowance	2 010	1 647
Leave payments	4	5
Overtime and long service awards	332	350
Social contributions (employer's contributions)		
Medical	1 469	1 419
Official unions and associations	5	6
Pension	1 702	1 620
Total Employee Related Costs	20 458	19 366

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 Statement of Comprehensive Income in the year to which it relates.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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	Subsistence and Travel R'000	Total R'000
Year ended 31 March 2011							
Senior Manager	693	-	21	60	-	10	784
Manager: Fleet Finance	404	22	-	41	-	-	467
Manager: Fleet Logistics	335	20	26	39	-	1	421
Manager: Fleet Operations	374	22	6	41	-	0	443
Manager: Fleet Risk Management	314	9	9	24	-	1	357
TOTAL	2 120	73	62	205	-	12	2 472

ENTITY	Salary / Fee R'000	Performance Bonus R'000	Medical Aid Contribution R'000	Pension Contribution R'000	Retirement Annuity Fund R'000	Subsistence and Travel R'000	Total R'000
Year ended 31 March 2012							
Senior Manager	700	-	19	61	-	-	780
Manager: Fleet Finance	429	29	6	45	-	-	510
Manager: Fleet Logistics	362	28	26	43	-	-	458
Manager: Fleet Operations	405	27	6	45	-	-	484
Manager: Fleet Risk Management	249	27	4	24	-	-	304
TOTAL	2 145	111	61	218	-	-	2 535

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	2011/12 R'000	2010/11 R'000
19 OPERATING EXPENDITURE		
Consultant, contractors and special services	20,229	5,441
- Audit fees	2,165	2,220
- Other	18,064	3,221
Maintenance, repairs and running costs	167,681	140,454
- Property and buildings	2	37
- Machinery, equipment and vehicles	167,679	140,417
Loss on sale of vehicles	20,679	2,580
Loss on sale of PPE	5,888	-
Tracking costs	20,214	10,298
Third party claims	588	1,435
Stores/Consumables	225	134
Communication costs	487	587
Courier and delivery charges	25	23
Municipal services	31	27
	236,048	160,980
20 DEPRECIATION		
Plant and equipment	4,751	5,949
Vehicles	9,801	13,124
	14,552	19,074
21 AMORTISATION		
Intangible asset – FleetMan	2,097	1,590
Intangible asset - Oracle Financial System	1,446	-
	3,542	1,590
22 FINANCE COSTS		
Finance leases	482	1,234
	482	1,234

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	2011/12 R'000	2010/11 R'000
23 ACCIDENTS AND LOSSES		
23.1 Impairment losses on fixed assets		
<i>Impairment losses recognised:</i>		
Property, Plant and Equipment	170	540
- Vehicles	170	540
Non-current assets held for sale	472	1,843
23.2 Other		
Accidents and losses incurred	3	100
	645	2,483
24 RECONCILIATION OF CASH GENERATED FROM OPERATIONS		
Profit for the year	142,453	151,753
Adjustment for:		
Deferred income recognised during the year		
Depreciation - property, plant and equipment	14,552	19,074
Amortisation - Intangible assets	3,542	1,590
Interest received	(122,848)	(95,905)
Impairment losses	641	2,382
Net (profit)/loss on disposal of property, plant and Equipment	21,787	(1,269)
Increase in provisions	1,209	1,035
Interest paid	482	1,234
Operating cash flows before working capital changes	61,819	79,894
Working capital changes	436,346	(78,434)
(Increase)/Decrease in inventories	22	(3)
(Increase)/Decrease in receivables	(19,500)	672
(Increase)/Decrease in the GMT trading account	407,626	(84,034)
(Increase)/Decrease in Income received in advance	31,492	1,974
Increase/(Decrease) in payables	3,118	(2,375)
Increase/(Decrease) in Unspent Grants	14,507	5,657
Cash payments made against provisions	(919)	(324)
Cash generated from operations	498,164	1,460

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	2011/12	2010/11
25 CASH AND CASH EQUIVALENTS	R'000	R'000
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	525,088	5,158
	525,088	5,158
	525,088	5,158

26 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).

27 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 230,528 (2010/11: R 563,343) in respect of claims made against GMT as at 31 March 2012 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 as at 31 March 2012 amounts to R 1,664,086. Therefore, a contingent liability of R 1,433,558 exists, but has not been raised in the financial statements as the existence of this obligation will only be acknowledged by the future payment of these claims.

28 CAPITAL COMMITMENTS

Commitments for the acquisition of:
- Property, plant and equipment ordered, but not delivered by the reporting date.

	102,822	63,188
	102,822	63,188
	102,822	63,188

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

29 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

1 (One) cases with an estimated claim value of R 11,722.

Damages/Losses - government vehicles

No cases were registered.

Adjusting events

Cases settled (in terms of agreed payment) after year-end but before the statements were issued amounts to R 230,528.

30 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. Management is currently considering limiting the maximum rental periods in relation to these vehicles to 3 months. Until such time as that policy becomes effective, 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.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	2011/12	2010/11
	R'000	R'000
<u>GMT as Lessee:</u>		
Leasing arrangements:		
Operating leases relate to office equipment and vehicle tracking units with lease terms of between 3 to 5 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	13,639	777
2 to 5 years	19,650	737
More than 5 years	-	-
	33,290	1,514
Total Operating Lease Arrangements	33,290	1,514
The following payments have been recognised as an expense in the Statement of Comprehensive Income:		
Minimum lease payments	3,976	809
Contingent rentals	(7)	(4)
	3,970	806
Total Operating Lease Expenses - as Lessee	3,970	806
In respect of non-cancellable Operating Leases the following liability has been recognised:		
Operating lease liability as at reporting date:		
Balance at beginning of year	18	22
Operating expenses recorded	3,970	806
Operating lease payments effected	(3,976)	(809)
	11	18
Total Operating Lease Liabilities	11	18

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

- Office Equipment
- Vehicle Tracking Units

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

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

31 RELATED PARTY TRANSACTIONS

**31. Western Cape Department of Transport & Public
1 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:

	2011/12	2010/11
	R'000	R'000
Revenue		
Transport claims	9,600	8,453
Reimbursive income	205	191
Interest received on Finance lease receivables	2,831	2,452
Interest received on accounts receivable	35	-
	12,671	11,096
Expenditure		
License fees	1,953	2,780
The amount of outstanding balances as at reporting date		
Finance lease receivables	11,257	12,793
Accounts receivable	860	-
GMT Trading account	-	407,626
	12,117	420,419

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

31.2 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

Clarence Hansby - Manager: Fleet Risk Management

Key management personnel compensation is disclosed in note 19 to the Financial Statements.

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

<i>Managers</i>	<i>Family Member</i>	<i>Relationship</i>	<i>Remuneration</i>
Antonie Janse van Rensburg - Manager: Fleet Management	Mr. H. Janse van Rensburg (Administrator Assistant)	Brother	R 116,305
Kathy Proctor Fourie - Manager: Fleet Finance	Mr. JC Fourie (Fleet Control Assistant Manager)	Husband	208,994

31.3 Department of the Premier in the Western Cape

The Department of Transport and Public Works received corporate services from the Corporate Service Centre of the Department of the Premier in the Western Cape. A service level agreement was signed on 30 November 2010. The service agreement consists of the following services:

- a) Information and Communication Technology
- b) Organisation Development
- c) Provincial Training (generic)
- d) Human Resource Management
- e) Enterprise Risk Management
- f) Internal Audit
- g) Forensic Investigations
- h) Legal Services
- i) Corporate Communication

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

32 FINANCIAL INSTRUMENTS

32.1 Classification of financial instruments

Financial Assets:

In accordance with IAS 39.09 the financial assets of the GMT are classified as follows:

<u>Financial Assets:</u>	<u>Classification</u>	2011/12 R'000	2010/11 R'000
Finance lease receivables (long-term portion)	Financial Assets at Amortised Cost	411,521	374,129
Accounts receivable	Loans and receivables	52,136	32,636
GMT Trading account	Loans and receivables	-	407,626
Cash and cash equivalents			
Bank balances	Loans and receivables	525,088	5,158
Finance lease receivables (short-term portion)	Financial Assets at Amortised Cost	97,399	108,142
Total financial assets		1,086,144	927,691
<u>Summary of financial assets:</u>			
Loans and receivables:			
GMT Trading account		-	407,626
Accounts receivable		52,136	32,636
		52,136	440,262
Available for sale:			
Bank balances		525,088	5,158
		525,088	5,158
Financial Assets at Amortised Cost:			
Finance lease receivables (long-term portion)		411,521	374,129
Finance lease receivables short-term portion)		97,399	108,142
		508,920	482,271
Total Financial Assets		1,086,144	927,691

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Financial Liabilities:

In accordance with IAS 39.09 the Financial Liabilities of the entity are classified as follows (FLAC = Financial Liabilities at Amortised Cost):

<u>Financial Liabilities</u>	<u>Classification</u>	2011/12 R'000	2010/11 R'000
Trade and other payables			
Trade creditors	FLAC	7,253	3,547
Sundry creditors	FLAC	385	966
Total financial liabilities		<u>7,637</u>	<u>4,513</u>

Summary of financial liabilities:

Financial Liabilities at Amortised Cost

Trade creditors	7,253	3,547
Sundry creditors	385	966
Total Financial Liabilities	<u>7,637</u>	<u>4,513</u>

32.2 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.

32.3 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 financial statements.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

32.4 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.

32.5 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.

	2011/12 R'000	2010/11 R'000
Maximum credit risk exposure		
Finance lease receivables (long-term portion)	411,521	374,129
Cash and cash equivalents	525,088	5,158
Accounts receivable	52,136	32,636
GMT Trading account	-	407,626
Finance lease receivables short-term portion)	97,399	108,142
	<u>1,086,144</u>	<u>927,691</u>

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

	2011/12 R'000	2010/11 R'000
Financial assets past due		
<i>Accounts Receivable:</i>		
More than 30 days and not more than 60 days	2,133	4,723
More than 60 days and not more than 90 days	760	3,402
More than 90 days and not more than 120 days	703	1,215
More than 120 days	24,470	46,570
Total	<u>28,065</u>	<u>55,910</u>

32.6 Liquidity risk management

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

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

32.7 Fair value

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

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

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

**33 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE
DISALLOWED**

33.1 Unauthorised Expenditure

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

33.2 Fruitless and Wasteful Expenditure

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

33.3 Irregular Expenditure

Irregular Expenditure amounting to R 96,956 was incurred during the period under review which is still awaiting condonement.

In terms of Section 66(2) of the PFMA a department or entity may not bind a Revenue Fund to any future financial commitment, except with prior written approval of the MEC Finance. In the absence of such approval any expenditure incurred will be regarded irregular. Furthermore, in terms of National Treasury Practise note 5 of 2006/07, par 2.9 the contract should not exceed the prescribed period of 36 months which also renders the expenditure irregular.

Management disclosed the expenditure incurred on a number of leasing arrangements for the provision of vehicle tracking units as Irregular Expenditure during the previous financial year. National Treasury Practise Note 5 of 2006/07 does, however, grant a blanket approval for the Irregular Expenditure incurred on these contracts, and therefore no Irregular Expenditure is disclosed as condoned in the current financial year in terms of the stipulations as above.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	2011/12 R'000	2011 R'000
33.3 Irregular Expenditure (continued)		
Reconciliation of Irregular Expenditure:		
Opening balance	44,072	35,876
Irregular Expenditure current year	3,478	8,196
Condoned or written off	(47,453)	-
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Irregular Expenditure awaiting condonement	97	44,072

Incident	R'000	Disciplinary Steps / Criminal Proceedings
2011/12		
Finance lease payments	3,381	None
Supply Chain Management deviations - required 3 quotes not obtained	97	Amended Internal Control Processes
2010/11		
Finance lease payments	8,196	None

34 GOING CONCERN

The 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.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	R'000
35 CORRECTION OF ERROR	DR/(CR)
35.1 Effect on accumulated surplus as at 31 March 2010	
Balance previously reported:-	616,067
Adjusted for:	
Detail	
Correction of error for permanently allocated vehicles reclassified from operating leases to finance leases.	127,628
Correction of performance bonus settled during year ending 31 March 2012 which was erroneously not provided for during the year ending on 31 March 2010.	(49)
Accumulated surplus has been restated for a correction of error in relation to the carrying amount of motor vehicles as at 31 March 2010.	(139)
Accumulated surplus has been restated for a correction in error in the outstanding balance of Unspent Grants as at 31 March 2010.	(15,088)
Restatement of Accumulated surplus due to correction of Income Received in Advance balance as at 31 March 2010.	17,871
Accumulated surplus has been restated due the derecognition of Deferred Income in relation to vehicles treated as finance leases rather than operating leases.	108,912
Accumulate surplus as at 31 March 2010	855,203
Reconciliation of retained earnings as at 31 March 2010	
Balance previously reported in 2010 Annual Financial Statements	616,067
Correction of errors	239,136
Restated balance as at 31 March 2010	855,203
35.2 Effect on profit for the year ended 31 March 2011	
Balance previously reported:-	163,420
<i>Adjustments against:</i>	
a) Revenue (refer to note 14)	(143,650)
Balance previously reported	401,056
Restated balance	257,407
Revenue has been restated and has decreased due to certain vehicles that were permanently allocated to departments being treated as finance leases rather than operating leases.	
b) Other income	(10,348)
Balance previously reported	36,354
Restated balance	26,005

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

Other income has been restated due to an increase in profit on the sale of vehicles and a decrease in grants received. The restatement emanates from certain permanently allocated vehicles which were previously erroneously treated as operating leases rather than finance leases.

c) Interest earned

Balance previously reported
Restated balance

	95,905
	-
	95,905

Interest earned has been restated due to an increase in interest income received on the outstanding balance of Finance lease receivables. The restatement emanates from certain permanently allocated vehicles which were previously erroneously treated as operating leases rather than finance leases.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

		R'000
35.2	Effect on profit for the year ended 31 March 2011 (continued)	DR/(CR)
	Administrative expenses	
a)	Staff costs (refer to note 18)	(52)
	Balance previously reported	19,314
	Restated balance	19,366
	Correction of performance bonus settled during year ending 31 March 2012 which was erroneously not provided for during the year ending on 31 March 2011.	
	Operating expenditure (refer to note 19)	712
a)	Consultant, contractors and special services	404
	Balance previously reported	5,845
	Restated balance	5,441
	The balance has been restated due to a number of creditors not being raised in the correct accounting period.	
b)	Depreciation (Refer to note 19)	45,618
	Balance previously reported	64,692
	Restated balance	19,074
	Depreciation has been restated due to certain permanently allocated vehicles having been retrospectively treated as having been subject to finance leases rather than operating leases.	
c)	Accidents and losses	62
	Balance previously reported	2,545
	Restated balance	2,483
	Accidents and losses has been restated due to certain permanently allocated vehicles having been retrospectively treated as having been subject to finance leases rather than operating leases.	
d)	Maintenance, repairs and running costs	84
	Balance previously reported	140,538
	Restated balance	140,454
	Maintenance, repairs and running costs has been restated due to certain assets having erroneously been expensed rather than capitalised during the previous financial year.	
	Surplus for the year ended 31 March 2011	151,752
	Reconciliation of profit for the year ended 31 March 2011:	
	Balance previously reported	163,420
	Correction of errors	(11,667)
	Restated balance	151,752

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

R'000
DR/(CR)

35.3 Income Received in Advance

Income Received in Advance for overpayments received from Departments at year-end was previously disclosed as part of the Deferred Income balance. Income Received in advance is now separately disclosed to clearly distinguish between grants received for the purchase of additional vehicles (under Deferred Income) and overpayments of revenue at year-end (under Income Received in Advance).

Balance as at 31 March 2011

Balance previously reported:-

-

Adjusted for:

Component	Detail	
Income Received in Advance: Balance as at 31 March 2011	Income Received in Advance separately disclosed.	1,974

Restated balance as at 31 March 2011

1,974

35.4 Unspent Grants

Unspent grants have been restated due to certain errors that were corrected during the current financial year.

Balance as at 31 March 2011

Balance previously reported:-

-

Adjusted for:

Component	Detail	
Unspent Grants: Balance as at 31 March 2011	Restatement of correct balance of Unspent Grants as at 31 March 2011.	20,745

Restated balance as at 31 March 2011

20,745

35.5 Trade and other payables

Trade and other payables have been restated due to certain errors that were corrected during the current financial year.

Balance as at 31 March 2011

Balance previously reported:-

4,951

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

Adjusted for:

Component	Detail	
Trade and other payables: Balance as at 31 March 2011	Certain Performance bonuses from 2010 and 2011 financial years not previously provided for.	102
Trade and other payables: Balance as at 31 March 2011	Reclassification of annual bonuses for 2011 from Trade and other payables to current provisions.	(521)

Restated balance as at 31 March 2011

4,532

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	R'000						
	DR/(CR)						
35.6 Provisions							
Provisions has been restated due to certain errors that were corrected during the current financial year.							
Balance as at 31 March 2011							
Balance previously reported:-	797						
Adjusted for:							
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%; text-align: center;">Component</th> <th style="width: 40%; text-align: center;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td style="border: 1px solid black;">Provisions: Balance as at 31 March 2011</td> <td style="border: 1px solid black;">Reclassification of annual bonuses for 2011 from Trade and other payables to current provisions.</td> <td style="text-align: right; vertical-align: bottom;">521</td> </tr> </tbody> </table>	Component	Detail		Provisions: Balance as at 31 March 2011	Reclassification of annual bonuses for 2011 from Trade and other payables to current provisions.	521	
Component	Detail						
Provisions: Balance as at 31 March 2011	Reclassification of annual bonuses for 2011 from Trade and other payables to current provisions.	521					
Restated balance as at 31 March 2011	1,318						
35.7 Property, plant and equipment							
Property, plant and equipment - Vehicles							
The carrying value of property, plant and equipment as at 31 March 2011 has been adjusted for all reclassifications of vehicles as finance leases rather than operating leases.							
a) Gross carrying amount as at 31 March 2011							
Balance previously reported:-	634,994						
Adjusted for:							
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%; text-align: center;">Component</th> <th style="width: 40%; text-align: center;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td style="border: 1px solid black;">Property, plant and equipment - vehicles: Gross Carrying amount as at 31 March 2011</td> <td style="border: 1px solid black;">Restatement of gross carrying amount due to permanently allocated vehicles being reclassified as finance leases.</td> <td style="text-align: right; vertical-align: bottom;">(523,407)</td> </tr> </tbody> </table>	Component	Detail		Property, plant and equipment - vehicles: Gross Carrying amount as at 31 March 2011	Restatement of gross carrying amount due to permanently allocated vehicles being reclassified as finance leases.	(523,407)	
Component	Detail						
Property, plant and equipment - vehicles: Gross Carrying amount as at 31 March 2011	Restatement of gross carrying amount due to permanently allocated vehicles being reclassified as finance leases.	(523,407)					
Restated balance as at 31 March 2011	111,587						
b) Accumulated depreciation & impairment losses as at 31 March 2011							
Balance previously reported:-	(230,836)						
Adjusted for:							
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%; text-align: center;">Component</th> <th style="width: 40%; text-align: center;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td style="border: 1px solid black;">Property, plant and equipment - vehicles: Accumulated depreciation as at 31 March 2011</td> <td style="border: 1px solid black;">Restatement of accumulated depreciation and impairment losses due to permanently allocated vehicles being reclassified as finance leases.</td> <td style="text-align: right; vertical-align: bottom;">188,280</td> </tr> </tbody> </table>	Component	Detail		Property, plant and equipment - vehicles: Accumulated depreciation as at 31 March 2011	Restatement of accumulated depreciation and impairment losses due to permanently allocated vehicles being reclassified as finance leases.	188,280	
Component	Detail						
Property, plant and equipment - vehicles: Accumulated depreciation as at 31 March 2011	Restatement of accumulated depreciation and impairment losses due to permanently allocated vehicles being reclassified as finance leases.	188,280					
Restated balance as at 31 March 2011	(42,556)						

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

R'000
DR/(CR)

35.7 Property, plant and equipment (continued)

c) Property, plant and equipment - Plant and equipment

Gross carrying amount as at 31 March 2011

Balance previously reported:-

41,551

Adjusted for:

Component	Detail
Property, plant and equipment - plant and equipment: Gross Carrying amount as at 31 March 2011	Correction of additions during the 2011 financial year not previously accounted for.

84

Restated balance as at 31 March 2011

41,635

35.8 Intangible Assets

The gross carrying amount of Intangible Assets as at 31 March 2011 has been adjusted for certain additions that were previously incorrectly expensed during the previous financial year.

a) Gross carrying amount as at 31 March 2011

Balance previously reported:-

33,866

Adjusted for:

Component	Detail
Intangible Assets: Gross Carrying amount as at 31 March 2011	Restatement of Gross Carrying amount for items incorrectly expensed during the previous financial year.

405

Restated balance as at 31 March 2011

34,271

35.9 Finance lease receivables (long-term portion)

The long-term portion of Finance lease receivables as at 31 March 2011 has been restated due to certain vehicles being treated as being subject to finance leases rather than operating leases.

Balance as at 31 March 2011

Balance previously reported:-

-

Adjusted for:

Component	Detail
Finance lease receivable: Balance of long-term portion as at 31 March 2011	Restatement of balance due to vehicles being reclassified as finance leases rather than operating leases.

374,129

Restated balance as at 31 March 2011

374,129

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

R'000
DR/(CR)

35.10 Accounts receivable

The Accounts receivable balance as at 31 March 2011 has been restated due to outstanding daily tariff balances emanating from vehicles subject to finance leases being reclassified from Accounts receivable to Finance Lease Receivables.

Balance as at 31 March 2011

Balance previously reported:- **58,007**

Adjusted for:

Component	Detail	
Accounts receivable: Balance as at 31 March 2011	Reclassification of outstanding daily tariffs to Finance Lease Receivables.	(25,371)

Restated balance as at 31 March 2011

32,636

35.11 Finance lease receivables (short-term portion)

The short-term portion of Finance lease receivables as at 31 March 2011 has been restated due to certain vehicles being treated as being subject to finance leases rather than operating leases.

Balance as at 31 March 2011

Balance previously reported:- -

Adjusted for:

Component	Detail	
Finance lease receivable: Balance of long-term portion as at 31 March 2011	Restatement of balance due to vehicles being reclassified as finance leases rather than operating leases.	108,142

Restated balance as at 31 March 2011

108,142

35.12 Non-current assets held for sale

The Carrying value of Non-current assets held for sale as at 31 March 2011 has been restated due to certain vehicles that were previously treated as operating leases having now been treated as being subject to finance leases.

Balance as at 31 March 2011

Balance previously reported:- **2,553**

Adjusted for:

Component	Detail	
Non-current assets held for sale: Carrying amount as at 31 March 2011	Restatement of balance due to vehicles being reclassified as finance leases rather than operating leases.	0

Restated balance as at 31 March 2011

2,553

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

36 CHANGE IN ESTIMATES

Reassessment of residual values of vehicles

Residual values and useful lives of vehicles are annually reassessed and the impact on the depreciation expense in the current year and future periods is as follows.

Increase in the depreciation expense for the year ended 31 March 2012	874
Increase in the depreciation expense for future periods	1,326
	<hr/>
	2,200
	<hr/> <hr/>

Effect of Residual values on the calculation of finance lease receivables

The final lease installment in the calculation of the present value of finance lease receivables as at 31 March 2011 and 2012, equal the residual value of leased vehicles as recorded in GMT's 2012 asset register. It was impracticable to update the amortization schedules and recalculate the present value of finance lease receivables as at 31 March 2011 using 2011 residual values. The 2011 residual values were however recalculated and the difference between the 2011 and 2012 residual values were immaterial and therefore the management of GMT is of the opinion that the impact on the interest calculation and the present value of finance lease receivables as at 31 March 2011 would also be immaterial.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

37 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	Standard amended to remove the fixed date of 1 January 2004 relating to the retrospective application of the derecognition requirements of IAS 39, and relief for first-time adopters from calculating day 1 gains on transactions that occurred before the date of adoption.	1-Jul-11
IFRS 7, Financial Instruments: Disclosures	Amendment require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.	1-Jul-11
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.	1-Jan-13

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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

IFRS 12 Disclosure of Interests in Other Entities	New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	1-Jan-13
IFRS 13 Fair Value Measurement	New guidance on fair value measurement and disclosure requirements.	1-Jan-13
IAS 1, Presentation of Financial Statements	New requirements to group together items within OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity.	1-Jul-12

Management has considered the above standards and interpretations and anticipates that the adoption of these will not have a significant impact on the financial position, financial performance or cash flows of the entity as the majority of these types of transactions are not currently applicable at GMT. When adopted, certain disclosures will however need to be amended in accordance with IFRS 7, IFRS 9 and IAS 24.

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012 (continued)

NOTES:

PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT)

4.1 SERVICE DELIVERY

GMT developed a Service Delivery Improvement Plan (SDIP) in terms of the prescripts. The following tables reflect the components of the SDIP as well as progress made in the implementation of the plans.

Table 4.1.1: Main services and service standards provided in terms of the Service Delivery Plan, 1 April 2011 to 31 March 2012

Main services	Actual service beneficiaries	Additional beneficiaries	Standard of service	Actual achievement against standards
<p>Provision of a Government Motor Transport Service</p>	<p>All provincial and national client departments, other provincial governments and entities, Political Office Bearers.</p>	<p>None</p>	<p><u>Fleet Logistics - Misuse Incidents</u> a) All reported cases are registered in FleetMan and followed up with the relevant Client departments. b) The Bureau will provide vehicle activity information to client departments and to the Fleet Risk Division within GMT on request.</p> <p><u>Fleet Management - Traffic Offences</u> c) The enhancement of the fleet management system (FleetMan). d) The rollout of the FleetMan Client module to Client departments.</p> <p><u>Fleet Management - Purchasing of vehicles for Client Departments</u> e) Manufacturers</p>	<p><u>Fleet Logistics - Misuse Incidents</u> a) All reported cases (280) were registered in FleetMan and followed up with the relevant Client departments. b) The Bureau supplied vehicle activity information (1 735) to client departments and to the Fleet Risk Division within GMT on all requests.</p> <p><u>Fleet Management - Traffic Offences</u> c) The enhancement of the fleet management system (FleetMan) was completed. d) The rollout of the FleetMan Client module to Client departments was implemented.</p> <p><u>Fleet Management - Purchasing of vehicles for Client Departments</u> e) Manufacturers</p>

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

Main services	Actual service beneficiaries	Additional beneficiaries	Standard of service	Actual achievement against standards
			<p>to deliver vehicles within the set time frames as per transversal contract RT57.</p> <p><u>Fleet Management- Electronic Fuelling and Tracking</u> f) To use the odometer readings in GMT's e-billing process as reference source.</p> <p><u>Fleet Finance – eBilling: FleetMan Client Module Enhancement</u> g) To enhance FleetMan to allow clients to capture vehicle odometer readings.</p> <p><u>Fleet Finance – GAAP Compliant Accounting System</u> h) Customisation of the GAAP compliant accounting system.</p>	<p>deliver vehicles within the set time frames as per transversal contract RT57.</p> <p><u>Fleet Management – Electronic Fuelling and Tracking</u> f) The odometer readings were used in GMT's e-billing process as reference source.</p> <p><u>Fleet Finance – eBilling: FleetMan Client Module Enhancement</u> g) FleetMan was enhanced to allow clients to capture vehicle odometer readings.</p> <p><u>Fleet Finance – GAAP Compliant Accounting System</u> h) Phase II was implemented and further enhancements effected. Interim financial year-end (IFS) and year-end (AFS) were successfully completed on the new GAAP accounting system.</p>

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

Table 4.1.2: Consultation arrangements with service beneficiaries, 1 April 2011 to 31 March 2012

Type of arrangement	Actual achievements	Comments (possible deviation)
<p><u>Fleet Operations/Finance – Client Forums</u> a) Bi-monthly meetings are held with the Transport Officers of Client departments.</p> <p><u>Fleet Operations – Client Department Evaluations</u> b) Annually the Client departments evaluate GMT services. Shortcomings are identified and resolved.</p> <p><u>Fleet Operations – disposal of redundant vehicles</u> c) All vehicles placed on auction are advertised in various newspapers.</p> <p><u>Fleet Finance – Tenders</u> d) All tender invitations (value above R100 000) are published in the Government Gazette. e) Electronically available.</p> <p><u>Fleet Logistics – Guidelines and Policy Publication</u> f) All guidelines and policies are published on the GMT Portal.</p> <p><u>GMT General</u> g) Committees, forums and meetings are utilised to meet with clients and service providers.</p>	<p><u>Fleet Operations/Finance – Client Forums</u> a) Bi-monthly meetings were held with the Transport Officers of Client departments.</p> <p><u>Fleet Operations – Client Department Evaluations</u> b) The Client departments evaluated GMT services annually. Shortcomings were identified and resolved.</p> <p><u>Fleet Operations – disposal of redundant vehicles</u> c) All vehicles placed on auction were advertised in various newspapers.</p> <p><u>Fleet Finance – Tenders</u> d) All tender invitations (value above R100 000) were published in the Government Gazette. e) Electronically available.</p> <p><u>Fleet Logistics – Guidelines and Policy Publication</u> f) All guidelines and policies were published on the GMT Portal.</p> <p><u>GMT General</u> g) Committees, forums and meetings were utilised to meet with clients and service providers.</p>	

Table 4.1.3: Service delivery access strategy, 1 April 2011 to 31 March 2012

Access Strategy	Actual achievements
<p><u>Fleet Management : On-site GMT Technical Helpdesk</u> a) Client departments contact GMT Technical Helpdesk (021 467 4756/83) for vehicle technical advice and/or assistance.</p> <p><u>Fleet Management : On-site Nedfleet Technical Helpdesk</u> b) Repairs and maintenance requests are managed via the toll free number (0800 500 005).</p>	<p><u>Fleet Management : On-site GMT Technical Helpdesk</u> a) Client departments contact GMT Technical Helpdesk (021 467 4756/83) for vehicle technical advice and/or assistance.</p> <p><u>Fleet Management : On-site Nedfleet Technical Helpdesk</u> b) Repairs and maintenance requests are managed via the toll free number (0800 500 005).</p>

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

Access Strategy	Actual achievements
<p><u>Fleet Management : Vehicle tracking</u> c) The vendor is on-site at 49 Hope Street, Cape Town to install, repair and de-install vehicle tracking units.</p> <p><u>Fleet Management : Electronic fuelling devices</u> d) The vendor is on-site at 49 Hope Street, Cape Town to install, repair and de-install units.</p> <p><u>Fleet Management : VIP fleet Support</u> e) Clients contact GMT VIP Support Service Helpdesk (083 641 5201) for vehicle support and/or assistance.</p> <p><u>Fleet Risk Management - Support</u> f) GMT provides a legal support structure to clients wrt accident cases where official were involved in at 49 Hope Street, Cape Town.</p> <p><u>Fleet Logistics – Support</u> g) GMT provides bureau services/general call centre (021 467 4733) from the Bureau at 34 Roeland Street, Cape Town</p>	<p><u>Fleet Management : Vehicle tracking</u> c) The vendor is on-site at 49 Hope Street, Cape Town to install, repair and de-install vehicle tracking units.</p> <p><u>Fleet Management : Electronic fuelling devices</u> d) The vendor is on-site at 49 Hope Street, Cape Town to install, repair and de-install units.</p> <p><u>Fleet Management : VIP fleet Support</u> e) Clients contact GMT VIP Support Service Helpdesk (083 641 5201) for vehicle support and/or assistance.</p> <p><u>Fleet Risk Management - Support</u> f) GMT provides a legal support structure to clients wrt accident cases where official were involved in at 49 Hope Street, Cape Town.</p> <p><u>Fleet Logistics - Support</u> g) GMT provides bureau services/general call centre (021 467 4733) from the Bureau at 34 Roeland Street, Cape Town</p>

Table 4.1.4: Service information tool, 1 April 2011 to 31 March 2012

Types of information tool	Actual achievements
<p><u>GMT Policy and Guidelines</u> a) GMT Circulars and Policy directives are published on the GMT portal.</p> <p><u>Fleet Logistics – GMT Bureau</u> b) MIS Information can be obtained by requesting same from the GMT Bureau.</p> <p><u>Fleet Risk Management</u> c) A custom designed risk management module within the fleet management system is available to assist with the execution of duties.</p> <p><u>Fleet Logistics</u> d) GMT delivers an operational training service to the transport officers of Client departments.</p>	<p><u>GMT Policy and Guidelines</u> a) GMT Circulars and Policy directives are published on the GMT portal.</p> <p><u>Fleet Logistics – GMT Bureau</u> b) MIS Information can be obtained by requesting same from the GMT Bureau.</p> <p><u>Fleet Risk Management</u> c) A custom designed risk management module within the fleet management system is available to assist with the execution of duties.</p> <p><u>Fleet Logistics</u> d) GMT delivers an operational training service to the transport officers of Client departments.</p>

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

Table 4.1.5: Redress mechanism, 1 April 2011 to 31 March 2012

Redress Mechanism	Actual achievements
<p><u>Fleet Management - Monthly Client Forums</u> a) Bi-monthly meetings are held with the Transport Officers of Client departments.</p> <p><u>Fleet Management - Client Department Evaluations</u> b) Annually the Client departments evaluate GMT services. Shortcomings are identified and resolved.</p> <p><u>Fleet Risk Management</u> c) Effective case administration and management of all reported cases, accidents, thefts, hi-jacking and 3rd party claims against the State.</p> <p><u>Fleet Logistics – Misuse report line</u> d) A dedicated report line (021 467 4797) is manned on a full time basis to enable the public to report alleged misuse of GG-vehicles.</p> <p><u>GMT General – Performance Management</u> e) Actual GMT performance and staff performance are measured quarterly.</p>	<p><u>Fleet Management - Monthly Client Forums</u> a) Bi-monthly meetings are held with the Transport Officers of Client departments.</p> <p><u>Fleet Management - Client Department Evaluations</u> b) Annually the Client departments evaluate GMT services. Shortcomings are identified and resolved.</p> <p><u>Fleet Risk Management</u> c) Effective case administration and management of all reported cases, accidents, thefts, hi-jacking and 3rd party claims against the State.</p> <p><u>Fleet Logistics – Misuse report line</u> d) A dedicated report line (021 467 4797) is manned on a full time basis to enable the public to report alleged misuse of GG-vehicles.</p> <p><u>GMT General – Performance Management</u> e) Actual GMT performance and staff performance were measured quarterly.</p>

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

4.2 EXPENDITURE

GMT's budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 4.2.1) and by salary bands (Table 4.2.2). In particular, it provides an indication of the amount spent on personnel expenditure in terms of each of the programmes or salary bands within GMT.

Table 4.2.1: Personnel expenditure by programme, 2011/12

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Goods & Services (R'000)	Personnel expenditure as a % of total expenditure	Average personnel expenditure per employee (R'000)	Number of Employees
Government Motor Transport	322 764	20 238	-	205 043	6.3	169	120
Total	322 764	* 20 238	-	205 043	6.3	169	** 120

Table 4.2.2: Personnel expenditure by salary bands, 2011/12

Salary bands	Personnel Expenditure (R'000)	% of total personnel expenditure	Average personnel expenditure per employee (R'000)	Number of Employees
Lower skilled (Levels 1-2)	581	2.8	36	16
Skilled (Levels 3-5)	8 202	39.4	141	58
Highly skilled production (Levels 6-8)	8 891	42.7	228	39
Highly skilled supervision (Levels 9-12)	2 258	10.8	376	6
Senior management (Level 13)	881	4.2	881	1
Total	* 20 813	100	173	** 120

Note: * The figures in **table 4.2.1** are as per the Basic Accounting System and **table 4.2.2** are as per the PERSAL system. The two systems are not synchronised for salary refunds in respect of staff appointments and resignations and/or transfers to and from other Departments. Accordingly there may be a difference in total expenditure reflected on these systems.

** The figures refer to all individuals remunerated during the reporting period.

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

The following tables provide a summary per programme (Table 4.2.3) and salary bands (Table 4.2.4), of expenditure incurred as a result of salaries, overtime, housing allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

Table 4.2.3: Salaries, Overtime, Housing Allowance and Medical Assistance by programme, 2011/12

Programme	Salaries		Overtime		Housing Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel expenditure	Amount (R'000)	Overtime as a % of personnel expenditure	Amount (R'000)	Housing Allowance as a % of personnel expenditure	Amount (R'000)	Medical Assistance as a % of personnel expenditure
Government Motor Transport	13,928	66.9	381	1.8	792	3.8	1,472	7.1
Total	13,928	66.9	381	1.8	792	3.8	1,472	7.1

Note: Salaries, overtime, housing allowance and medical assistance are calculated as a % of the total personnel expenditure mentioned in **table 4.2.2**.

Table 4.2.4: Salaries, Overtime, Housing Allowance and Medical Assistance by salary bands, 2011/12

Salary Bands	Salaries		Overtime		Housing Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel expenditure	Amount (R'000)	Overtime as a % of personnel expenditure	Amount (R'000)	Housing Allowance as a % of personnel expenditure	Amount (R'000)	Medical Assistance as a % of personnel expenditure
Lower skilled (Levels 1-2)	271	1.3	6	0.01	31	0.1	47	0.2
Skilled (Levels 3-5)	5 143	24.7	248	1.2	455	2.2	893	4.3
Highly skilled production (Levels 6-8)	6 439	30.9	78	0.4	282	1.4	463	2.2
Highly skilled supervision (Levels 9-12)	1 607	7.7	49	0.2	19	0.1	50	0.2
Senior management (Level 13)	468	2.2	-	-	5	0.02	19	0.1
Total	13 928	66.9	381	1.8	792	3.8	1 472	7.1

Note: Salaries, overtime, housing allowance and medical assistance are calculated as a % of the total personnel expenditure mentioned in **table 4.2.2**.

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

4.3 EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the percentage posts vacant, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - programme (Table 4.3.1), salary band (Table 4.3.2) and critical occupations (Table 4.3.3). Departments have identified critical occupations that need to be monitored. Table 4.3.3 provides establishment and vacancy information for the key critical occupations of the department.

Table 4.3.1: Employment and vacancies by programme, as at 31 March 2012

Programme	Number of funded posts	Number of posts filled	Vacancy rate %	Persons additional to the establishment	Persons additional as a % of number of funded posts
Government Motor Transport	111	95	14.4	8	7.2
Total	111	95	14.4	8	7.2

Note: Although the department has a vacancy rate of 14.4%, it should be noted that 7.2% of these posts are being used for staff appointed on short- and medium term contracts, and special projects, additional to the approved establishment. This results into 7.2% of the posts being vacant.

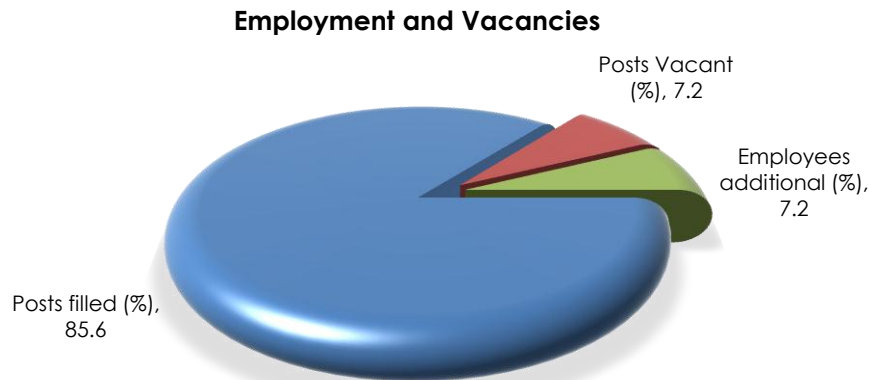


Table 4.3.2: Employment and vacancies by salary bands, as at 31 March 2012

Programme	Number of funded posts	Number of posts filled	Vacancy rate %	Persons additional to the establishment	Persons additional as a % of number of funded posts
Lower skilled (Levels 1-2)	10	9	10	-	-
Skilled (Levels 3-5)	66	55	16.7	3	4.5
Highly skilled production (Levels 6-8)	28	24	14.3	5	17.9
Highly skilled supervision (Levels 9-12)	6	6	-	-	-
Senior management (Level 13)	1	1	-	-	-
Total	111	95	14.4	8	7.2

Note: The information in each case reflects the situation as at 31 March 2012. For an indication of changes in staffing patterns over the year under review, please refer to **section 4.5** of this report.

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

Table 4.3.3: Employment and vacancies by critical occupation, as at 31 March 2012

Critical Occupations	Number of funded posts	Number of posts filled	Vacancy rate %	Persons additional to the establishment	Persons additional as a % of number of funded posts
Government Motor Transport did not register any particular occupations as more critical than others.					

4.4 JOB EVALUATION

The Public Service Regulations, 2001, as amended 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 4.4.1) summarises the number of posts that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 4.4.1: Job Evaluation, 1 April 2011 to 31 March 2012

Salary Band	Total number of posts	Number of posts evaluated	% of posts evaluated	Posts Upgraded		Posts Downgraded	
				Number	% number of posts	Number	% number of posts
Lower skilled (Levels 1-2)	10	-	-	-	-	-	-
Skilled (Levels 3-5)	66	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	28	-	-	-	-	-	-
Highly skilled supervision (Levels 9-12)	6	-	-	-	-	-	-
Senior Management Service Band A (Level 13)	1	-	-	-	-	-	-
Total	111			None			

Note: Existing Public Service policy requires of departments to subject specifically identified posts (excluding Educator and OSD posts) to a formal job evaluation process. These include newly created posts, as well as posts where the job content has changed significantly (i.e. affected posts). This job evaluation process determines the grading and salary level of a post.

The majority of posts on the approved establishment were evaluated during previous reporting years, and the job evaluation results are thus still applicable.

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

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded.

Table 4.4.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2011 to 31 March 2012

Beneficiaries	African	Indian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	2	-	2
Total	-	-	2	-	2
Employees with a disability					-

Note: The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the upgraded posts and some of the posts upgraded could also be vacant.

The two (2) employees, whose salary positions were upgraded due to their posts being upgraded, were due to job evaluation processes completed in the previous reporting period of 2010/11.

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

Table 4.4.3: Employees whose salary level exceed the grade determined by job evaluation, 1 April 2011 to 31 March 2012(in terms of PSR 1.V.C.3)

Major Occupation	Number of employees	Job evaluation level	Remuneration on a higher salary level	Remuneration on a higher notch of the same salary level	Reason for deviation
-	-	-	-	-	-
Total Number of Employees whose salaries exceeded the level determined by job evaluation (including awarding of higher notches) in 2011/2012					None
Percentage of total employment					-

Table 4.4.4: Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2011 to 31 March 2012(in terms of PSR 1.V.C.3)

Beneficiaries	African	Indian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
Total	-	-	-	-	None
Employees with a disability					-

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

4.5 EMPLOYMENT CHANGES

Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band (Table 4.5.1) and by critical occupations (Table 4.5.2). (These "critical occupations" should be the same as those listed in Table 4.3.3).

Table 4.5.1: Annual turnover rates by salary band, 1 April 2011 to 31 March 2012

Salary Band	Number of employees per band as at 31 March 2011	Turnover rate 2010/11	Appointments into the depts	Transfers into the depts	Terminations out of the depts	Transfers out of the depts	Turnover rate 2011/12
Lower skilled (Levels 1-2)	10	12.5	-	-	-	1	10
Skilled (Levels 3-5)	57	4	2	-	2	1	5.3
Highly skilled production (Levels 6-8)	29	10.5	2	-	2	-	6.9
Highly skilled supervision (Levels 9-12)	5	-	-	1	-	-	-
Senior Management Service Band A (Level 13)	1	-	-	-	-	-	-
Total	102	6.9	4	1	4	2	5.9
			5		6		

Note: A transfer is when a Public Service Official moves from one department to another, on the same salary level.

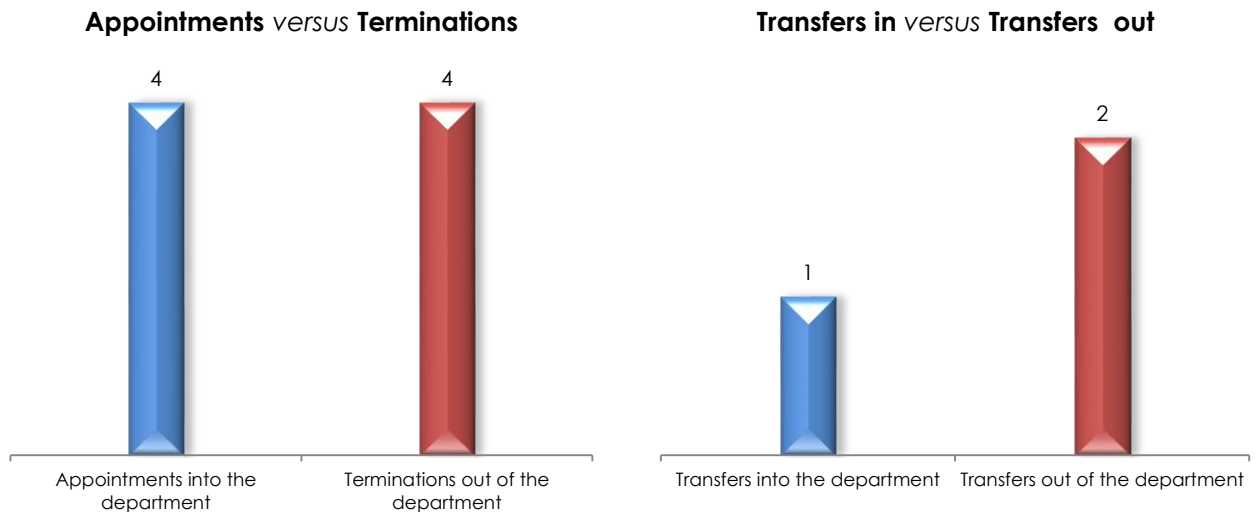


Table 4.5.2: Annual turnover rates by critical occupation, 1 April 2011 to 31 March 2012

Critical Occupation	Number of employees per band as at 31 March 2011	Turnover rate 2010/11	Appointments into the department	Transfers into the department	Terminations out of the department	Transfers out of the department	Turnover rate 2011/12
Government Motor Transport did not register any particular occupations as more critical than others.							

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

Table 4.5.3: Staff exiting the employ of the department, 1 April 2011 to 31 March 2012

Exit Category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2011
Death	-	-	-
Resignation *	4	66.7	3.9
Expiry of contract	-	-	-
Dismissal – operational changes	-	-	-
Dismissal – misconduct	-	-	-
Dismissal – inefficiency	-	-	-
Discharged due to ill-health	-	-	-
Retirement	-	-	-
Transfers to other Public Service Departments	2	33.3	2
Total	6	100	5.9

Note: Table 4.5.3 identifies the various termination categories for those staff members who have left the employ of the department.

* Resignations are further discussed in tables 4.5.4 and 4.5.5.

Table 4.5.4: Reasons why staff resigned, 1 April 2011 to 31 March 2012

Resignation Reasons	Number	% of total resignations
Better remuneration	3	75
Transfer to Statutory Body	1	25
Total	4	100

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

Table 4.5.5: Different age groups of staff who resigned, 1 April 2011 to 31 March 2012

Age group	Number	% of total resignations
Ages <19	-	-
Ages 20 to 24	-	-
Ages 25 to 29	1	25
Ages 30 to 34	-	-
Ages 35 to 39	-	-
Ages 40 to 44	3	75
Ages 45 to 49	-	-
Ages 50 to 54	-	-
Ages 55 to 59	-	-
Ages 60 to 64	-	-
Ages 65 >	-	-
Total	4	100

Age distribution of staff who resigned

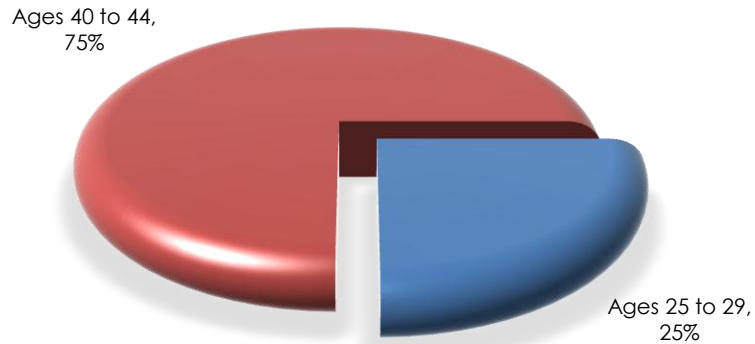


Table 4.5.6: Granting of employee initiated severance packages by salary band, 1 April 2011 to 31 March 2012

Total Number of employee initiated severance packages in 2011/ 2012	None
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PART 4: HUMAN RESOURCES MANAGEMENT (OVERSIGHT REPORT) (continued)

Table 4.5.7: Promotions by salary band, 1 April 2011 to 31 March 2012

Salary Band	Employees as at 31 March 2011	Promotions to another salary level	Promotions as a % of employees by salary band	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	10	-	-	4	40
Skilled (Levels 3-5)	57	-	-	50	87.7
Highly skilled production (Levels 6-8)	29	-	-	33	113.8
Highly skilled supervision (Levels 9-12)	5	-	-	4	80
Senior management (Level 13)	1	-	-	-	-
Total	102	-	-	91	89.2

Table 4.5.8: Promotions by critical occupation, 1 April 2011 to 31 March 2012

Critical Occupation	Employees as at 31 March 2011	Promotions to another salary level	Promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Government Motor Transport did not register any particular occupations as more critical than others.					

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

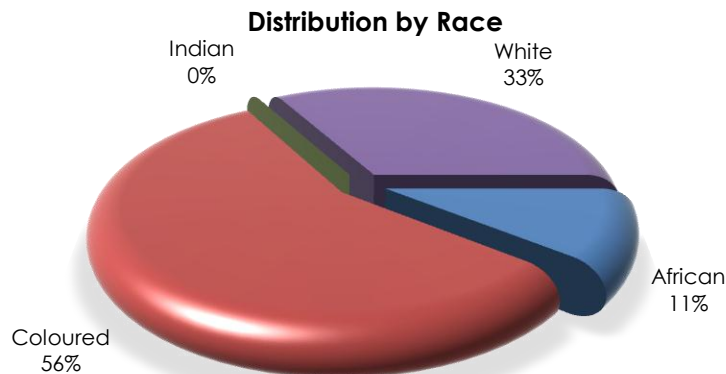
4.6 EMPLOYMENT EQUITY

The following table provides a summary of the total workforce profile per occupational levels. Temporary employees provide the total of workers employed for three consecutive months or less. The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

Table 4.6.1: Total number of employees (including employees with disabilities) in each of the following occupational levels, as at 31 March 2012

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 14-16)	-	-	-	-	-	-	-	-	-	-	-
Senior management (Level 13)	-	-	-	1	-	-	-	-	-	-	1
Professionally qualified and experienced specialists and mid-management (Levels 11-12)	-	2	-	1	-	-	-	1	-	-	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 8-10)	-	7	-	15	-	1	-	1	-	-	24
Semi-skilled and discretionary decision making (Levels 4-7)	2	14	-	11	7	21	-	3	-	-	58
Unskilled and defined decision making (Levels 1-3)	1	12	-	1	1	1	-	-	-	-	16
Total	3	35	-	29	8	23	-	5	-	-	103
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand Total	3	35	-	29	8	23	-	5	-	-	103

Note: Occupational levels are prescribed by the Department of Labour. Temporary employees refer to persons employed on contract for a period of 3 months or less.



The current economic active demographic target for the Western Cape is; African - 29.7, Coloured - 51.2, Indian - 0.9 and White - 18.2

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

Table 4.6.2: Total number of employees (with disabilities only) in each of the following occupational levels, as at 31 March 2012

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 14-16)	-	-	-	-	-	-	-	-	-	-	-
Senior management (Level 13)	-	-	-	1	-	-	-	-	-	-	1
Professionally qualified and experienced specialists and mid-management (Levels 11-12)	-	-	-	-	-	-	-	-	-	-	-
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 8-10)	-	-	-	-	-	-	-	-	-	-	-
Semi-skilled and discretionary decision making (Levels 4-7)	-	-	-	2	-	-	-	-	-	-	2
Unskilled and defined decision making (Levels 1-3)	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	3	-	-	-	-	-	-	3
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand Total	-	-	-	3	-	-	-	-	-	-	3

Note: Occupational levels are prescribed by the Department of Labour. Temporary employees refer to persons employed on contract for a period of 3 months or less.

The three (3) disabled employees reflected in the above table represent 2.9% of the department's total staff establishment.

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

Table 4.6.3: Recruitment, 1 April 2011 to 31 March 2012

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 14-16)	-	-	-	-	-	-	-	-	-	-	-
Senior management (Level 13)	-	-	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid- management (Levels 11-12)	-	-	-	-	-	-	-	-	-	-	-
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 8-10)	-	2	-	-	-	-	-	-	-	-	2
Semi-skilled and discretionary decision making (Levels 4-7)	-	1	-	-	-	1	-	-	-	-	2
Unskilled and defined decision making (Levels 1-3)	-	-	-	-	-	-	-	-	-	-	-
Total	-	3	-	-	-	1	-	-	-	-	4
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand Total	-	3	-	-	-	1	-	-	-	-	4

Note: Recruitment refers to new employees, excluding transfers into the department, mentioned in **table 4.5.1**.

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

Table 4.6.4: Promotions, 1 April 2011 to 31 March 2012

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 14-16)	-	-	-	-	-	-	-	-	-	-	-
Senior management (Level 13)	-	-	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid- management (Levels 11-12)	-	-	-	-	-	-	-	-	-	-	-
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 8-10)	-	-	-	-	-	-	-	-	-	-	-
Semi-skilled and discretionary decision making (Levels 4-7)	-	-	-	-	-	-	-	-	-	-	-
Unskilled and defined decision making (Levels 1-3)	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	None
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand Total	-	-	-	-	-	-	-	-	-	-	None

Note: Promotions refer to the total number of employees promoted within the department, mentioned in table 4.5.7.

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

Table 4.6.5: Terminations, 1 April 2011 to 31 March 2012

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 14-16)	-	-	-	-	-	-	-	-	-	-	-
Senior management (Level 13)	-	-	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid- management (Levels 11-12)	-	-	-	-	-	-	-	-	-	-	-
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 8-10)	-	-	-	-	-	-	-	1	-	-	1
Semi-skilled and discretionary decision making (Levels 4-7)	-	-	-	-	-	2	-	1	-	-	3
Unskilled and defined decision making (Levels 1-3)	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	2	-	2	-	-	4
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand Total	-	-	-	-	-	2	-	2	-	-	4

Note: Terminations refer to those employees who left the employ of the department, excluding transfers to other departments, mentioned in **table 4.5.1**.

Table 4.6.6: Disciplinary actions, 1 April 2011 to 31 March 2012

Disciplinary Actions Total	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
	-	-	-	-	-	-	-	-	-	-	None

Note: The disciplinary actions total refers to formal outcomes only. For further information on the outcomes of the disciplinary hearings and types of misconduct addressed at disciplinary hearings, please refer to **tables 4.13.2 and 4.13.3**.

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

Table 4.6.7: Skills development, 1 April 2011 to 31 March 2012

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 14-16)	-	-	-	-	-	-	-	-	-
Senior management (Level 13)	-	-	-	1	-	-	-	-	1
Professionally qualified and experienced specialists and mid- management (Levels 11-12)	-	1	-	1	-	-	-	1	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 8-10)	-	2	-	1	-	-	-	1	4
Semi-skilled and discretionary decision making (Levels 4-7)	1	3	-	1	1	3	-	-	9
Unskilled and defined decision making (Levels 1-3)	-	-	-	-	-	-	-	-	-
Total	1	6	-	4	1	3	-	2	17
Temporary employees	-	-	-	-	-	-	-	-	-
Grand Total	1	6	-	4	1	3	-	2	17

Note: The above table refers to the total number of personnel who received training, and not the number of training courses attended by individuals. For further information on the actual training provided, please refer to table 4.14.2.

4.7 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

Table 4.7.1: Signing of Performance Agreements by SMS Members, as at 31 May 2011

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
Salary Level 13	1	1	1	100
Total	1	1	1	100

Note: The allocation of performance related rewards (cash bonus) for Senior Management Service is dealt with later in the report. Please refer to table 4.9.3.

Table 4.7.2: Reasons for not having concluded Performance Agreements with all SMS on 31 May 2011

Reasons for not concluding Performance Agreements with all SMS
SMS Performance Agreement was signed by 31 May 2011.

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

Table 4.7.3: Disciplinary steps taken against SMS Members for not having concluded Performance Agreements on 31 May 2011

Disciplinary steps taken against SMS Members for not having concluded Performance Agreements
No disciplinary steps required, as SMS Performance Agreement was signed by 31 May 2011.

4.8 FILLING OF SMS POSTS

Table 4.8.1: SMS posts information, as at 30 September 2011

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	-	-
Total	1	1	100	-	-

Table 4.8.2: SMS posts information, as at 31 March 2012

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	-	-
Total	1	1	100	-	-

Table 4.8.3: Advertising and Filling of SMS posts, as at 31 March 2012

SMS Level	Advertising	Filling of Posts	
	Number of Vacancies per Level Advertised in 6 Months of becoming Vacant	Number of Vacancies per Level Filled in 6 Months after becoming Vacant	Number of Vacancies per Level not Filled in 6 Months but Filled in 12 Months
Salary Level 13	-	-	-
Total	-	-	None

Table 4.8.4: Reasons for not having complied with the filling of funded vacant SMS posts – Advertised within 6 months and filled within 12 months after becoming vacant

SMS Level	Reasons for non-compliance
Salary Level 13	Not applicable

Table 4.8.5: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months

Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months
The SMS post is filled and therefore no disciplinary steps were required.

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

4.9 PERFORMANCE REWARDS

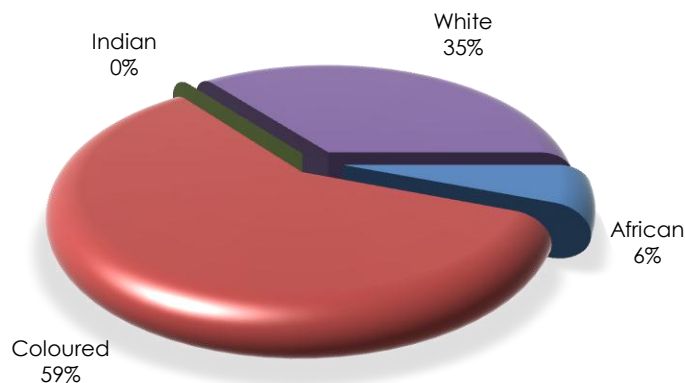
To encourage good performance, the department has granted the following performance rewards allocated to personnel for the performance period 2010/11, but paid in the financial year 2011/12. The information is presented in terms of race, gender, and disability (Table 4.9.1), salary bands (table 4.9.2) and critical occupations (Table 4.9.3).

Table 4.9.1: Performance Rewards by race, gender, and disability, 1 April 2011 to 31 March 2012

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per beneficiary
African	2	11	18.2	8	R 4 058.25
Male	1	3	33.3	3	R 3 387.75
Female	1	8	12.5	5	R 4 728.75
Coloured	20	55	36.4	119	R 5 961.00
Male	7	33	21.2	50	R 7 114.89
Female	13	22	59.1	69	R 5 339.68
Indian	-	-	-	-	-
Male	-	-	-	-	-
Female	-	-	-	-	-
White	12	33	36.4	123	R 10 280.30
Male	6	26	23.1	63	R 10 432.39
Female	6	7	85.7	61	R 10 128.20
Employees with a disability	1	3	33.3	52	R 51 671.13
Total	35	102	34.3	302	R 8 639.18

Note: Special awards in terms of article 37(2)(C) is not included in the above figures. The table relates to performance rewards for the performance year 2010/11 and payments effected in the 2011/12 reporting period.

Distribution of beneficiaries who received performance rewards



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

Table 4.9.2: Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2011 to 31 March 2012

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group	% of total within salary bands	Cost (R'000)	Average cost per beneficiary	Cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	1	10	10	3	R 2 919.15	0.01
Skilled (Levels 3-5)	18	57	31.6	84	R 4 668.13	0.4
Highly skilled production (Levels 6-8)	11	29	37.9	89	R 8 098.47	0.4
Highly skilled supervision (Levels 9-12)	4	5	80	75	R 18 667.85	0.4
Total	34	101	33.7	251	R 7 373.53	1.3

Note: The cost is calculated as a percentage of the total personnel expenditure for salary levels 1-12, reflected in **table 4.2.2**.

Table 4.9.3: Performance related rewards (cash bonus), by salary band, for Senior Management Service, 01 April 2011 to 31 March 2012

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group	% of total within salary bands	Cost (R'000)	Average cost per beneficiary	Cost as a % of the total personnel expenditure
Senior Management Service Band A (Level 13)	1	1	100	52	R 51 671.13	5.9
Total	1	1	100	52	R 51 671.13	5.9

Note: The cost is calculated as a percentage of the total personnel expenditure for salary levels 13-16, reflected in **table 4.2.2**.

Table 4.9.4: Performance Rewards by critical occupations, 1 April 2011 to 31 March 2012

Critical Occupation	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group	% of total within salary bands	Cost (R'000)	Average cost per beneficiary	Cost as a % of the total personnel expenditure
Government Motor Transport did not register any particular occupations as more critical than others.						

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

4.10 FOREIGN WORKERS

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

Table 4.10.1: Foreign Workers by salary band, 1 April 2011 to 31 March 2012

Salary Band	1 April 2011		31 March 2012		Change	
	Number	% change	Number	% change	Number	% change
Lower skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (Levels 3-5)	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	-	-	-	-	-	-
Highly skilled supervision (Levels 9-12)	-	-	-	-	-	-
Senior management (Levels 13)	-	-	-	-	-	-
Total	None					

Table 4.10.2: Foreign Workers by major occupation, 1 April 2011 to 31 March 2012

Major Occupation	1 April 2011		31 March 2012		Change	
	Number	% change	Number	% change	Number	% change
None	-	-	-	-	-	-
Total	None					

4.11 LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2011 TO 31 DECEMBER 2011

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 4.11.1) and incapacity leave (Table 4.11.2). In both cases, the estimated cost of the leave is also provided.

Table 4.11.1: Sick leave, 1 January 2011 to 31 December 2011

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	Total number of employees	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	63	85.7	5	6	83.3	13	15
Skilled (Levels 3-5)	568	78.5	52	58	89.7	11	210
Highly skilled production (Levels 6-8)	298	75.2	35	39	89.7	9	193
Highly skilled supervision (Levels 9-12)	48	85.4	5	6	83.3	10	53
Senior management (Levels 13)	8	75	1	1	100	8	23
Total	985	78.3	98	110	89.1	10	494

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

Note: The 3 year sick leave cycle started in 2010. The information in each case reflects the totals excluding incapacity leave taken by employees. For an indication of incapacity leave taken, please refer to **table 4.11.2**.

Table 4.11.2: Incapacity leave, 1 January 2011 to 31 December 2011

Salary Band	Total days	% days with medical certification	Number of Employees using incapacity leave	Total number of employees	% of total employees using incapacity leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	4	100	1	6	16.7	4	1
Skilled (Levels 3-5)	22	100	2	58	3.4	11	7
Highly skilled production (Levels 6-8)	29	100	2	39	5.1	15	15
Highly skilled supervision (Levels 9-12)	-	-	-	6	-	-	-
Senior management (Levels 13)	-	-	-	1	-	-	-
Total	55	100	5	110	4.5	11	23

Note: The leave dispensation as determined in the "Leave Determination", read with the applicable collective agreements, provides for normal sick leave of 36 working days in a sick leave cycle of three years. If an employee has exhausted his/her normal sick leave, the Employer must conduct an investigation into the nature and extent of the employee's incapacity. Such investigations must be carried out in accordance with item 10(1) of Schedule 8 of the Labour Relations Act (LRA).

Incapacity leave is not an unlimited amount of additional sick leave days at an employee's disposal. Incapacity leave is additional sick leave granted conditionally at the Employer's discretion, as provided for in the Leave Determination and PILIR.

Table 4.11.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 4.11.3: Annual Leave, 1 January 2011 to 31 December 2011

Salary Band	Total days taken	Total number employees using annual leave	Average days per employee
Lower skilled (Levels 1-2)	106	6	18
Skilled (Levels 3-5)	1284	55	23
Highly skilled production (Levels 6-8)	897	38	24
Highly skilled supervision (Levels 9-12)	93	5	19
Senior management (Levels 13)	23	1	23
Total	2403	105	23

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

Table 4.11.4: Capped leave, 1 January 2010 to 31 December 2011

Salary Band	Total capped leave available as at 31 Dec 2010	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Number of employees with capped leave as at 31 Dec 2011	Total capped leave available as at 31 Dec 2011
Lower skilled (Levels 1-2)	58	-	-	-	1	49
Skilled (Levels 3-5)	1266	13	3	4	26	1182
Highly skilled production (Levels 6-8)	1383	23	6	4	30	1290
Highly skilled supervision (Levels 9-12)	304	-	-	-	6	366
Senior management (Levels 13)	100	-	-	-	1	100
Total	3111	36	9	4	64	2987

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

Table 4.11.5: Leave pay-outs, 1 April 2011 to 31 March 2012

Reason	Total Amount (R'000)	Average payment per incident	Number of incidents
Leave pay-outs for 2011/12 due to non-utilisation of leave for the previous cycle	-	-	-
Capped leave pay-outs on termination of service for 2011/12	-	-	-
Current leave pay-outs on termination of service 2011/12	4	R 4 236.78	1
Total	4	R 4 236.78	1
Total number of employees who received leave pay-outs			1

Note: The one individual who received a leave pay-out as a result of termination of service, exited the department during the previous financial year 2010/11, but the payment was effected in the current reporting period 2011/12

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

4.12 HIV AND AIDS & HEALTH PROMOTION PROGRAMMES

Table 4.12.1: Steps taken to reduce the risk of occupational exposure, 1 April 2011 to 31 March 2012

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>The nature of the Department's work does not expose employees to increased risk of contracting HIV/AIDS. Despite the very low occupational risk, all employees have been targeted at all levels within the Department.</p>	<p>HIV/AIDS Counselling and Testing [HCT], screenings and awareness campaigns were delivered in general. The outsourced Health and Wellness contract (Employee Assistance Programme [EAP]) provides employees, their children, partners, spouses or other household members with a range of services. These services include the following:</p> <ul style="list-style-type: none"> • 24/7/365 Telephone counselling • Face to face counselling (6 + 2 session model) • Trauma and critical incident counseling • Training and targeted interventions where these were required.

Table 4.12.2: Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information), 1 April 2011 to 31 March 2012

Question	Yes	No	Details, if yes
<p>1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.</p>	√		<p>Due to the corporatisation of the Employee Health and Wellness function, the Director: Organisational Behaviour, Pieter Kemp (Department of the Premier), fulfilled this role.</p>
<p>2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.</p>	√		<p>The Corporate Services Centre (CSC) within the Department of the Premier provides a transversal service to eleven (11) participating departments and one trading entity, namely Government Motor Transport.</p> <p>A designated Employee Health and Wellness unit within the Directorate Organisational Behaviour and the Chief Directorate Organisation Development serves to promote the health and wellbeing of employees in the eleven (11) departments.</p> <p>The unit consists of a Deputy Director, three (3) Assistant Directors, three (3) team members and one (1) intern.</p> <p>Budget : R3,5m</p>

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

Question	Yes	No	Details, if yes
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>The department conducted interventions namely, Understanding and Managing Stress, Understanding and Managing Life Transitions and Manager Wellness Referral Coaching for all employees. These interventions were planned based on the trends reported quarterly through the Employee Assistance Programme [EAP] reports provided by the service provider, The Careways Group, for the period 2011/12. The reports were based on the utilisation of the EAP services and management information in order to target appropriate interventions to address these trends.</p> <p>The targeted interventions were aimed at improving employee engagement through awareness and educational interventions that promote healthy lifestyles and coping skills. This involves presentations to create awareness and encourage employees to have a pro-active approach to limit the impact of these problems in the workplace. The above-mentioned interventions were conducted for all employees, including managers and supervisors.</p> <p>The department also provided information sessions, as requested by various departments in the Provincial Government of the Western Cape [PGWC] to inform employees of the EHW service, how to access the Employee Assistance Programme [EAP]. Promotional material such as pamphlets, posters and brochures were distributed.</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>A new Health and Wellness Steering Committee has been established with members nominated by each department.</p> <p>Committee members are:</p> <ul style="list-style-type: none"> • Agriculture: M Ferreira and H Jordaan (DJ) • Community Safety: A Brink; S Sekwadi & C Coetzee • Cultural Affairs: S Julie • Economic Development & Tourism: C Julies&P Martin • Environmental Affairs & Development Planning: M Kroese & P Visser • Health: S Newman & N van der Walt • Human Settlements: J Roberts & S Moolman • Local Government: F Matthee& W Bingham • Premier: P Kemp & Z Norushe • Provincial Treasury: B Damons • Social Development: Ms T Mtheke • Transport & Public Works: C Marx & K Love • Western Cape Education: R Oosthuizen& C Pierce
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	√		<p>The Transversal Management Framework for Employee Assistance Programmes in the Western Cape Provincial Government is in effect and was adopted by the Co-ordinating Chamber of the PSCBC for the Western Cape Province on 10 August 2005.</p> <p>DPSA has developed several national policy documents in</p>

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

Question	Yes	No	Details, if yes
reviewed.			<p>2007/8 that governs Employee Health and Wellness [EHW] in the Public Service and that coordinates the programmes and services in a uniform manner.</p> <p>In this regard, all employment policies make provision for fair practices, regardless of the HIV status of staff or applicants.</p> <p>During the period under review, the Department of the Premier has developed a Transversal Employee Health and Wellness policy. The draft document is being by consulted and ratified.</p> <p>Further to this, the Department of Health is currently reviewing the Transversal HIV and AIDS/STI Workplace Policy and Programme that is applicable to all departments. The document is in the last stages of consultation to ensure alignment of all four pillars of the EHW Strategic Framework 2008.</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>	√		<p>The Department implemented existing legislative and policy frameworks as well as Monitoring and Evaluation guidelines, which have been developed by DPSA. The overarching aim of these frameworks is to protect HIV-positive employees by advocating the implementation of the Three Zeros in line with the Joint United Nations Programme on HIV & AIDS (UNAIDS). These are Educational programmes and information sessions developed to eradicate stigma and discrimination and to raise awareness through:</p> <ul style="list-style-type: none"> ▪ Zero new HIV, STI and TB infections ▪ Zero deaths associated with HIV and TB ▪ Zero discrimination <p>The department has embarked on the HCT campaign to intensify DPSA 'Know Your Epidemic and Know Your Response' campaign throughout the Western Cape.</p> <p>The aim is to:</p> <ul style="list-style-type: none"> ▪ Reduce HIV and TB discrimination in the workplace. This includes campaigns against unfair discrimination and empowerment of employees. ▪ Reduce unfair discrimination in access to services. This includes ensuring that the Employee Relations Directorate addresses complaints or grievances and provides training to employees. ▪ Other key elements that addressed anti HIV/AIDS discrimination issues were: Awareness Raising Programmes that were conducted, posters and pamphlets were distributed, HIV/AIDS counselling and Testing [HCT] campaigns, condom distribution, and spot talks [speak out session by HIV/AIDS positive representatives].

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

Question	Yes	No	Details, if yes
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	√		<p>HCT SESSIONS</p> <p>The following screening sessions were conducted:</p> <p>Blood pressure, Glucose, Cholesterol, TB, Eye test, BMI [body mass index]and spot talks.</p> <ul style="list-style-type: none"> ▪ Government Motor Transport, under the auspices of the Department of Transport & Public Works, participated in 15 screening sessions. ▪ 383 Employees of Department Transport and Public Works, which includes GMT, were tested and counselled for HIV, Tuberculosis and Sexually Transmitted Infections (STI's). ▪ Eight (8) employees tested positive for HIV. ▪ There were no clinical referrals for TB or any other STI.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	√		<p>The impact of health promotion programmes is indicated through information provided via the Employee Health and Wellness Contract (external EAP service provider).</p> <p>The Employee Health and Wellness Programme (EHWP) is monitored through Quarterly and Annual reporting. This reporting is provided by the External Service Provider. The most recent annual health review period was 1 April 2011 – 31 March 2012.</p> <p>The quarterly and annual review provides a breakdown of the EHWP Human Capital Demographic i.e. age, gender, length of service, dependent utilisation, language utilisation, employee vs. manager utilisation, no. of cases.</p> <p>The review further provides amongst others service utilisation, problem profiling and trending, assessment of employee and organisational risk and the impact thereof on the individual functioning in the work place.</p>

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

4.13 LABOUR RELATIONS

The following collective agreements were entered into with trade unions within the department.

Table 4.13.1: Collective agreements, 1 April 2011 to 31 March 2012

Total collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 4.13.2: Misconduct and disciplinary hearings finalised, 1 April 2011 to 31 March 2012

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	-
Verbal warning	-	-
Written warning	-	-
Final written warning	-	-
Suspension without pay	-	-
Fine	-	-
Demotion	-	-
Dismissal/ desertion	-	-
Not guilty	-	-
Case withdrawn	-	-
Total	None	-
Percentage of total employment		-

Note: Outcomes of disciplinary hearings refer to formal cases only.

Table 4.13.3: Types of misconduct addressed at disciplinary hearings, 1 April 2011 to 31 March 2012

Type of misconduct	Number	% of total
-	-	-
Total	None	-

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

Table 4.13.4: Grievances lodged, 1 April 2011 to 31 March 2012

Grievances lodged	Number	% of total
Number of grievances resolved	-	-
Number of grievances not resolved	-	-
Total number of grievances lodged	None	-

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

Table 4.13.5: Disputes lodged with Councils, 1 April 2011 to 31 March 2012

Disputes lodged with Councils	Number	% of total
Number of disputes upheld	-	-
Number of disputes dismissed	-	-
Total number of disputes lodged	None	-

Note: *Councils refer to the Public Service Coordinating Bargaining Council (PSCBC) and General Public Service Sector Bargaining Council (GPSSBC).*

Table 4.13.6: Strike actions, 1 April 2011 to 31 March 2012

Strike actions	Number
Total number of person working days lost	0.19
Total cost (R'000) of working days lost	0.1
Amount (R'000) recovered as a result of no work no pay	-

Note: *Strike actions include participation in organised marches. Accordingly absences could only reflect the number of hours of strike-related absences. The total cost for working days lost will be recovered in the 2012/13 reporting period.*

Table 4.13.7: Precautionary suspensions, 1 April 2011 to 31 March 2012

Precautionary suspensions	Number
Number of people suspended	-
Number of people whose suspension exceeded 30 days	-
Average number of days suspended	-
Cost (R'000) of suspensions	-

Note: *Precautionary suspensions refer to staff being suspended with pay whilst the case is being investigated.*

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

4.14 SKILLS DEVELOPMENT

This section highlights the efforts of the department with regard to skills development. The tables reflect the training needs as at the beginning of the period under review, and the actual training provided.

Table 4.14.1: Training needs identified, 1 April 2011 to 31 March 2012

Occupational Categories	Gender	Number of employees as at 1 April 2011	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	-	-	-	-	-
	Male	-	-	-	-	-
Professionals	Female	-	-	-	-	-
	Male	-	-	-	-	-
Technicians and associate professionals	Female	5	-	3	-	3
	Male	10	-	10	-	10
Clerks	Female	30	-	47	-	47
	Male	24	-	40	-	40
Service and sales workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers	Female	-	-	-	-	-
	Male	12	-	12	-	12
Plant and machine operators and assemblers	Female	-	-	-	-	-
	Male	7	-	4	-	4
Elementary occupations	Female	1	-	-	-	-
	Male	9	-	2	-	2
Sub Total	Female	39	-	50	-	50
	Male	63	-	69	-	69
Total		102	-	119	-	119
Employees with disabilities	Female	2	-	-	-	-
	Male	1	-	1	-	1

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

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

Table 4.14.2: Training provided, 1 April 2011 to 31 March 2012

Occupational Categories	Gender	Number of employees as at 31 March 2012	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	-	-	-	-	-
	Male	-	-	1	-	1
Professionals	Female	1	-	1	-	1
	Male	-	-	-	-	-
Technicians and associate professionals	Female	3	-	1	-	1
	Male	11	-	5	-	5
Clerks	Female	31	-	6	-	6
	Male	24	-	5	-	5
Service and sales workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers	Female	-	-	-	-	-
	Male	14	-	1	-	1
Plant and machine operators and assemblers	Female	-	-	-	-	-
	Male	7	-	-	-	-
Elementary occupations	Female	1	-	-	-	-
	Male	8	-	-	-	-
Sub Total	Female	36	-	8	-	8
	Male	67	-	12	-	12
Total		103	-	20	-	20
Employees with disabilities	Female	-	-	-	-	-
	Male	3	-	1	-	1

Note: The above table identifies the number of training courses attended by individuals during the period under review.

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

4.15 INJURY ON DUTY

The following tables provide basic information on injury on duty.

Table 4.15.1: Injury on duty, 1 April 2011 to 31 March 2012

Nature of injury on duty	Number	% of total
Required basic medical attention only	-	-
Temporary Disablement	1	100
Permanent Disablement	-	-
Fatal	-	-
Total	1	100
Percentage of total employment		0.8

4.16 UTILISATION OF CONSULTANTS

Table 4.16.1: Report on consultant appointments using own funds, 1 April 2011 to 31 March 2012

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
1. Maintenance and enhancement of the FleetMan and Gofin systems	20 Consultants	260 days	R 20,992,783.71
2. Support with GAAP accounting implementation	6 (1 Senior & 5 Junior Consultants)	180 days	R 3,432,112.93
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
2	26	440 days	R 24,424,896.64

Table 4.16.2: Analysis of consultant appointments using own funds, in terms of Historically Disadvantaged Individuals (HDIs), 1 April 2011 to 31 March 2012

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
1. Maintenance and enhancement of the FleetMan and Gofin systems	0%	0%	10
2. Support with GAAP accounting implementation	50% (white women)	0%	0

Table 4.16.3: Report on consultant appointments using Donor funds, 1 April 2011 to 31 March 2012

GMT did not appoint any consultants using donor funds.

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

NOTES:

PART 5: OTHER INFORMATION

5.1 Publication data

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5.2 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
BI	Business Intelligence
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
ERP	Enterprise Resources Planning
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
GoFin	GMT Financial System
HIV/Aids	Human immunodeficiency virus/acquired immune-deficiency syndrome
IDP	Individual Development Plan
IMLC	Institutional Management Labour Committee
Logis	Logistical Information System
MIB	Management Information Bureau
Mil	Million
Oracle	Computer programme language
PERMU	Provincial Enterprise Risk Management Unit
PERSAL	Personnel and Salary System
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999 as amended)
PGWC	Provincial Government Western Cape
PID	Project Identification Document
PMO	Project Management Office
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
UPK	User Productivity Kit
VCT	Voluntary Counselling and Testing
VDC	Virtual Data Centre
WCG	Western Cape Government

PART 5: OTHER INFORMATION (continued)

5.3 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.

Isingxengxozo

Siyawuqonda umgaqo-nkqubo weelwimi wePhondo kwaye siyazama ukuwufezekisa. Kambe ke sayiqwalasela yeyokuba lulwimi lwesiNgesi ekufuneka lusetyenzisiwe kolu xwebhu. Iyakufumanekanangezinye ilwimiezimbini ezisemthethwenizase Ntshona Kolonikwaka msinya.

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