



**Western Cape
Government**

Transport and Public Works



Annual Report 2012/13
Government Motor Transport

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1. TRADING ENTITY GENERAL INFORMATION

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PUBLICATION DATA	ISBN Number – 978-0-621-41629-9 PR Number – 47/2013

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.

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2. LIST OF ABBREVIATIONS/ACRONYMS

AARTO	Administrative Adjudication Road Traffic Offences Act, 1998 (Act 46 of 1998)
ABET	Adult Basic Education and Training
AFS	Annual Financial Statements
AGSA	Auditor-General South Africa
AO	Accounting Officer
APP	Annual Performance Plan
BAS	Basic Accounting System
BEE	Black Economic Empowerment
BI	Business Intelligence
CBD	Central Business District
CFO	Chief Financial Officer
CIO	Chief Information Officer
CR	Creditor
CSC	Corporate Service Centre
DCGIP	Departmental Corporate Governance Improvement Plan
DITCOM	Departmental Information Technology Committee
DPSA	Department of Public Service and Administration
DTPW	Department of Transport and Public Works
DR	Debtor
D: ERM	Directorate: Enterprise Risk Management
EAP	Employee Assistance Programme
ECM	Electronic Content Management
e-Billing	Electronic Billing
eFuel	Electronic Fuel Purchasing System
ERM	Enterprise Risk Management
ERMCO	Enterprise Risk Management Committee
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 Principles
Gb	Giga byte
GMT	Government Motor Transport
GoFin	GMT Financial System
GRAP	Generally Recognised Accounting Practice
HIV/Aids	Human Immunodeficiency Virus/Acquired Immune-deficiency Syndrome
ICT	Information and Communication Technology
IDP	Individual Development Plan
IMLC	Institutional Management Labour Committee
IT	Information Technology
Logis	Logistical Information System
MIB	Management Information Bureau
Mil.	Million
No.	Number
M&E	Monitoring and Evaluation
NTR	National Treasury Regulations
PAA	Public audit Act of South Africa, 2004 (Act no. 2 of 2004)
PAIA	Promotion of Access to Information Act (Act 2 of 2000)
PAJA	Promotion of Administrative justice Act 2000 (Act 3 of 2000)
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
PLC	Project Life cycle
PMO	Project Management Office
POE	Portfolio of Evidence
PPA	Public Audit Act, 2004 (Act 25 of 2004)
PPE	Property, Plant and Equipment
PT	Provincial Treasury
PTI	Provincial Treasury Instructions
QPR	Quarterly Performance Report
S&T	Subsistence and Travel
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SMLD	Systems Maintenance Lifecycle Document
TCO	Transport Control Officer
UPK	User Productivity Kit
VCT	Voluntary Counselling and Testing
VDC	Virtual Data Centre
WCG	Western Cape Government

3. STRATEGIC OVERVIEW

3.1. Introduction

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

- Fleet Management;
- Fleet Logistics;
- Fleet Finance; and
- Fleet Risk Management.

3.2. Vision

The Provincial Government's vision, and therefore the vision applicable to the DTPW, from a service delivery perspective, is:

"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."

3.3. Mission

The DTPW did not alter its mission statement which remains 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 DTPW'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."

3.4. Values

The core values applicable to the Western Cape Government were confirmed as follows:



Caring



Competence



Accountability



Integrity



Responsiveness

The values practised by GMT, shown in Table 3.4.1 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 GMT as well as to all provincial employees. A detailed explanation of what each core value encapsulates is outlined below:

Table 3.4.1: Values and behavioural statements

Value	Behavioural statement
Caring	<p>We endeavour to understand person's 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>
Competence	<p>Our people are able to do the tasks they are appointed to do, live our values and always strive for excellence.</p> <p>We all deliver on our outcomes and targets with quality, on budget and in time.</p> <p>We focus on the best results to serve the people of the Western 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>

3.5. Strategic outcome orientated goals

In the Annual Performance Plan for the 2012/13 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 B: PERFORMANCE INFORMATION** of this report:

- Provide a vehicle fleet;
- An effectively utilised vehicle fleet;
- Excellent client satisfaction rating;
- An unqualified external audit opinion annually;
- An improved financial management capability;
- An improved operational capability; and
- An effective fleet management system.

4. LEGISLATIVE AND OTHER MANDATES

The DTPW 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.

Constitutional mandates

In support of its departmental parent (DTPW) 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); and
- 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); and
- 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, 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); and
- 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 (1999), (Act 1 of 1999 as amended)

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

- Code of Conduct; and
- Collective Agreements.

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:

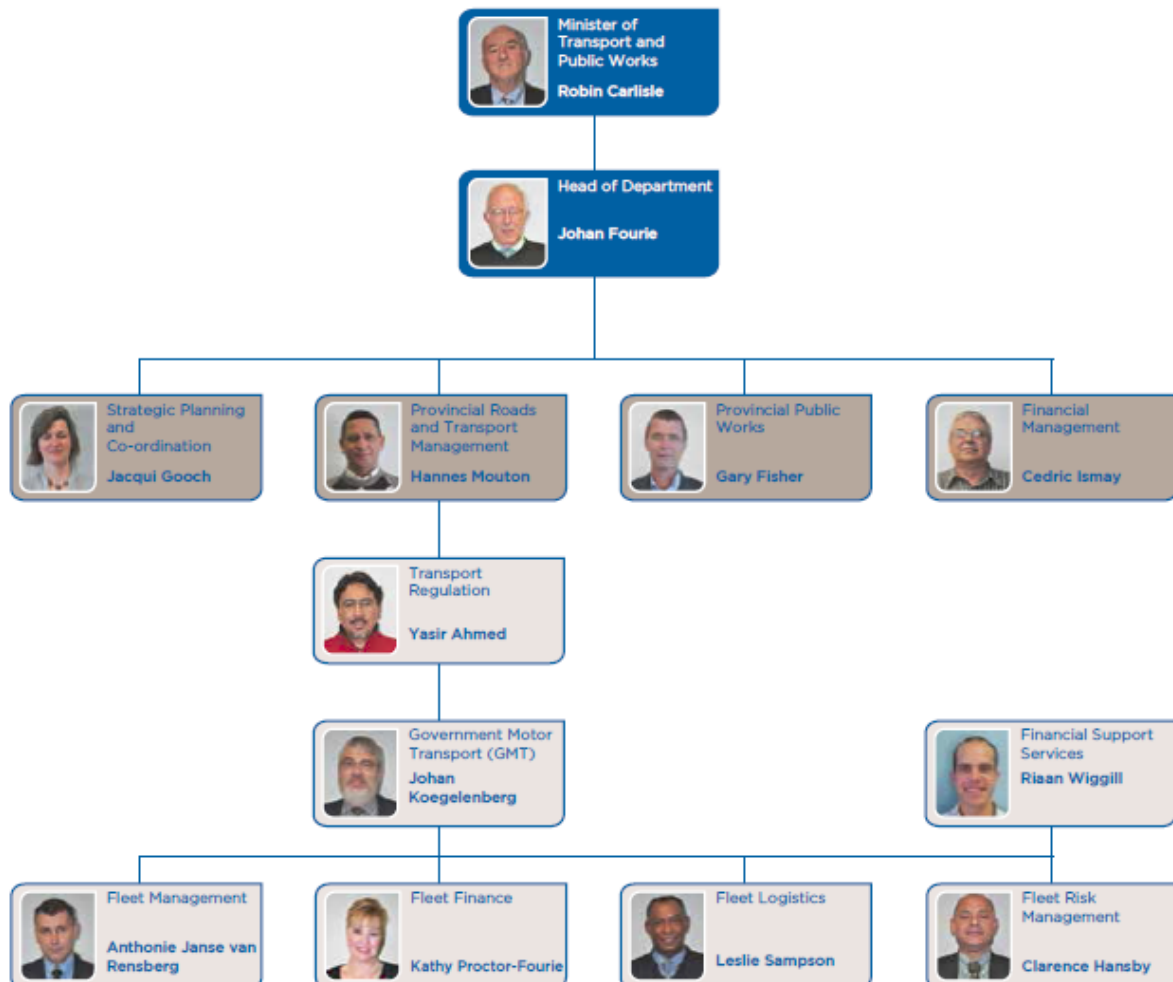
- The operational activities are guided by the National Transport Circular 4 of 2000.

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

5. ORGANISATIONAL STRUCTURE

The GMT linkage within the macrostructure of the DTPW is depicted in Figure 5.1.

Figure 5.1: Organisational structure



6. FOREWORD BY THE MINISTER

THE PAST AND THE FUTURE OF EFFECTIVE FLEET MANAGEMENT

I am pleased to present the Annual Report for the period 1 April 2012 to 31 March 2013 for Government Motor Transport, Western Cape. The purpose is to provide a summary of achievements, challenges and the medium to long term goals. GMT is the only Trading Entity in the Department of Transport and Public Works.

The vehicle fleet family in the Western Cape that originated back to the early fifties migrated from the traditional government garage under the auspices of the national Department of Transport to a provincial competency. However, it was realised that a turn-around strategy was required to ensure that effective service delivery would continue into the 21st century. The first step to transform the government garage into a government motor transport fleet agency (GMT) was followed by climbing the development ladder that stretched over the last ten years. The effective utilisation of electronic support systems and services and most importantly team work by the role players formed the core elements that contributed towards the achievement of acceptable level of service delivery and a clean audit in the 2012/13 financial year.

The maturity level of the systems and its capability has reached a level where GMT has commenced with steps to take over full control of the repair and maintenance management function. Implementation of one of the largest fleet system enhancements globally utilising the current system platform is well under way.

Further drivers for change such as a reduced carbon footprint, alternative fuels, expectation of downsizing and better utilisation will remain on the radar screen. The goal must remain to become strategically and operationally competent. This would ensure that the trading activities of GMT continue to deliver fit for purpose vehicles and associated services to national and provincial departments and other entities in order that each user may carry out its own services efficiently and effectively.

The continued teamwork and personal contributions made by the management and staff involved with the fleet activities, is much appreciated. May this remain one of the key elements of success and anchor the organisation to continue with service delivery in a continued challenging environment.



RV Carlisle
Minister of Transport and Public Works

Date: 31 August 2013

7. OVERVIEW OF THE ACCOUNTING OFFICER

The GMT Trading Entity lived up to the expectation set by the administrative and executive management to operate as an independent business unit responsible for vehicle fleet management in the Province.

The vigorous replacement strategy to enable the turnover of redundant vehicles that passed their economic life cycles is clear evidence of the commitment by GMT management to maintain and uphold service delivery. It is also acknowledged that the space constraints experienced placed an additional burden onto the staff. Despite this challenge and the regular follow-up actions required to keep debt levels within acceptable norms the entity succeeded in closing-off the financial year with fewer challenges than in 2012. The financial management capacity that was strengthened paid off and formed the backbone of the annual audit that resulted in the clean audit achievement.

The next major change to migrate the Entity to be fully compliant with the GRAP accounting standards will commence in the 2013/14 financial year. Further system enhancements to manage financial and operating leases via the financial system together with advanced management reporting form part of the new years' planning.

The environment is still changing with new system enhancements and improved work flows and will require implementing dedicated change management strategies and continued training of staff. The planned roll out of driver identification to manage behaviour and to ensure effective utilisation together with a driver policy and guidelines to process misuse incidents involving the state's assets, should contribute towards continued clean administration. Regular liaison and consultation with clients to address requirements will continue.



CJ Fourie
Accounting Officer

Date: 31 August 2013

NOTES:

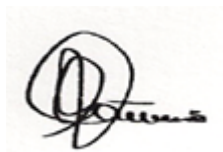
1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

Statement of Responsibility for Performance Information for the year ended 31 March 2013

The Accounting Officer is responsible for the preparation of the entity's performance information and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the performance information of GMT for the financial year ended 31 March 2013.



CJ Fourie
Accounting Officer

Date: 31 May 2013

2. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the *Predetermined Objectives* heading in the *Report on other legal and regulatory requirements* section of the auditor's report.

Refer to page 80 of the report of AGSA, published as **PART E: FINANCIAL INFORMATION.**

3. OVERVIEW OF DEPARTMENTAL PERFORMANCE

3.1. Service Delivery Environment

GMT continued with its core business to provide an effective fleet management service to its clients. During the year under review it made further good progress with the programme that was initiated in the 2011/12 financial year to replace vehicles that had reached the end of their economic life cycles. A total of 1 549 replacement vehicles were ordered compared to the 1 154 in the 2011/12 financial year and represents a 31% turnover in the fleet which exceeds the set annual target of 25%.

The requests for vehicle maintenance and repairs (including tyres and batteries) 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 R 51 mill. The fleet travelled a total of 108 684 676 kilometers during the year which is 5 023 213 km's more than the previous year.

Fuel expenditure represents the largest portion (73%) of operational costs. To ensure that a firm hand is maintained on fuel usage GMT maintained the 4 710 eFuel units (electronic fuelling devices) in the fleet. Only 751 fuel cards are still in use. Only minor cases of irregular fuel patterns was spotted via exception reports and followed up.

Good progress was made with the special programme to increase the rate of training of Transport Officers that was initiated in the 2011/12 financial year. During the year a total of 227 officers 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 respective heads of department and disciplinary action instituted against transgressors, had a positive outcome. The total violations processed decreased by 23% (5 016 cases versus 6 545 of the previous year). It is expected that the situation will be influenced further with the implementation of the AARTO legislation and expected new challenges. A firm implementation date is still awaited for the implementation of AARTO. The Entity's management has already commenced with adjusting its business processes to address the occurrence of traffic violations. The aforementioned requires further work which will continue in the next financial year.

Furthermore, it is gratifying to report that the cases of alleged misuse of vehicles logged with the GMT Bureau has decreased further by 22% from 375 in the previous financial year to only 291 in the year under review.

Accidents and claims over the past three financial years show a slight decrease and appear within the standard norms as depicted in **Table 3.1.1** below:

Table 3.1.1: Accidents and losses incidents

Cases Processed	2010/11	2011/12	2012/13
Accidents and losses	2 100	2 679	2 601
3 rd Party Claims	112	88	77

GMT's main focus for the year under review was to refine the implementation of the GoFin financial system and to strengthen the financial management capacity.

3.2. Service Delivery Improvement Plan

GMT updated its 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 3.2.1: Main services and service standards provided in terms of the Service Delivery Plan

Main services	Actual service beneficiaries	Additional beneficiaries	Standard of service	Actual achievement against standards
Provision of a Government Motor Transport Service	All provincial and national client departments, other provincial governments and entities, Political Office Bearers.	None	<u>Fleet Operations - Traffic Offences</u> a) Paper based traffic violation documentation processing. b) The rollout of the FleetMan Client module will facilitate the linking of drivers to traffic offences on-line (in real time), thereby preventing the laborious process for GMT of sending e-mails to client departments on a daily basis to trace and complete the driver details. c) 50% Rollout of Electronic Content Management System.	<u>Fleet Operations - Traffic Offences</u> a) All traffic violation documentation has been scanned before processing. b) The FleetMan Client module facilitated the linking of drivers to traffic offences on-line (in real time). c) Good progress made with rollout of Electronic Content Management System. GMT received two awards for ECM

			<p><u>Fleet Logistics - Misuse Incidents</u> d) All reported cases are registered in the Fleet Management system (FleetMan) and followed up with the relevant clients.</p> <p><u>Fleet Operations – Issuing of non-emergency vehicles</u> e) To improve the turnaround time for issuing vehicles.</p>	<p>Innovation.</p> <p><u>Fleet Logistics - Misuse Incidents</u> d) All reported cases (291) were registered in the Fleet Management system (FleetMan) and followed up with the relevant clients.</p> <p><u>Fleet Operations – Issuing of non-emergency vehicles</u> e) The turnaround time for issuing vehicles improved after the parent department acquired adequate parking/storing facilities.</p>
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Table 3.2.2: Consultation arrangements with service beneficiaries

Type of arrangement	Actual achievements	Comments (possible deviation)
<p><u>Fleet Operations – Client Forums</u> a) Bi-monthly meetings held with the Transport Officers of clients.</p> <p><u>Fleet Operations – Client Department Evaluations</u> b) Annually the clients evaluate GMT services. Shortcomings are identified and resolved.</p> <p><u>Fleet Finance – Tenders</u> c) All tender invitations (value above R100 000) are published in the Government Gazette.</p>	<p><u>Fleet Operations – Client Forums</u> a) Bi-monthly meetings (6) held with the Transport Officers of clients.</p> <p><u>Fleet Operations – Client Department Evaluations</u> b) The clients evaluated GMT services in August 2013. Minor shortcomings were identified and resolved.</p> <p><u>Fleet Finance – Tenders</u> c) All tender invitations (value above R100 000) were published in the Government Gazette.</p>	N/a

Table 3.2.3: Service delivery access strategy

Access Strategy	Actual achievements
<p>49 Hope Street, Cape Town:</p> <p><u>Fleet Management : On-site GMT Technical Helpdesk</u></p> <p>a) Clients contact GMT for vehicle technical advice and/or assistance.</p> <p>b) Repairs and maintenance requests are managed via the toll free number (0800 500 005) on a 24/7 basis.</p> <p><u>Fleet Risk Management</u></p> <p>a) GMT provides a legal support structure to clients with regards to accident cases where officials were involved in.</p> <p>3 Rusper Street, Maitland:</p> <p><u>Fleet Operations: Vehicle Tracking</u></p> <p>b) The vendor is on-site to install, repair and de-install vehicle tracking units.</p> <p><u>Fleet Operations: eFuel devices</u></p> <p>c) The vendor is on-site to install, repair and de-install eFuel units.</p> <p>34 Roeland and 49 Hope Street, Cape Town:</p> <p><u>Fleet Logistics</u></p> <p>d) GMT is equipped with UPS and standby power services to be able to deliver services during power cuts.</p> <p>19 Hermes Street, Paarden Eiland:</p> <p><u>Fleet Operations – Auctioning and Accident Vehicles</u></p> <p>Vehicles are withdrawn and sold at public auctions.</p>	<p>49 Hope Street, Cape Town:</p> <p><u>Fleet Management : On-site GMT Technical Helpdesk</u></p> <p>e) Clients contact GMT for vehicle technical advice and/or assistance.</p> <p>f) Repairs and maintenance requests were managed via the toll free number (0800 500 005) on a 24/7 basis.</p> <p><u>Fleet Risk Management</u></p> <p>g) GMT provided a legal support structure to clients with regards to accident cases where officials were involved in.</p> <p>3 Rusper Street, Maitland:</p> <p><u>Fleet Operations: Vehicle Tracking</u></p> <p>h) The vendor is on-site to install, repair and de-install vehicle tracking units.</p> <p><u>Fleet Operations: eFuel devices</u></p> <p>i) The vendor is on-site to install, repair and de-install eFuel units.</p> <p>34 Roeland and 49 Hope Street, Cape Town:</p> <p><u>Fleet Logistics</u></p> <p>j) GMT is equipped with UPS and standby power services to be able to deliver services during power cuts.</p> <p>19 Hermes Street, Paarden Eiland:</p> <p><u>Fleet Operations – Auctioning and Accident Vehicles</u></p> <p>Vehicles were withdrawn and sold at public auctions (bi-monthly).</p>

3.3. Organisational environment

The staff and organisation that remained unchanged during the year under review placed an increased burden on the already small establishment to address all client expectations, slowing down some service delivery functions and increasing the risk of non-compliance. However, the report on a proposed revised staff establishment and structure – completed and agreed to by GMT management – is with Organisational Development (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.

GMT adopted a co-sourcing approach as the change management strategy to ensure that the financial statements for 2012/13 are prepared and submitted by the due date. Furthermore, additional business processes were documented, standard operating procedures revisited, adjusted, and adapted for the new environment. A Chartered Accountant was also appointed in December 2012 to strengthen the management team. A phasing approach will be followed to strengthen current internal capacity via a structured programme of skill transfer and training after which external resources would be gradually reduced.

Due to the specialised nature of work required to support the electronic systems, GMT continued to operate on a co-sourced resource model in which internal capacity is augmented with contracted-in specialists from the ICT industry.

Vehicle repair and maintenance work and conversion of vehicles are all outsourced. However it is planned that GMT will be fully responsible for the management of repair and maintenance of its fleet with effect from 1 April 2014.

Organisational challenges and successes

The vacancy rate is well contained and dedicated attention is given to the task to fill vacancies as soon as possible to ensure continuity of service delivery.

Resignations/Appointments

A Manager: Financial Support Services (Chartered Accountant) was appointed in December 2012 to strengthen the management team. There were no resignations on Management level in GMT.

Strikes

There were no strikes during 2012/13.

System failures

GMT's systems (FleetMan, GoFin and the Enterprise Content Management System instance for GMT) are hosted in a virtual data centre by a private service provider in the SITA shared services centre. A disaster recovery site is functional to cater for interruptions and disasters. Effective service delivery is regulated via a service level agreement and strictly monitored by Management. Systems failures were minimal and were dealt with within the tolerance levels specified.

Cases of fraud or corruption

There were no cases of fraud and corruption.

3.4. Key policy developments and legislative changes

There were no major changes to policies or legislation that affected GMT's operations during the period under review.

4. STRATEGIC OUTCOME ORIENTED GOALS

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. In the APP for the 2012/13 financial year, and in support of section 27(4) of the PFMA, 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 2012/13 financial year, linked to each strategic goal of GMT and to the Provincial Government and parent department, are outlined in Table 4.1 below.

Table 4.1: 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	<p>Provide replacement and additional vehicles, inclusive of customised vehicles.</p> <p>Provide an external contract to supplement the internal pool of vehicles.</p> <p>Provide value adding services at competitive cost to allow clients to deliver on their respective mandates.</p>
Links	<p><u>Western Cape Provincial Government:</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 2	Improved vehicle management and control.
Goal statement	To improve business processes that enables the provision of vehicles at a 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>
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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>Strengthen the financial management capacity.</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>

	Process 3 rd party claims against the State and accidents and losses incidents.
Key focus areas and deliverables	To be in a position to effectively respond to client's expectations in a continuously changing business environment.
Links	<p><u>Western Cape Provincial Government:</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 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	<p><u>Western Cape Provincial Government:</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>

5. PERFORMANCE INFORMATION

The purpose of GMT is to provide quality, integrated and cost effective motor transport to state departments and entities. The Entity consists of a single programme within the department.

5.1 Strategic objectives, performance indicators planned targets and actual achievements

An overview of GMT's performance against pre-determined targets is depicted in **Table 5.1** below:

Table 5.1: Strategic objectives, performance indicators planned targets and actual achievements

Strategic Objective	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Actual Achievement 2012/13	Deviation from planned target to Actual Achievement for 2012/13	Comment on deviations
Provide a vehicle fleet	No. of replacement vehicles acquired (ordered)	1 154	320	1 549	+1 229	The target was exceeded as more vehicles could be replaced than originally planned as part of the programme to expedite the renewal of the fleet.
	No. of vehicles added to the fleet	153	30	152	+122	The target was exceeded as client departments had more requirements for additional vehicles than what was originally forecast.
	No. of vehicles hired	4	10	4	-6	The target was not achieved as fewer vehicles were required than originally forecast.
An effective utilised vehicle fleet	No. of vehicles serviced and maintained	4 522	6 600	6 471	-129	The target was not fully met as the new replacement vehicles required less servicing and maintenance. However, the Entity is satisfied that the servicing of vehicles was adequate to achieve the set service delivery standards.
	No. of vehicle inspections carried out	7 451	7 200	6 999	-201	The target was not fully met. However, the Entity is satisfied that adequate inspections were carried out to achieve the set service delivery standards.
	No. of merchant inspections carried out	19	70	70	0	The target was met.
	No. of updates of the asset register	4	4	4	0	The target was met.
Excellent client satisfaction rating	No. of tracking units provided	4 661	4500	5 166	+666	The target was exceeded as additional vehicles were added to the fleet at the request of the client departments.

	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Actual Achievement 2012/13	Deviation from planned target to Actual Achievement for 2012/13	Comment on deviations
	No. of eFuel units provided	4 177	4 222	4 710	+488	The target was exceeded as additional vehicles were added to the fleet at the request of the client departments.
	No. of client forums maintained	6	6	6	0	The target was met.
	No. of policy and guideline circulars issued by GMT	26	28	28	0	The target was met.
Improved financial management capability	No. of business processes documented	29	32	32	0	The target was met.
	No. of documented business processes reviewed	42	30	34	+4	The target was exceeded as more resource time could be allocated to the project than originally planned.
Improved operational capability	No. of transport officers trained (operational)	209	120	227	+107	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)	30	40	43	+3	The target was exceeded as special attention was given to accommodating additional training sessions over and above those originally planned for. This was aimed at improved service delivery levels.
	No. of misuse complaints processed	375	350	291	-59	The target is determined based on historical trends rather than forecasting. However, the Entity is satisfied that all complaints received were logged and followed up with the client departments.

	Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Actual Achievement 2012/13	Deviation from planned target to Actual Achievement for 2012/13	Comment on deviations
	No. of traffic violations processed	6 545	4 500	5 016	-516	The target is determined based on historical trends rather than forecasting. However, the Entity is satisfied that all the traffic violations received were logged and followed up with the relevant client departments.
	No. of 3 rd party claims processed	88	106	77	-29	The target is determined based on historical trends rather than forecasting. However, the Entity is satisfied that all the claims received were logged and processed.
	No. of accident and losses incidents processed	2 679	2 350	2 601	251	The target is determined based on historical trends rather than forecasting. However, the Entity is satisfied that all the incidents were logged and processed.
An effective fleet management system	No. of registered FleetMan users	355	380	382	+2	The target was slightly exceeded.

Note: Although some of the achievements reflected in blue in Table 5.1 are below the targets set and might be interpreted as under performance, it must be realised that these targets are based on historical data that cannot be more accurately forecast. All indicators were suitably developed during the strategic planning process and included in the APP to portray all facets of GMT's activities.

5.2 Strategy to overcome areas of under performance

GMT is satisfied that that adequate control measures and strategies were put in place to ensure that the set service delivery standards could be met.

5.3 Changes to planned targets

The planned target for the performance indicator "No. of replacement vehicles acquired (ordered)" as reflected in the table above have been changed during the year under review after the Accounting Officer granted approval to amend the budget allocation. The Trading Entity could finance the additional cost from the funds in the bank account set

aside for vehicle replacements as part of the programme developed to improve the fleet profile. This is aimed at acquiring a newer fleet that would be more reliable, cost effective to manage and improve levels of service delivery.

5.4 Linking performance with budgets

An assessment was carried out to determine if the actual achievements recorded at year-end met the service delivery targets set at the beginning of the year. Management is satisfied that the services delivered to the client departments were of a high standard and are directly linked to the outputs and associated budget allocation.

The financial information set out below agrees to the information in the Annual Financial Statements.

5.5 Expenditure

GMT operates as a Trading Entity under the administration of the Department of Transport and Public Works and does not receive funding via the regular budgeting process. Refer to paragraph 6.1 below for detail on receipts. The expenditure versus the budget is depicted in **Table 5.5.1** below:

Table 5.5.1: Expenditure versus budget

2012/13			2011/12		
Final Budget R'000	Actual Expenditure R'000	Under Expenditure R'000	Final Budget R'000	Actual Expenditure R'000	Under Expenditure R'000
359 202	348 041	11 161	329 704	293 092	36 612

6. SUMMARY OF FINANCIAL INFORMATION

6.1. Receipts

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 R 10 000 and cases of gross negligence. This is supplemented with the income received for redundant vehicles sold at auction and claims instituted against private parties involving losses (mainly accident damage to government vehicles) to the state.

The outcome of the collection for 2012/13 is depicted in **Table 6.1.1** below:

Table 6.1.1: Revenue collected

Category of Revenue	2011/12 Estimate R'000	2011/12 Actual Amount Collected R'000	2011/12 Actual R'000 (New Classification according to AFS)	2012/13 Estimate R'000	2012/13 Actual Amount Collected R'000	2012/13 Actual R'000 (New Classification according to AFS)	*(Over)/ Under collection R'000
Daily and Kilometre Tariffs	438 230	437 559	272 746	442 754	491 098	290 168	152 586
Auctions – Profit on sale of vehicles	2 530	14 484	4 766	6 000	33 215	9 087	(3 087)
Other claims	7 120	9 608	11 377	6 482	37 782	6 915	(433)
Collections from 3rd parties	18	18	17	1 480	1 480	7	1 473
Grants received (funding from clients for additional vehicles)	280	220	29 222	26 261	16 850	34 166	(7 905)
Interest received	8 526	4 930	121 264	9 000	12 719	194 442	(185 442)
Total	456 704	466 819	439 392	491 977	593 144	534 785	(42 808)

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

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

The position of claims raised but not settled at year-end for 2012/13 is shown in **Table 6.1.1** below:

Table 6.1.2: Claims and Accounts Receivable comparison

Type	2007/08 R'000	2008/09 R'000	2009/10 R'000	2010/11 R'000	2011/12 R'000	2012/13 R'000
Daily and Kilometre Tariffs claimed	252 894	304 419	342 310	340 422	437 559	491 098
Accumulative debt at year-end	87 512	67 627	55 100	54 767	64 659	72 144
% Variance	35	22	16	16	15	15

The table below reflects the outstanding debt per client.

Table 6.1.3: Outstanding debt per client as at 31 March 2013

CLIENTS	OUTSTANDING BALANCE R'000
Provincial Departments	15 394
Cape Nature	2 615
Department of Transport and Public Works	1 044
Provincial Parliament	248
Department of Human Settlement	803
Provincial Treasury	166
Department of Social Development	3 058
Department of Environmental Affairs and Development Planning	365

Department of Community Safety	2 808
Department of the Premier	1 689
Department of Agriculture	1 521
Department of Cultural Affairs and Sport	698
Department of Local Government	102
Department of Economic Development and Tourism	277
National Departments	33 571
Department of Justice and Constitutional Development	18 678
National Prosecuting Authority	622
Public Service Commission	40
Department of Agriculture, Forestry and Fisheries	4 296
Environmental Affairs and Tourism	54
Department of Home Affairs	1 095
Department of Public Works	56
Department of Mining	67
Department Provincial and Local Government	8
Department of Trade and Industry	9
National Intelligence Service	7
Department of Labour	99
Department of Rural Development and Land Reform	545
Department of Finance	81
South African Social Security Agency	1 269
Secretary of Parliament	59
Central Statistical Services	78
North West Provincial Administration	15
Northern Cape Provincial Administration	33
South African National Defence Force	5 037
Office of the Presidency	1 420
Free State Provincial Government	3
GRAND TOTAL	48 965

This Table reflects the outstanding balance per client inclusive of the current accounts (less than 30 days).

6.2. Programme Expenditure

Refer to Table 5.5.1 above.

6.3. Transfer payments

GMT did not receive any funds during the year under review.

6.4. Trading Entities

GMT is a Trading Entity under the administration of the parent department.

6.5. Conditional grants and earmarked funds received

GMT received conditional grants from the client departments for the purchase of additional vehicles to the fleet. The amount was deposited in GMT's banking account before the orders were processed. Unspent amounts at year end are reflected in the financial statements are reflected as liabilities.

6.6. Capital investment, maintenance and asset management plan

All vehicles in the government fleet that are under the control of GMT are recorded in the asset register kept in the electronic fleet system and quarterly verified by the clients. Clients report back on any vehicle not operational or damaged to perform the required impairment tests and procedures. The redundant vehicles are auctioned off at public auctions after which the FleetMan and eNaTis systems are updated. GMT does not manage any infrastructure.

6.7. Donor Funds

GMT does not make use of donor funds.

1. INTRODUCTION

The Department (which includes the GMT Trading Entity) is committed to maintaining the highest standards of governance as it recognises that it is fundamental to the management of public finances and resources. The Department consequently maintains governance structures in its endeavour to effectively, efficiently and economically utilise state resources, which are funded by the tax payer.

2. RISK MANAGEMENT

The AO is accountable for realising ERM in accordance with the National Treasury Public Sector Risk Management Framework. To this end the AO is supported by the D: ERM vested in the Department of the Premier. The said Directorate provides a centralised strategic support service to the Department and systematically drives a sustainable ERM journey.

In compliance with the National Treasury Public Sector Risk Management Framework and to further embed risk management in departmental activities, the Western Cape Government adopted an ERM Policy which sets out the Province's overall intention with regard to ERM.

An ERM Implementation Strategy was developed to give effect to the ERM policy in a structured, coherent and systematic manner. This will ultimately enable the Department to deliver on its departmental goals, objectives and indicators, enhance risk informed decision-making and optimise compliance with applicable legislation. It further outlines the roles and responsibilities of managers and staff in embedding risk management in the Department and defines the enabling legislation, standards, mechanisms, tools and resources to be used to realise the ERM plan.

The Department established an ERMCO, constituted by the Executive Management of the Department and chaired by the AO. ERMCO Members have been formally appointed as such. During the year under review the ERMCO met on a quarterly basis to, amongst other matters, monitor and review the strategic risks of the Department. Upon agreement, the strategic risk register is approved by the AO. Duties of the ERMCO are set out in its Terms of Reference.

Programme Risk assessments are conducted on a quarterly basis in order for the relevant Programme Managers to review and update existing risks; and identify emerging risks. Significant risks relevant to objectives are assessed in terms of likelihood and impact. Risk treatment plans with target dates are developed and risk owners are allocated for the treatment of the risks. The Programme risk register is approved by Programme Managers.

The D: ERM further works closely with the appointed risk champion (the AO) to assist in driving the ERM process in the Department.

3. FRAUD AND CORRUPTION

The Western Cape Government adopted an Anti-Corruption Strategy which confirms the Province's zero tolerance stance towards fraud and corruption. The Department furthermore has an approved Fraud Prevention Plan (inclusive of policy, strategy and implementation plan) that was subjected to review by the Shared Fraud Investigative Unit during the year under review.

Forensic investigations continued to be conducted by the Shared Forensic Investigative Unit. The latter is incorporated in the Corporate Service Centre in the Department of the

Premier. Various channels for reporting allegations of fraud and corruption exist, and these are described in detail in the Anti-Corruption Strategy and the Departmental Fraud Prevention Plan. Each allegation received by the Shared Forensic Investigative Unit is recorded in a Case Management System which is used as a management tool to report on progress made with cases relating to the Department.

Employees who blow the whistle on suspicions of fraud, corruption and theft are protected if the disclosure is a protected disclosure, i.e. not malicious. The opportunity to remain anonymous is afforded to any person who would like to report acts of fraud, theft and corruption and should they do so in person, their identities are kept confidential by the person to whom they are reporting.

Once fraud or corruption is confirmed after completion of an investigation, the relevant employee who participated in these acts is subjected to a disciplinary hearing. In all such instances, the WCG representative initiating the disciplinary proceedings is required to recommend dismissal of the employee concerned. Where prima facie evidence of criminal conduct is detected, a criminal matter is reported to the South African Police Services.

4. MINIMISING CONFLICT OF INTEREST

The Department is committed to the implementation of the Western Cape Procurement (Business Interest of Employees) Act, 2010 (Act 8 of 2010). The Act restricts the business interests of employees of the Provincial Government and of provincial public entities as well as members of controlling bodies of such entities, in conducting business with the Provincial Government and provincial public entities. The Act further provides for the disclosure of such interests and for matters incidental thereto.

In an effort to root out fraud and corruption, to support the prevention of collusive practises and SCM abuse, detect possible conflict of interest in the SCM system as well as ensuring compliance to all relevant prescripts and policies, all SCM practitioners/officials involved in the SCM processes are required to disclose their financial interest, declare interest in relation to every SCM transaction and complete and obtain approval for their Remunerative Work Outside the Public Service annually.

Any official failing to adhere to this requirement by not declaring his/her interest is subjected to the relevant disciplinary code. Where an official declares interest, that official is required to recuse him/herself from the relevant transaction.

5. CODE OF CONDUCT

The Department is committed to adhering to the following codes of conduct within the realm of its business:

- Code of Conduct for the Public Service;
- Code of Conduct contained in the Accounting Officers Supply Chain Management System;
- Code of Conduct for Supply Chain Practitioners (National Treasury, Practice Note 4 of 2003); and
- Code of Conduct for Bid Adjudication Committees (National Treasury 2006).

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Occupational Health and Safety Act imposes the responsibility on the Department to ensure the physical safeguarding of its infrastructure sites, as well as ensuring the physical health and safety of his/her employees.

The Department has a functioning Safety and Security Committee which includes representatives from the Department of Community Safety, given their responsibility for providing provincial risk services.

In support of emergency evacuation procedures, plans were developed for various buildings occupied by the Department, evacuation chairs installed to support persons with physical impairments to be evacuated safely, and safety and fire marshals as well as first aid personnel were identified per floor.

7. INTERNAL CONTROL UNIT

The Internal Control Unit is vested in the Branch Financial Management of the Department. The work that the unit performed included but is not limited to the following:

- Development of a Supplier Invoice Tracking system to ensure that invoices are paid within 30 days;
- Review of the financial delegations that now encapsulates a process approach;
- Exercising of payroll control;
- Exercising of payment voucher control;
- Conducting of programmed physical site inspections with reporting in the areas of: gift registers; invoice registers; cashiers inspection; face value forms and other ad hoc investigations;
- Investigating the validity of alleged irregular, fruitless and wasteful expenditure and recommending remedial action;
- Giving effect to and monitoring the implementation of the Shared Forensic Investigative Unit recommendations;
- Development of various standing operating procedures to enhance governance;
- Implementation, maintenance and monitoring of the Departmental Corporate Governance Improvement Plan (DCGIP) which incorporates risk and project management principles. The latter, draws its information from internal and external audit outcomes, Provincial Treasury gap analysis, Corporate Governance Review and Outlook (CGRO) and other independent assessments;
- Reporting on the status of: Irregular, fruitless and wasteful expenditure; Departmental Corporate Governance Improvement Plan; 30 day payments, and implementation of forensic investigative case file recommendations;
- Monitor the implementation of Reports of the Standing Committee on Public Accounts;
- Retention of financial information;
- Compliance testing of payment vouchers on a sample basis;
- Facilitate the external audit process and internal audit process; and
- Maintenance of the electronic Financial Manual that give users access to financial governance documents.

The above excludes the internal control work performed by the Monitoring and Compliance component of the SCM Unit as well as of the Monitoring and Evaluation Unit. A specific Internal Control Framework for SCM was developed.

8. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2013. GMT is commended for achieving a clean audit.

Audit Committee Members and Attendance

The Audit Committee consisted of the members listed below, all of whom are independent of the Entity. The Committee should meet at least 4 times per annum as per its approved terms of reference. During the financial year under review, 8 meetings were held.

Name of Member	Number of meetings attended
Mr A Amod (Chairperson)	8
Mr W Pieters	8
Mr Z Hoosain (Member until 30 November 2012)	7
Mr F Barnard (Appointed from 1 January 2013)	1
Mr T Snyman (Appointed from 1 January 2013)	1
Mr S Steenkamp (Appointed from 1 January 2013)	1

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38(1)(a)(ii) of the Public Finance Management Act (PFMA) and National Treasury Regulations 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

From our review of the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of AGSA, the Committee notes the considerable improvement with the effectiveness of the system of internal control applied by GMT.

FIU has been outsourced. FIU presents statistical reports to the Audit Committee on a quarterly basis.

The Audit Committee is satisfied with the content and quality of quarterly reports in respect of in year management and quarterly performance reports submitted in terms of the National Treasury Regulations and the Division of Revenue Act prepared and issued by the Accounting Officer of GMT during the year under review.

GMT continues to improve in respect of Enterprise Risk Management. The Committee monitors progress on a quarterly basis.

We have reviewed and concur with Management's acceptance of the AGSA's Management Report. We can confirm that there are no unresolved issues.

We have fulfilled our mandate with regards to the Annual Financial Statements as mentioned below.

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 accounting policies and practices as reported in the Annual Financial Statements;
- reviewed the GMT's processes for compliance with legal and regulatory provisions;
- reviewed the information on predetermined objectives as reported in the Annual Report; and
- reviewed and where appropriate, recommended changes to the Interim Financial Statements as presented by GMT for the six months ending 30 September 2012.

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 AGSA.

Internal Audit

In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with reasonable 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 actions.

In terms of the Annual Internal Audit Plan of the Department of Transport and Public Works, no internal audit work was completed at GMT during the year under review.

The Audit Committee remains concerned that further capacity is required to cover a significant percentage of High Risk Areas. The Audit Committee urges increased assurance of coverage of significant risks by the implementation of combined assurance principles.

Auditor-General South Africa's Report

We have reviewed GMT's implementation plan for audit issues raised in the prior year on a quarterly basis. The Audit Committee has met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings raised by the AGSA will be monitored by the Audit Committee on a quarterly basis.

Appreciation

The Audit Committee wishes to express its appreciation to the Management of GMT, the AGSA and the Internal Audit Unit for the co-operation and information they have provided to enable us to compile this report.



Mr A Amod

Chairperson of the Transport and Public Works Audit Committee

Date: 7 August 2013

NOTES:

1. LEGISLATION THAT GOVERNS HR MANAGEMENT

The information provided in this part is prescribed by the Public Service Regulations (Chapter 1, Part III J.3 and J.4).

The following prescripts direct Human Resource Management within the Public Service:

Public Service Act, 1994 (Act 103 of 1994) (PSA)

To provide for the organisation and administration of the public service of the Republic, the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service, and matters connected therewith.

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

To regulate financial management in the national government and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith.

Occupational Health and Safety Act, 1993 (Act 85 of 1993)

To provide for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith.

Labour Relations Act, 1995 (Act 66 of 1995)

To regulate and guide the employer in recognising and fulfilling its role in effecting labour peace and the democratisation of the workplace.

Basic Conditions of Employment Act, 1997 (Act 75 of 1997)

To give effect to the right to fair labour practices referred to in section 23(1) of the Constitution by establishing and making provision for the regulation of basic conditions of employment; and thereby to comply with the obligations of the Republic as a member state of the International Labour Organisation; and to provide for matters connected therewith.

Skills Development Act, 1998 (Act 97 of 1998)

To provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce; to integrate those strategies within the National Qualifications Framework contemplated in the South African Qualifications Authority Act, 1995; to provide for learnerships that lead to recognised occupational qualifications; to provide for the financing of skills development by means of a levy-grant scheme and a National Skills Fund; to provide for and regulate employment services; and to provide for matters connected therewith

Employment Equity Act, 1998 (Act 55 of 1998)

To promote equality, eliminate unfair discrimination in employment and to ensure the implementation of employment equity measures to redress the effects of discrimination; to achieve a diverse and efficient workforce broadly representative of the demographics of the Province.

Skills Development Levy Act, 1999 (Act 9 of 1999)

To provide any public service employer in the national or provincial sphere of Government with exemption from paying a skills development levy; and for exemption from matters connected therewith.

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

To give effect to the constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights; and to provide for matters connected therewith.

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

To give effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action as contemplated in section 33 of the Constitution of the Republic of South Africa, 1996; and to provide for matters incidental thereto.

2. OVERVIEW OF HUMAN RESOURCE MATTERS

People are a key element in achieving the strategic objectives of the Department. Therefore human resource planning aims to ensure that the Department has the right people, with the right skills, at the right place at the right time, all the time.

It is within this context that the Department's Strategic HR Plan was developed and implemented for the period 1 April 2010 to 31 March 2014. The HR Plan was reviewed to determine whether the human resource strategic objectives were still valid and whether it addressed the HR priorities in the Department. Bi-annual progress reports monitored the implementation of the key activities contained within the HR Plan and were submitted to DPSA as directed.

By means of workforce planning, the Department identified the current and future human resource needs and flagged the potential challenges that could impact on the achievement of the Department's strategic objectives.

2.1 Set Human Resource Priorities for the Year under Review and the Impact of these Priorities

After analysing the current workforce profile and the future demand, the following HR priorities were identified:

- A new functional Organisation Design / Structure that would result in the Department meeting its strategic objectives;
- The continuous development of employees, which would provide the Department with a pool of highly skilled employees; and
- Attracting and retaining staff with scarce and critical skills which will enhance the requirements of the Built Environment.

2.2 Workforce Planning Framework and Key Strategies to Attract and Recruit a Skilled and Capable Workforce

The following key strategies have been implemented in order to address the priorities as identified:

- The Masakh'iSizwe Programme is a mentorship programme that was introduced to attract graduates in line with the Department's critical skills needs, in the engineering and related fields;
- Targeted recruitment to fill vacancies in critical posts, such as Transport Economists and Planners;
- The development of staff as a means to maintain and improve their skills and support staff retention; and
- In instances where highly mobile staff members with critical and key skills are offered alternative employment opportunities, the Department provided counter-offers in line with the Public Service Regulations.

2.3 Employee Performance Management Framework

Employees who are nominated for performance bonuses are assessed by moderation panels, who then examine the evidence of superior performance. Under-performing staff members, on the other hand, are required to complete the actions stipulated in a Performance Improvement Plan. These are closely monitored to ensure absolute compliance with acceptable performance standards.

2.4 Employee Wellness

The WCGs transversal Employee Health and Wellness Programme (EHW) follows a holistic approach to employee wellbeing and is largely preventative in nature, offering both primary and secondary services. The EHW Programme is monitored in the Department through monthly utilisation reports for primary services (24/7/365 telephonic counselling service, online e-Care service and reporting) and secondary services (face-to-face counselling, trauma and critical incidents, training and targeted intervention, executive coaching, advocacy). A quarterly report is prepared by the Directorate: Organisational Behaviour within the Corporate Service Centre that provides a trend analysis of utilisation, risk identification and its impact on productivity. Furthermore, on-going reporting to the Department of Public Service and Administration (DPSA) is a requirement and such reporting focuses on four areas namely, HIV/ AIDS, Health and Productivity, Wellness Management and SHEQ (Safety Health Environment, Risk and Quality Management).

2.5 Policy development

The following Provincial policies were adopted during the year under review:

- **Special Leave Policy**, which sets transversal standards and conditions for leave categories that are not regulated in the national Determination on Leave of Absence (August 2012). These categories include study leave, substance abuse treatment, participation in sporting events, etc.;
- **Policy on Remunerative Work outside Public Service**, which manages and regulates the conditions under which the employer would provide authorisation for employees to conduct remunerated work outside the Public Service; and
- **Policy on Secondment of Employees**, which provides directives and general measures and to prescribe uniform conditions for secondment.

3. HUMAN RESOURCE OVERSIGHT STATISTICS

The following sections provide statistical information relating to human resource management in the Department.

3.1 PERSONNEL RELATED EXPENDITURE

The following tables summarise the expenditure by Programme [Table 3.1.1 - drawn from the Basic Accounting System (BAS)] and by salary bands [Table 3.1.2 - drawn from the PERSAL (Personnel Salary) system]. GMT uses an accrual based accounting system whilst the systems referred to above are cash based systems, thus the differences in the figures reflected below and the final audit financial statements.

Table 3.1.1: Personnel expenditure by programme

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	348 041	23 534	525	323 982	6.8	160	147
Total	348 041	23 534	525	323 982	6.8	160	147

Note: The number of employees refers to all individuals remunerated during the reporting period.

Table 3.1.2: Personnel expenditure by salary bands

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)	1 075	4.6	32	34
Skilled (Levels 3-5)	9 024	38.3	137	66
Highly skilled production (Levels 6-8)	9 638	41.0	247	39
Highly skilled supervision (Levels 9-12)	2 955	12.6	422	7
Senior management (Levels 13-16)	842	3.6	842	1
Total	23 534	100	160	147

Note: The number of employees refers to all individuals remunerated during the reporting period, excluding the Minister/Premier.

The following tables provide a summary per programme (Table 3.1.3) and salary bands (Table 3.1.4), 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 3.1.3: Salaries, Overtime, Housing Allowance and Medical Assistance by programme

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	15 902	67.6	427	1.8	804	3.4	1 411	6.0
Total	15 902	67.6	427	1.8	804	3.4	1 411	6.0

Note: Salaries, overtime, housing allowance and medical assistance are calculated as a % of the total personnel expenditure which appears in Table 3.1.2 above. The total for Overtime in Table 3.1.3 & 3.1.4 both amount to R 15 902 000.00 however, the fact that they are reflected either by programme or by salary band, together with the rounding off to thousands they reflect differently.

Table 3.1.4: Salaries, Overtime, Housing Allowance and Medical Assistance by salary bands

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)	765	3.3	19	0.1	31	0.1	40	0.2
Skilled (Levels 3-5)	5 739	24.4	306	1.3	460	2.0	839	3.6
Highly skilled production (Levels 6-8)	6 881	29.2	72	0.3	298	1.3	463	2.0
Highly skilled supervision (Levels 9-12)	1 950	8.3	28	0.1	15	0.1	50	0.2
Senior management (Levels 13-16)	567	2.4	0	0.0	0	0.0	19	0.1
Total	15 902	67.6	427	1.8	804	3.4	1 411	6.0

3.2 EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the percentage of vacant posts, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: programme (Table 3.2.1), salary band (Table 3.2.2) and critical occupations (Table 3.2.3). Departments have identified critical occupations that need to be monitored. Table 3.2.3 provides establishment and vacancy information for the key critical occupations of the department.

Table 3.2.1: Employment and vacancies by programme

Programme	Number of funded posts	Number of posts filled	Vacancy rate %	Number of persons additional to the establishment	Vacancy Rate taking additional staff into account
GMT	111	96	13.5	10	4.5
Total	111	96	13.5	10	4.5

Table 3.2.2: Employment and vacancies by salary bands

Salary Band	Number of funded posts	Number of posts filled	Vacancy rate %	Number of persons additional to the establishment	Vacancy Rate taking additional staff into account
Lower skilled (Levels 1-2)	10	7	30.0	0	30
Skilled (Levels 3-5)	66	57	13.6	6	4.5
Highly skilled production (Levels 6-8)	28	26	7.1	3	-3.6
Highly skilled supervision (Levels 9-12)	6	5	16.7	1	0
Senior management (Levels 13-16)	1	1	0.0	0	0
Total	111	96	13.5	10	0

Note: The information in each case reflects the position as at 31 March 2012. For an indication of changes in staffing patterns over the year under review, please refer to section 3.4 of this report.

Table 3.2.3: Employment and vacancies by critical occupation

Critical Occupations	Number of funded posts	Number of posts filled	Vacancy rate %	Number of persons additional to the establishment	Vacancy Rate taking additional staff into account
Government Motor Transport did not register any particular occupations as more critical than others					

3.3 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 post in his or her organisation.

Table 3.3.1 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 3.3.1: Job evaluation

Salary Band	Total number of posts	Number of posts evaluated	% of posts evaluated	Posts Upgraded		Posts Downgraded	
				Number	% of number of posts	Number	% of number of posts
Lower skilled (Levels 1-2)	10	0	0.0	0	0.0	0	0.0
Skilled (Levels 3-5)	66	0	0.0	0	0.0	0	0.0
Highly skilled production (Levels 6-8)	28	0	0.0	0	0.0	0	0.0
Highly skilled supervision (Levels 9-12)	6	0	0.0	0	0.0	0	0.0
Senior Management Service Band A (Level 13)	1	0	0.0	0	0.0	0	0.0
Senior Management Service Band B (Level 14)	0	0	0.0	0	0.0	0	0.0
Senior Management Service Band C (Level 15)	0	0	0.0	0	0.0	0	0.0
Senior Management Service Band D (Level 16)	0	0	0.0	0	0.0	0	0.0
Total	111	0	0.0	0	0.0	0	0.0

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

Table 3.3.2 provides a summary of the number of employees by race, gender and disability whose salary positions were upgraded due to their posts being upgraded.

Table 3.3.2: Employees' positions upgraded due to their posts being upgraded

Total number of employees whose salary positions were upgraded due to their posts being upgraded	None
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Table 3.3.3 summarises the number of cases where salary levels exceeded the grade determined by job evaluation (including higher notches awarded). Reasons for the deviation are provided in each case.

Table 3.3.3: Employees' positions upgraded due to their posts being upgraded

Total number of employees whose salaries exceed the level determined by job evaluation (including awarding of higher notches) in 2012/13	None
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3.4. EMPLOYMENT CHANGES

Turnover rates provide an indication of trends in the employment profile of the department during the year under review. The following tables provide a summary of turnover rates by salary band (Table 3.4.1) and by critical occupations (Table 3.4.2).

Table 3.4.1: Annual turnover rates by salary band

Salary Band	Number of employees per band as at 31 March 2012	Turnover rate 2011/12 by salary band	Appointments into the department	Transfers into the department	Terminations out of the department	Transfers out of the department	Turnover rate 2012/13 by salary band
Lower skilled (Levels 1-2)	4	10.0	0	0	1	0	25.0
Skilled (Levels 3-5)	55	5.3	14	0	2	0	3.6
Highly skilled production (Levels 6-8)	37	6.9	0	0	2	0	5.4
Highly skilled supervision (Levels 9-12)	6	0.0	1	0	1	0	16.7
Senior Management Service Band A (Level 13)	1	0.0	0	0	0	0	0.0
Total	103	5.9	15	0	6	0	5.8

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

Table 3.4.2: Annual turnover rates by critical occupation

Critical Occupation	Number of employees per band as at 31 March 2012	Turnover rate 2011/12 by salary band	Appointments into the department	Transfers into the department	Terminations out of the department	Transfers out of the department	Turnover rate 2012/13 by salary band
Government Motor Transport did not register any particular occupations as more critical than others							

Table 3.4.3: Staff leaving the employ of the department

Exit Category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2012
Resignation *	2	33.3	1.9
Expiry of contract	1	16.7	1.0
Retirement	3	50	2.9
Total	6	100	1.9

Note: Table 3.4.3 identifies the various exit categories for those staff members who have left the employ of GMT.

*Resignations are further discussed in tables 3.4.4 and 3.4.5.

Table 3.4.4: Reasons why staff resigned

Resignation Reasons	Number	% of total resignations
Better Remuneration	1	50
Resigning of Position	1	50
TOTAL	2	100

Table 3.4.5: Different age groups of staff who resigned

Age group	Number	% of total resignations
Ages 35 to 39	2	100.00
Total	2	100.0

Table 3.4.6: Employees initiated severance packages

Total number of employee initiated severance packages in 2012/13	None
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Table 3.4.7: Promotions by salary band

Salary Band	Employees as at 31 March 2012	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)	4	0	0.0	3	75.0
Skilled (Levels 3-5)	55	0	0.0	44	80.0
Highly skilled production (Levels 6-8)	37	2	5.4	32	86.5
Highly skilled supervision (Levels 9-12)	6	0	0.0	4	66.7
Senior management (Levels 13-16)	1	0	0.0	1	100.0
Total	103	2	1.9	84	81.6

Table 3.4.8: Promotions by critical occupation

Critical Occupation	Employees as at 31 March 2012	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
Government Motor Transport did not register any particular occupations as more critical than others					

3.5. EMPLOYMENT EQUITY

The information provided in this section depicts the department's demographic composition by race, gender and disability, as required by the Employment Equity Act and the Department of Public Service and Administration. Positions in our post establishment require various academic qualifications such as a Senior Certificate, technical qualification or graduate and post-graduate degrees, as well as certain competency levels. The Employment Equity Act states that in determining whether designated groups

are equitably represented within an occupational category and level in an employer's workforce a number of factors must be taken into account including, the pool of suitably qualified people from designated groups from which the employer may reasonably be expected to promote or appoint employees. The figures presented in this section do not take these factors into account and do not reflect the fact that the population statistics provided by the 2011 Census reveal that a very small percentage of the Western Cape population have Matric and tertiary qualifications, which constitute the pool of "suitably qualified people" from which the Western Cape Government can employ staff (as specified by the Employment Equity Act and Public Service Regulations). The Department is continuing to invest in measures to broaden the pool of suitably qualified people who can compete for its employment opportunities to broaden its equitable representation in all occupational categories and levels in the workforce.

Table 3.5.1: Total number of employees (including employees with disabilities) in each of the following occupational levels

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid- management (Levels 9-12)	0	2	0	2	0	0	0	2	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	1	9	0	20	0	5	0	2	0	0	37
Semi-skilled and discretionary decision making (Levels 3-5)	5	26	0	3	7	17	0	1	0	0	59
Unskilled and defined decision making (Levels 1-2)	0	1	0	1	1	0	0	0	0	0	3
Total	6	38	0	27	8	22	0	5	0	0	106
*Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	6	38	0	27	8	22	0	5	0	0	106

A = African; C = Coloured; I = Indian; W = White.

Note: The figures reflected per occupational levels include all permanent, part-time and contract employees. Furthermore the information is presented by salary level and not post level. *Temporary employees refer to workers who are employed for three consecutive months or less. For the number of employees with disabilities, refer to Table 3.5.2.

Table 3.5.2: Total number of employees (with disabilities only) in each of the following occupational levels

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	0	0	1	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making (Levels 3-5)	0	0	0	1	0	0	0	0	0	0	1
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	3	0	0	0	0	0	0	3
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	0	0	3	0	0	0	0	0	0	3

A = African; C = Coloured; I = Indian; W = White.

Note: The figures reflected per occupational level include all permanent, part-time and contract employees. Furthermore the information is presented by salary level and not post level.

Table 3.5.3: Recruitment

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	0	0	1	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and	3	5	0	1	3	2	0	0	0	0	14

discretionary decision making (Levels 3-5)											
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Total	3	5	0	2	3	2	0	0	0	0	15
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	3	5	0	2	3	2	0	0	0	0	15

A = African; C = Coloured; I = Indian; W = White.

Note: Recruitment refers to new employees, including transfers into the Department, as per Table 3.4.1.

Table 3.5.4: Promotions

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	0	0	0	0	2	0	0	0	0	2
Semi-skilled and discretionary decision making (Levels 3-5)	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	2	0	0	0	0	2
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	0	0	0	0	2	0	0	0	0	2

A = African; C = Coloured; I = Indian; W = White.

Note: Promotions refer to the total number of employees promoted within the Department, as per Table 3.4.7.

Table 3.5.5: Terminations

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	0	0	1	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	0	0	2	0	0	0	0	0	0	2
Semi-skilled and discretionary decision making (Levels 3-5)	0	0	0	0	0	2	0	0	0	0	2
Unskilled and defined decision making (Levels 1-2)	0	1	0	0	0	0	0	0	0	0	1
Total	0	1	0	3	0	2	0	0	0	0	6
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	1	0	3	0	2	0	0	0	0	6

A = African; C = Coloured; I = Indian; W = White.

Note: Terminations refer to those employees who have left the employ of the Department, including transfers to other departments, as per Table 3.4.1.

Table 3.5.6: Disciplinary actions

Disciplinary actions	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Not Guilty	0	1	0	0	0	0	0	0	0	0	1
Total	0	1	0	0	0	0	0	0	0	0	1

A = African; C = Coloured; I = Indian; W = White.

Note: The disciplinary actions total refers to formal outcomes only and not headcount. For further information on the outcomes of the disciplinary hearings and types of misconduct addressed at disciplinary hearings, please refer to Tables 3.12.2 and Table 3.12.3.

Table 3.5.7: Skills development

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	1	0	0	0	1	0	0	2
Semi-skilled and discretionary decision making (Levels 3-5)	2	5	0	1	6	10	0	1	25
Unskilled and defined decision making (Levels 1-2)	0	1	0	0	0	0	0	0	1
Total	2	7	0	1	6	11	0	1	28
Temporary employees	0	0	0	0	0	0	0	0	0
Grand total	2	7	0	1	6	11	0	1	28

A = African; C = Coloured; I = Indian; W = White.

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 3.13.2.

3.6. SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

Table 3.6.1: Signing of Performance Agreements by SMS Members as at 31 May 2012

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 members is dealt with later in the report. Please refer to Table 3.8.4.

3.7. FILLING OF SMS POSTS

Table 3.7.1: SMS posts information as at 30 September 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	100.00	0	0.00
Total	1	1	100.00	0	0.00

Table 3.7.2: SMS posts information as at 31 March 2013

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	100.00	0	0.00
Total	1	1	100.00	0	0.00

3.8. EMPLOYEE PERFORMANCE

Table 3.8.1: Notch progressions by salary band

Salary Band	Employees as at 31 March 2013	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	4	3	75.0
Skilled (Levels 3-5)	55	44	80.0
Highly skilled production (Levels 6-8)	37	32	86.5
Highly skilled supervision (Levels 9-12)	6	4	66.7
Senior management (Levels 13-16)	1	1	100.0
Total	103	84	81.6

To encourage good performance, the entity granted the following performance rewards allocated to personnel for the performance period 2011/12, but paid in the financial year 2012/13. The information is presented in terms of race, gender, and disability (Table 3.8.2), salary bands (Table 3.8.3 and Table 3.8.4) and critical occupations (Table 3.8.5).

Table 3.8.2: Performance rewards by race, gender, and disability

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2013	% of total within group	Cost (R'000)	Average cost per beneficiary
African	2	11	18.2	9	4 399
Male	2	3	66.7	9	4 399
Female	0	8	0.0	0	0
Coloured	24	58	41.4	152	6 310
Male	13	35	37.1	90	6 913
Female	11	23	47.8	62	5 596
Indian	0	0	0.0	0	0
Male	0	0	0.0	0	0
Female	0	0	0.0	0	0
White	12	31	38.7	153	12 769
Male	9	26	34.6	107	11 939
Female	3	5	60.0	46	15 259
Employees with a disability	2	3	66.7	37	18 614
Total	40	103	38.8	351	8 767

Note: The above table relates to performance rewards for the performance year 2011/12 and payment effected in the 2012/13 reporting period.

Table 3.8.3: Performance rewards by salary bands for personnel below Senior Management Service level

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2013	% 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	4	25.0	3	3 164	0.01
Skilled (Levels 3-5)	25	55	45.5	127	5 098	0.6
Highly skilled production (Levels 6-8)	9	37	24.3	84	9 356	0.4
Highly skilled supervision (Levels 9-12)	4	6	66.7	104	26 020	0.5
Total	39	102	38.2	318	8 177	1.4

Note: The cost is calculated as a percentage of the total personnel expenditure for salary levels 1-12, reflected in Table 3.1.2.

Table 3.8.4: Performance rewards (cash bonus), by salary band, for Senior Management Service level

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2013	% 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	32	31 788	3.8
Total	1	1	100	32	31 788	3.8

Note: The cost is calculated as a percentage of the total personnel expenditure.

Table 3.8.5: Performance rewards by critical occupations

Critical Occupation	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2013	% of total within salary bands	Cost (R'000)	Average cost per beneficiary	Cost as a % of total personnel expenditure
Government Motor Transport did not register any particular occupations as more critical than others						

3.9 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 3.9.1: Foreign Workers by salary band

Salary Band	1 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0.0	0	0.0	0	0.0
Skilled (Levels 3-5)	0	0.0	0	0.0	0	0.0
Highly skilled production (Levels 6-8)	0	0.0	0	0.0	0	0.0
Highly skilled supervision (Levels 9-12)	0	0.0	0	0.0	0	0.0
Senior management (Levels 13-16)	0	0.0	0	0.0	0	0.0
Total	None					

Table 3.9.2: Foreign Workers by major occupation

Major Occupation	1 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% change
None	0	0	0	0	0	0

3.10. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2012 TO 31 DECEMBER 2012

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 3.10.1) and incapacity leave (Table 3.10.2). In both cases, the estimated cost of the leave is also provided.

Table 3.10.1: Sick leave 1 January 2012 to 31 December 2012

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)	38	86.8	3	4	75.0	13	10
Skilled (Levels 3-5)	300	80.7	48	66	72.7	6	122
Highly skilled production (Levels 6-8)	163	72.4	29	39	74.4	6	114
Highly skilled supervision (Levels 9-12)	28	85.7	6	7	85.7	5	30
Senior management (Levels 13-16)	0	0.0	0	1	0.0	0	0
Total	529	78.8	86	117	73.5	6	276

Note: The three-year sick leave cycle started in January 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 3.10.2.

Table 3.10.2: Incapacity leave 1 January 2012 to 31 December 2012

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	4	25.0	4	1
Skilled (Levels 3-5)	53	100	7	66	10.6	8	20
Highly skilled production (Levels 6-8)	133	100	4	39	10.3	33	75
Highly skilled supervision (Levels 9-12)	3	100	1	7	14.3	3	3
Senior management (Levels 13-16)	0	0.0	0	1	0.0	0	0
Total	193	100	13	117	11.1	15	99

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 or 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 Policy on Incapacity Leave and Ill-Health Retirement (PILIR).

Table 3.10.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the Public Service Commission Bargaining Chamber (PSCBC) in 2000 requires management of annual leave to prevent high levels of accrued leave having to be paid at the time of termination of service.

Table 3.10.3: Annual Leave 1 January 2012 to 31 December 2012

Salary Band	Total days taken	Total number employees using annual leave	Average days per employee
Lower skilled (Levels 1-2)	97	4	24
Skilled (Levels 3-5)	1 255	57	22
Highly skilled production (Levels 6-8)	993	38	26
Highly skilled supervision (Levels 9-12)	118	6	20
Senior management (Levels 13-16)	25	1	25
Total	2 488	106	23

Table 3.10.4: Capped leave 1 January 2012 to 31 December 2012

Salary Band	Total capped leave available as at 31 Dec 2011	Total days of capped leave taken retired or resigned	Number of employees using capped leave	Average number of days taken per employee	Number of employees with capped leave as at 31 Dec 2012	Total capped leave available as at 31 Dec 2012
Lower skilled (Levels 1-2)	49	5	1	5	1	45
Skilled (Levels 3-5)	1 182	18	3	6	24	890
Highly skilled production (Levels 6-8)	1 290	12	4	3	27	1 126
Highly skilled supervision (Levels 9-12)	366	1	0	0	5	169
Senior management (Levels 13-16)	100	0	0	0	1	100
Total	2 987	36	8	4	58	2 951

Table 3.10.5 summarises payments made to employees as a result of leave that was not taken.

Table 3.10.5: Leave pay-outs

Reason	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave pay-outs for 2012/13 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2012/13	405	3	134 930
Current leave pay-outs on termination of service 2012/13	24	3	8 048
Total	429	6	71 489

3.11. HIV AND AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.11.1: Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
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>HIV/AIDS Counselling and Testing [HCT] and Wellness screenings were delivered in general. The outsourced Health and Wellness contract (Employee Health and Wellness Programme [EHWP]) provides employees and their immediate family members [it means the spouse or partner of an employee or children living with an employee] 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; and • Training, coaching and targeted Interventions where these were required.

Table 3.11.2: Details of Health Promotion and HIV and AIDS Programmes

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		Due to the corporatisation of the Employee Health and Wellness function, the Acting Director: Organisational Behaviour, Denver Heynes (Department of the Premier), fulfilled this role. Since 1 March 2013, the newly appointed Director: Organisational Behaviour, Ms. Reygana Shade, has been fulfilling this function.
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>The Corporate Services Centre (CSC) within the Department of the Premier provides a transversal service to eleven (11) participating departments, including the Department of the Transport and Public Works.</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, four (4) team members and one (1) intern who has since left the Directorate Organisational Behaviour in the fourth quarter for furthering her studies.</p> <p>Budget : R2,5 mil</p>

Question	Yes	No	Details, if yes
3. Has the department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/services of this Programme.	✓		<p>The Department of the Premier has entered into a service level agreement with ICAS [Service Provider] to render an Employee Health and Wellness Service to the eleven departments serviced by the Corporate Services Centre [CSC].</p> <p>The Department of the Premier conducted interventions namely, Managerial Induction, Employee Induction, Stress Management, Abuse and Sexual Health Awareness, Work Life Balance, Employee Advocacy Awareness, Personal Finance, Managerial Referral, Substance Abuse, Financial Wellbeing, Managerial Referral and Coaching for employees. These interventions were planned based on the trends reported quarterly through the Employee Health and Wellness Programme [EHWP] reports provided by the service provider, ICAS, for the period 2012/13. The reports were based on the utilisation of the EHW 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 the targeted departments, including managers and supervisors.</p> <p>The department of the Premier also provided information sessions, to inform employees of the EHW service and how to access the Employee Health and Wellness Programme [EHWP]. 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. Committee members are:</p> <ul style="list-style-type: none"> • Agriculture: M Ferreira and H Jordaan (DJ); • Community Safety: A Brink; Simon Sekwadi and C Coetzee; • Cultural Affairs: S Julies and D Flandorp; • Economic Development and Tourism: C Julies and P Martin; • Environmental Affairs and Development Planning: M Kroese and P Visser; • Health: S Newman and C Van Willing; • Human Settlements: J Roberts and S Moolman, T Jabaar; • Local Government: F Matthee and W Bingham; • Department of the Premier: D Heynes and Z Norushe; • Provincial Treasury: D Sass and S Sixuba; • Social Development: T Mtheku ; • Transport and Public Works: C Marx and K Love; and • Western Cape Education: R Oosthuizen and N Mxoli

Question	Yes	No	Details, if yes
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	✓		<p>The Transversal Management Framework for Employee Health and Wellness Programmes in the Western Government is in effect and was adopted by the Co-ordinating Chamber of the PSCBC for the Western Cape Province on 10 August 2005. DPSA has developed several national policy documents in 2007/08 that govern Employee Health and Wellness [EHW] in the Public Service and that coordinate 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. During the period under review, the Department of the Premier has developed a Transversal Employee Health and Wellness policy. The draft document is being consulted for ratification.</p> <p>Further to this, the Department of Health has currently approved the Transversal HIV and AIDS/STI Workplace Policy and Programme that will be applicable to all departments of the Western Government. The document is in line with the four pillars of the EHW Strategic Framework 2008.</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>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; and • Zero discrimination. <p>The department is conducting the HCT and Wellness screenings to ensure that every employee in the Departments of the Western Cape Government is tested for HIV and screened for TB, at least annually.</p> <p>The aim was to:</p> <ul style="list-style-type: none"> • Reduce HIV and TB discrimination in the workplace. This included campaigns against unfair discrimination and empowerment of employees; • Reduce unfair discrimination in access to services. This included ensuring that Employee Relations Directorate addresses complaints or grievances and provides training to employees; and • Other key elements that addressed anti HIV/AIDS discrimination issues were: Wellness Screenings and TB Testing Sessions with specific requests from departments were conducted, posters and pamphlets were distributed, HIV/AIDS counselling [HCT] and TB Testing were conducted, condom programme and spot talks, including [HIV/AIDS speak out programme] were conducted as well.

Question	Yes	No	Details, if yes
7. Does the department encourage its employees to undergo voluntary counselling and testing (VCT)? If so, list the results that you have achieved.	✓		HCT SESSIONS The following screening sessions were conducted: Blood pressure, Glucose, Cholesterol, TB, BMI [body mass index] and spot talks. <ul style="list-style-type: none"> The Department of Transport and Public Works participated in 18 HCT and Wellness screenings; 435 Employees were tested and counselled for HIV, Tuberculosis and Sexually Transmitted Infections (STI's) and; There were 17 clinical referrals for TB, HIV or any other STIs.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	✓		The impact of health promotion programmes is indicated through information provided through the Employee Health and Wellness Contract (external EAP service provider). 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 2012 – 2013 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. 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.

3.12. LABOUR RELATIONS

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

Table 3.12.1: Collective agreements

Total collective agreements	None
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Table 3.12.2 summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.12.2: Misconduct and disciplinary hearings finalised

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0.0
Verbal warning	0	0.0
Written warning	0	0.0
Final written warning	0	0.0
Suspension without pay	0	0.0

Fine	0	0.0
Demotion	0	0.0
Dismissal/ desertion	0	0.0
Not guilty	1	100.0
Case withdrawn	0	0.0
Total	1	100.0
Percentage of total employment		0.7

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

Table 3.12.3: Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Attempted Theft	1	100.0
Total	1	100.00

Table 3.12.4: Grievances lodged

Grievances lodged	Number	% of total
Number of grievances resolved	1	100.0
Number of grievances not resolved	0	0.0
Total number of grievances lodged	1	100.0

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 3.12.5: Disputes lodged with Councils

Disputes lodged with Councils	Number	% of total
Number of disputes upheld	0	0.0
Number of disputes dismissed	0	0.0
Total number of disputes lodged	0	0.0

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

Table 3.12.6: Strike actions

Strike actions	Number
Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Table 3.12.7: Precautionary suspensions

Precautionary suspensions	Number
Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspensions	0

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

3.13. SKILLS DEVELOPMENT

This section highlights the efforts of the Department with regard to skills development. Table 3.13.1 reflects the training needs as at the beginning of the period under review, and Table 3.13.2 reflects/provides the actual training provided.

Table 3.13.1: Training needs identified

Occupational Categories	Gender	Number of employees as at 1 April 2012	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	0	0	0	0	0
	Male	0	0	1	0	1
Professionals	Female	1	0	9	0	9
	Male	0	0	2	0	2
Technicians and associate professionals	Female	3	0	0	0	0
	Male	11	0	16	0	16
Clerks	Female	31	0	3	0	3
	Male	24	0	28	0	28
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	14	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	6	0	3	0	3
Elementary occupations	Female	1	0	0	0	0
	Male	8	0	2	0	2

Sub Total	Female	36	0	12	0	12
	Male	66	0	52	0	52
Total		102	0	64	0	64
Employees with disabilities	Female	0	0	0	0	0
	Male	3	0	0	0	0

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

Table 3.13.2: Training provided

Occupational Categories	Gender	Number of employees as at 31 March 2013	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Professionals	Female	1	0	4	0	4
	Male	1	0	0	0	0
Technicians and associate professionals	Female	4	0	2	0	2
	Male	11	0	2	0	2
Clerks	Female	29	0	29	0	29
	Male	32	0	14	0	14
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	11	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	7	0	0	0	0
Elementary occupations	Female	1	0	0	0	0
	Male	6	0	1	0	1
Sub Total	Female	35	0	35	0	35
	Male	71	0	17	0	17

Total		106	0	52	0	52
Employees with disabilities	Female	0	0	0	0	0
	Male	3	0	0	0	0

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

3.14 Injury on Duty

Table 3.14.1 provides basic information on injury on duty.

Table 3.14.1: Injury on duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0.0
Temporary disablement	2	100
Permanent disablement	0	0.0
Fatal	0	0.0
Total	2	100
Percentage of total employment		1.4

3.15. UTILISATION OF CONSULTANTS

Table 3.15.1: Utilisation of consultants/private contractors

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON THE PROJECT	WORKING DAYS	AMOUNT SPENT IN VALUE IN RAND	TOTAL NUMBER OF PROJECTS	% OWNERSHIPS BY BBSEE GROUP	% MANAGEMENT BY BBSEE GROUPS	NUMBER OF CONSULTANTS FROM BBSEE GROUP THAT WORK ON THE PROJECT	BBSEE VALUE IN RAND
* Electronic systems implementation, development, configuration and maintenance services	24	5 134	R 27 844 000	1	100	100	8	R 8 420 279
Accounting services	5	388	R 4 042 490	5	0	0	0	R 0
Total			R 31 886 490					R 8 420 279

This fee include capitalised costs

NOTES:

1. ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

Statement of Responsibility for the Annual Financial Statements for the year ended 31 March 2013

The Accounting Office is responsible for the preparation of the trading entity's annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflect the operations of the trading entity for the financial year ended 31 March 2013.

The external auditors are engaged to express an independent opinion on the AFS of the trading entity.

Government Motor Transport's AFS for the year ended 31 March 2013 have been examined by the external auditors and their report is presented on page 80.

The Annual Financial Statements of Government Motor Transport set out on page 83 to page 133 have been approved.



CJ Fourie
ACCOUNTING OFFICER

Date: 31 May 2013

2. REPORT OF THE ACCOUNTING OFFICER

2.1 Introduction

The purpose of this report is to highlight and discuss specific financial matters for the period under review.

2.2 General review of the state of financial affairs

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

GMT's mandate

All GMT's 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 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. The findings have been released and are under review by the Provincial Treasury. 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.

Accrual accounting

In terms of Treasury Regulation 18.2 the AFS of trading entities such as GMT must conform to relevant reporting standards. GMT recorded all financial transactions prior to 1 April 2011 on the transversal BAS system. This was a cash based system which was utilised by government.

With effect from 1 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 GAAP requirements. Furthermore, GMT must manage its own bank account and cash flow requirements. GMT currently makes use of Interns and contract appointments until

such time as the re-engineered structure is approved. Approval should be obtained during the 2013/14 financial year.

To strengthen capacity in the financial environment, GMT appointed a Chartered Accountant on a contractual basis. This assisted in GAAP related issues and the preparation of the AFS.

Overview of the 2012/13 Annual Financial Statements

a) Statement of Financial Performance

Revenue increased by 17.9% to R 460.7 mil (2011/12: R 390.7 mil). This increase is a combined result of the annual tariff increase which was applied from 1 April 2012; an increase in the number of kilometres travelled by the fleet as well as an increase in the interest earned on the finance lease receivables. The interest earned increased as result of the higher capital outstanding on the finance lease receivable due to the higher number of vehicles being replaced during the year under review.

Other income increased by 10.6% to R 50.2 mil (2011/12: R 45.4 mil). This was due to an increase in grant revenue received with regards to additional vehicles purchased during the year and an increase in the profit on the sale of vehicles.

The total expenditure increased by 18.7% to R 348 mil (2011/12: R 293.1 mil). Annual increases combined with the reasons stated below for the main classes of expenditure contributed to the increase:

The operating expenditure increased by 14.7% to R 269.9 mil (2011/12: R 235.2 mil). This class of expenditure includes the maintenance, repair and running costs of the fleet, fuel, contractor and auditors fees and tracking costs. Maintenance, repair, running and fuel costs increased by R 18.9 mil due to the significant increase in the fuel price as well as the higher number of kilometres travelled by the vehicle fleet. Contractor fees increased due to expansion and improvement in the information systems used by GMT. Audit fees increased due to the additional assurance procedures performed during the 2011/12 audit with the reclassification of vehicle leases.

The staff costs increased by 15.5% to R 23.6 mil (2011/12: R 20.5 mil). More staff was appointed to cope with increased work load.

The administrative expenditure increased by 27.8% to R 17.8 mil (2011/12: R 14 mil). This is due to the increase in hosting fees as a result of the expansion and improvement in the information systems.

Depreciation increased by 13.6% to R 16.7 mil (2011/12: R 14.7 mil). An increase in the general hire vehicle replacement resulted in a higher carry value of the PPE vehicles and an increase in the depreciation.

Operating lease expenditure on vehicle tracking units and office equipment increased from R 4 mil in 2011/12 to R 14.2 mil. Tracking units from AFSOL were reclassified as operating leases during the previous financial year thus the increase in the expense.

The net profit for the year increased by 27.6% to R 186.7 mil (2011/12: R 146.3 mil). The increase in the net profit percentage from 33.3% to 34.9% was mainly due to the interest earned on finance lease receivables and bank account included in the revenue. Interest earned on finance lease receivables increased as GMT replaced a higher number of fleet

vehicles resulting in a higher capital balance on which the interest earned on receivables is calculated. DTPW transferred the balance of the trading account to GMT during March 2012. GMT earned interest on this account for 2012/13.

b) Statement of Financial Position

The increase in non-current assets from R 556.6 mil to R 766.1 mil was largely due to the increase in the carry value of the PPE and finance lease receivables. Capital commitments of R 162.7 mil as at 31 March 2013 represents vehicles ordered but not yet delivered at year-end.

Current Assets decreased from R 672 mil in 2011/2012 to R 623.4 mil in 2012/13. This was largely due to the decrease in cash and cash equivalents and the short-term portion in finance lease receivables.

The Accumulated Surplus/Total Equity increased from R 1.2 billion as at 31 March 2012 to R 1.35 billion as at 31 March 2013.

c) Cash Flow Statement

The cash and cash equivalents decreased from R 525 mil on the 31 March 2012 to R 502.9 mil as at 31 March 2013. The decrease is due to the increase in net cash outflow in operating and investing activities. Net cash flows from operating activities decreased by R 418.5 mil compared to 2011/12 due to the transfer of cash from DTPW to GMT's own bank account in 2011/12 financial year.

Cash outflows from investing activities increased by R 128.9 mil. This is due to the acquisition of PPE, Intangible assets and vehicles classified as finance lease receivables. GMT has the intension to decrease the average life of its vehicle fleet thus the acquisition of general hire vehicles included under PPE and the vehicles classified and finance lease receivables. The information systems used by GMT need to be improved to cater for improved fleet management and thus the development costs capitalised on the intangible assets.

c) Significant accounting for errors

This is the restatement of the comparative figures as disclosed in the 2012/13 financial statements.

Recognition of revenue

Revenue is restated by R 117.9 mil due to interest earned on finance lease receivables being reclassified from interest earned during 2012/13.

Interest Earned

Interest earned is restated by R 119.5 mil due to interest earned on the outstanding balance of the finance lease receivables being reclassified as revenue during the current financial year as well as the write-off of interest earned on outstanding accounts receivable balances as reported previously.

Loss on Sale of vehicles

The total of the loss on sale of vehicles was restated by R 1.1 mil due to non-current assets held for sale which were classified as permanently allocated vehicles were moved back to GMT from client departments.

Income received in Advance

The income received in advance was restated at R 18 mil and unspent grants was restated by R 10.2 mil as errors were corrected during the 2012/13 financial year.

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 rather than operating leases. The short term portion of finance lease receivables was restated by R 1.1 mil to vehicles reclassified as finance leases rather than operating leases.

Accounts Receivable

Accounts receivable was re-stated by R 4.7 mil due to wright-off of interest earned in the previous financial year of R 1.6 mil and R 3.1 mil due to the reclassification of recoverable claims to income received in advance.

2.3 Service rendered

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 4 942 vehicles in the fleet. 598 vehicles are allocated to GMT and included in PPE in GMT's AFS as at 31 March 2013. At year end a total of 720 vehicles were not delivered as yet. The fleet allocation is depicted in **Table 2.3.1** below:

Table 2.3.1: Fleet allocation

Provincial Departments (86% of the fleet)	Quantity
Agriculture	238
Cape Nature	160
Community Safety	385
Cultural Affairs & Sport	93
Economic Development & Tourism	28
Education	518
Environmental Affairs & Development Planning	43
Health	1 689
Human Settlements	76
Local Government	28
Parliament	5
Premier	121
Social Development	390
Transport and Public Works	124
Treasury	22

Government Motor Transport (General Pool)	598*
SUB TOTAL	4 518
National Departments (14% of the fleet)	Quantity
Agriculture, Forestry and Fisheries (The Marine Living Resources Fund)	129
Home Affairs	26
Justice and Constitutional Development	131
Mineral Resources	1
Parliament	3
Prosecuting Authority	5
Public Service Commission	1
Public Works	6
Rural Development and Land Reform	23
South African Social Security Agency (SASSA)	99
SUB TOTAL	424
GRAND TOTAL	4 942

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

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 2013/14.

Free services

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

Inventories

Refer to the notes to the AFS.

2.4 Capacity constraints

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 2012/13 financial year and recovered the same day.

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 108 mil kilometres and consuming 11,5 mil litres of fuel. The concern is that a total of 5 016 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. Remedial action is constantly developed and updated and heads of client departments are regularly provided with risk reports for corrective action.

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.

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 to assist with the systems.

The expert knowledge and skill of the contracted Chartered Accountants to assist with the preparation of the Annual Financial Statements will be phased out.

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. A total amount of R 1 mil was charged in the year under review.

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 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 e.g. odometer reading capturing to streamline the billing process. Furthermore, a Systems Forum was introduced to establish a formal communication channel with the Transport Control Officers (TCO's) in order to improve the utilisation of the FleetMan Client Module functionality.

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 Paarden Eiland 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 parent department has now acquired a suitable premise to re-establish GMT as a whole.

2.5 Utilisation of donor funds

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

2.6 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.

2.7 Organisations to whom transfer payments have been made

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

2.8 Public private partnerships (PPP)

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

2.9 Corporate governance arrangements

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 2012/13. These plans establish the

measurable objectives expected to be achieved in the financial year ending 2012/13. 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.

To give effect to the principles of ethics, the principles and standards for ethical supply chain management to guide supply chain practitioners decisions and actions was developed. In addition, all SCM practitioners disclosed their financial interest as well as declared their interest pertaining to each supply chain transaction.

It is the firm belief of the Department that ethics drives behaviour and conduct and as such the Department subscribes to a set of codes of conduct referred to in Part C of the Annual Report: Code of Conduct.

All Senior Management Service Members complied with the Financial Disclosure Framework through the timely submission of Financial Disclosures.

Acceptance of gifts is governed by, *inter alia*, the Acceptance and Declaration of Gifts in the Western Cape Government directive, issued by the Department of the Premier.

The Department enforces the requirement that all officials who do remunerative work outside of the Public Service receive approval in accordance with the Western Cape Government Policy on Remunerative Work Outside the Public Service.

The Department has an effective and fully implemented whistle-blowing policy. The subject of Whistle Blowing is also included in the Departmental Fraud Prevention Policy.

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 2012 to 31 March 2013.

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

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 2012/13 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 2012/13 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 Department is served by the Transport and Public Works Audit Committee, and all members are independent members, appointed by the Accounting Officer in consultation with the Executive Authority. The Audit committee operates in terms of an approved Terms of Reference.

The Audit Committee membership was also increased from three to five members.

The Audit Committee meets at least on a quarterly basis to give effect to its responsibilities as per the approved Terms of Reference. The Audit Committee further meets privately with the Executive Authority and Accounting Officer to discuss matters of concern. The Audit Committee meets with the external auditor quarterly.

Oversight was conducted on specific 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;
- Annual financial statements;
- Irregular, fruitless and wasteful and unauthorised expenditure reports;
- Departmental Corporate Governance Improvement Plan;
- 3-year Rolling Strategic Internal Audit Plan;
- Internal Audit Operational Plan and reports;
- Enterprise Risk Management plans and reports;
- Fraud Investigative Unit reports;
- Annual report;
- Auditor-General's Audit Strategy; and
- Auditor-General's Management Reports and Report.

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 Auditing continued to be offered independently by the Shared Internal Audit Activity that was corporatised to the Corporate Services Centre in the Department of the Premier.

In line with the PFMA and King III the Internal Audit Activity provides the Audit Committee and management with assurance that the internal controls relating to governance, risk management and control processes are adequate and effective. Consistent with the PFMA and King III, a risk-based 3-Year Rolling Strategic and Annual Operational Internal Audit Plan was approved by the Audit Committee, and the Audit Committee monitored the execution of the operational plan and management's implementation of corrective actions.

No further funding was made available for the increase of Internal Audit capacity and this year the focus was on the optimal utilisation of the existing resources.

Internal Audit continues to recognise the role played by other assurance providers and envisage a combined assurance approach for the next year which will ensure that internal audit resources are applied to the most relevant risk areas.

5. Governance of risks

Refer to Part C of the Annual Report.

6. Governance of Information Communication Technology (ICT)

The Centre for e-Innovation is corporatised in the Corporate Service Centre in the Department of the Premier. The relationship between the Department and the Centre for e-Innovation 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. The Framework is aligned to the King Code of Governance for South Africa.

The Chief Information Officer (CIO), vested in the Department of the Premier, has oversight of internal governance structures and is the bridge between IT and the Department.

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 discharging of his responsibilities, an IT Steering Committee, comprising of representatives from both the Department (business) and the Centre for e-Innovation (IT) is maintained. The said committee is known as the Departmental IT Committee (DITCOM).

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. The ICT Plan articulates the Departmental ICT mandate and strategy, and fully addresses issues of ICT architecture. This strategy is supported with an implementation plan that outlines the prioritised strategic ICT initiatives of the Department.

GMT utilised electronic systems to manage its fleet and financial activities. The external resources that supply specialised IT services are regulated with a yearly entered Service Delivery Agreement describing the functions and hourly rate payable. A Project Management Office (PMO) was maintained to management Systems Project related activities which follows a formal Project Life Cycle (PLC). Furthermore, a Systems Maintenance Lifecycle Document (SMLD) listing all maintenance tasks to improve and maintain the systems, was compiled and approved by the GMT Management with effect from 1 April 2012. These tasks or activities are managed via an Incident Management System by means of assigned work packages. Each resource recorded the time spent on tasks into an Electronic Time Management Module in FleetMan where after it was reconciled with the particular tasks as per registered Projects and SMLD. These time sheets were verified on a monthly basis by the System Administrator before being 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; 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.

7. Compliance with laws, rules, codes and standards

Apart from Internal Audit, the division Financial Control, the division Supply Chain Management Performance and Compliance as well as the Monitoring and Evaluation Directorate are the key structures that assist the Accounting Officer with measuring compliance in relation to Financial Management, Supply Chain Management and Performance Management matters.

8. Governing stakeholder relationships

The Department acknowledges that managing stakeholder perceptions and relationships is an integral part of the operations of the Department, particularly with the increased emphasis on service delivery. Key stakeholders include, but are not limited to, merchants (service providers), road users, motorists and client departments. Communications with these stakeholders occur through media, workshops, surveys, advertisements, public participation processes, events, seminars, etc. The main aim of the aforementioned communication activities is to consult, inform, promote, obtain feedback and provide access to services.

GMT upholds environmental integrity, sustainability and maximises sustainable resource use through the intensifying of energy efficiency measures and utilisation of green technology. In support of this effort the Department is registered with the Green Council of South Africa.

9. Integrated reporting and disclosures

Appropriate systems and processes are in place to produce integrated reports that give a complete picture of the Department's financial and non-financial profiles in a holistic and reliable manner; and which also reflect 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;
- 5-Year 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 (quarterly) and annual financial statements;
- Irregular, fruitless and wasteful and unauthorised expenditure reports;
- Fraud Investigative Unit reports;
- Enterprise Risk Management reports; and
- 30 day payment monitoring reports.

10. 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;
- 5-year 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 (quarterly) and annual financial statements;
- Irregular, fruitless and wasteful and unauthorised expenditure reports;
- Fraud Investigative Unit reports;
- Enterprise risk Management reports; and
- 30-day payment monitoring reports.

2.10 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 2.10.1** below:

Table 2.10.1: 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

2.11 Inventories

The total inventories on hand at year-end are included in the AFS. All stores were disclosed.

2.12 Information on predetermined objectives

The following processes are in place in the department (DPTW) that includes GMT to report and record the information on pre-determined objectives:

- The Department has and maintains an approved M&E Manual for the Management of Performance Information, as required by NTR 5.3.1;
- The Department manages the compilation of the Quarterly Performance Reports (QPR) through the ECM System Workflow process. This process provides an automated distribution solution that ensures the optimization and standardization of the QPR process. provides a secure repository for QPR information and minimises the risk of lost or strayed documentation;
- Upon completion of the QPR workflow, M&E conducts a data analysis. This analysis involves the performance per objective for the period under review; performance indicators, and related reasons for poor performance for the quarter/year; performance projection for year-end; an assessment of the probability of a Sub-Programme to meet or miss its planned target performance; a cursory correlation assessment between actual performance and budget spent. All of the information is collated and presented to Top Management of the Department in the form of a QPR Technical Assessment Report. The QPR workflow on ECM provides for line managers to upload relevant POE for reported information. This allows for Responsibility managers to assess the evidence for reported information before approving and authorising the data for publication. Electronic storage of POE's Improves quality of the information, making it more secure, preserving the content, and ensuring it meets identified recordkeeping requirements. The Directorate: M&E conducts a verification and validation process of all received programme performance information in the quarter following the reported data, to ensure that an acceptable POE exists. The Directorate: M&E prepares the POE Assessment Report containing the findings and recommendations on the quality of the POE (based on the criteria of validity, accuracy and completeness) any discrepancies between reported performance data and the substantiating evidence. The finalised POE Assessment Report is mediated with Chief Programme Managers, Programme/Responsibility Managers to ensure that the findings and recommendations are taken into consideration and addressed;
- Governance and accountability rules were entrenched in the Technical Indicator Detailed Definition document (Annexure E) of the Annual Performance Plan whereby all performance indicators were further defined

- and classified according to the elements of equity, effectiveness, efficiency and economy; and
- The Senior Management Service echelon of the department received training specific to the preparation of audits on performance information. Similar training interventions are planned to be further provided to the Middle Management Service staff.

2.13 Standing Committee on Public Accounts (SCOPA) - Resolutions

The Table below reflects the Report of the Standing Committee on Public Accounts (SCOPA) dated 10 December 2012 for the financial year ending 31 March 2012 together with the findings and status of progress.

RELEVANCE TO PREVIOUS AUDIT REPORT	SUBJECT/RESOLUTIONS	FINDINGS ON PROGRESS
	7.1 The Committee resolved that:	
<p>"Human Resource Management" (Paragraphs 18 and 19). The Committee is concerned about the deficiencies highlighted by the AG in respect of employees being appointed without verification of claims made in their applications, in contravention of Public Service Regulation 1/V11/D.8 and the implementation of effective measures to ensure that employees do not abuse sick leave, as required by Public Service Regulation 1/V/F(c).</p>	<p>7.1.1 The Entity implements effective measures and procedures to address these concerns and prevent recurrence, reporting on these to the Committee;</p>	<p><u>Verification of claims:</u> Project PT 10/2012-2013 within the Departmental Corporate Governance Improvement Plan 2012-2013 includes remedial actions to be taken in respect of the verification of information supplied by applicants prior to the appointment.</p> <p>NOTE: Supporting documentation captured on a CD was submitted to the Committee on 17 April 2013.</p> <p><u>Abuse of sick leave:</u> The Department of Public Service and Administration issued a directive on leave of absence in the public service referring to the eight (8) week rule with regard to normal sick leave dated August 2012.</p> <p>Project AG GMT P09/2012-2013 within the Departmental Corporate Governance Improvement Plan 2012-2013, contained in the CD referred to earlier, also addresses the matter as highlighted by the Auditor-General of South Africa.</p> <p>Furthermore, the Corporate Service Centre is also addressing above issues in the Governance Action Plan.</p>

<p>"Leadership" (Paragraph 24). The Committee is concerned that 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 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.</p>	<p>7.1.2 The Department briefs the Committee on how it plans to detect and prevent a recurrence of this nature;</p>	<p>Noted</p>
<p>Information Systems Audit Findings The Committee shares the various concerns raised in the Auditor-General's report and in the briefing documents presented to the Committee, that are based on the final management report to the Department, relating, inter alia, to the design and implementation of an IT Governance Framework, Formal control over IT systems, IT Service continuity, User access control, Programme Change Management, Security management to ensure the reliability of the systems and the availability, accuracy and protection of information.</p>	<p>7.1.3 The Entity closely with the Department of the Premier (Directorate: CE-I) to ensure the implementation of a mechanism which addresses the concerns raised, and</p> <p>7.1.4 The Entity presents its plan to address the concerns raised by the Auditor-General to the Committee.</p>	<p>The matter has been put on the agenda of the Departmental IT Committee (DITCOM).</p> <p>Furthermore, the Departmental Corporate Governance Improvement Plan (DCGIP) 2012-2013 addresses the concerns raised in the Auditor-General's report with the following projects contained in the CD referred to earlier:</p> <p>AG P14/2012-2013</p> <p>PT P03/2012-2013</p> <p>PT P04/2012-2013</p> <p>PT P11/2012-2013</p> <p>AG GMT P11/2012-2013</p> <p>Noted, the following mitigating controls have been implemented by Government Motor Transport:</p> <ul style="list-style-type: none"> • Security Management and Standards; • Password length settings; • Password history settings • Lockout duration and threshold settings; • Password complexity

		<p>settings.</p> <ul style="list-style-type: none"> • Umask settings; • User access clean-up process and amendment of the User Access and Password Policy; • Disaster Recovery; • Management Process; and • A Disaster Recovery environment with on-line replication has been completed and tested. The Disaster Recovery is fully operational since 31 March 2013 with on-line replication which has been completed and tested.
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2.14 Exemptions and deviations received from the National Treasury

No exemptions or deviations were received from National Treasury.

2.15 Interim Financial Statements

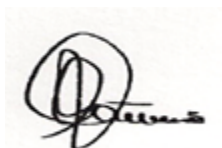
Interim Financial Statements for the period ending 30 September 2012 were submitted timely to the Provincial Treasury, as required by Treasury Circular 27/2011. It was reviewed by the Provincial Accountant General's Office against the trial balances and it was confirmed by Provincial Treasury that the requirements were met and no discrepancies were identified.

2.16 Other

There is no other material fact or circumstances to be reported, which may have an effect on the understanding of the financial state of affairs, not addressed elsewhere in this report.

2.17 Approval

The Annual Financial Statements set out on pages 83 to 133 have been approved by the Accounting Officer.



CJ Fourie
Accounting Officer

Date: 31 August 2013

3. 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 83 to 133, which comprise the statement of financial position as at 31 March 2013, 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 and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (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 2004) (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 2013, 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.

Emphasis of matter

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

Restatement of corresponding figures

8. As disclosed in note 35 to the financial statements, the corresponding figures for 31 March 2012 have been restated as a result of errors discovered during the 2012-13 financial year in the financial statements of Government Motor Transport at, and for the year ended, 31 March 2012.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. 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

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual report on performance information as set out on pages 17 to 33 of the annual report.
11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability of the objectives selected for auditing. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned 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*.
12. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
13. There were no material findings on the annual report on performance information concerning the usefulness and reliability of the information.

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.
15. I did not identify any instances of 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.

Internal control

16. I considered internal control relevant to my audit of the financial statements, performance information and compliance with laws and regulations.
17. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

Auditor-general

Cape Town
31 July 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

4. ANNUAL FINANCIAL STATEMENTS

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	Notes	2012/13 R'000	Restated 2011/12 R'000	Restated 01/04/2011 R'000
EQUITY AND LIABILITIES				
Net Assets				
Retained Earnings		1 350 014	1 156 011	1 001 745
Total equity		1 350 014	1 156 011	1 001 745
Non-current liabilities				
Finance lease payables	1	-	85	2 467
Provisions	2	1 619	1 801	1 753
Total non-current liabilities		1 619	1 886	4 220
Current liabilities				
Finance lease payables	1	85	213	3 318
Income Received in Advance	3	1 151	15 444	9 511
Unspent Grants	4	30 592	45 497	21 359
Trade and other payables	5	4 306	7 929	4 531
Provisions	6	1 851	1 561	1 318
Total current liabilities		37 985	70 645	40 037
Total liabilities		39 604	72 530	44 257
Total equity and liabilities		1 389 619	1 228 542	1 046 002
ASSETS				
Non-Current Assets				
Property, plant and equipment	7	164 590	109 798	83 711
Intangible assets	8	60 289	32 132	28 864
Finance lease receivables	9	541 245	414 632	377 251
Total non-current assets		766 125	556 562	489 826
Current Assets				
Inventory	10	47	40	61
Accounts receivable	11	43 545	47 484	32 636
GMT trading account		-	-	407 626
Cash and cash equivalents	12	502 917	525 088	5 158
Finance lease receivables	9	72 117	98 504	108 142
Non-current assets held for sale	13	4 868	864	2 553
Total current assets		623 494	671 980	556 176
Total Assets		1 389 619	1 228 542	1 046 002

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	2012/13 R'000	Restated 2011/12 R'000
REVENUE			
Revenue	14	460 683	390 688
Other Income	15	50 175	45 382
Interest Earned	16	23 927	3 323
Total Revenue		534 785	439 392
EXPENDITURE			
Administrative expenses	17	(17 830)	(13 953)
Staff costs	18	(23 633)	(20 458)
Operating expenditure	19	(269 861)	(235 215)
Depreciation	20	(16 681)	(14 681)
Amortisation	21	(4 530)	(3 678)
Finance costs	22	(35)	(482)
Accidents and losses	23	(1 267)	(655)
Operating leases	30	(14 204)	(3 970)
Total Expenditure		(348 041)	(293 092)
PROFIT FOR THE YEAR		186 743	146 300

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2013**

Description	Retained earnings	Total equity
	R'000	R'000
Balance at 31 March 2011	1 006 956	1 006 956
Correction of errors (Note 35)	(5 211)	(5 211)
Restated balance	1 001 745	1 001 745
Changes in equity for the year ended 31 March 2012		
Correction of errors (Note 35)	7 966	7 966
Profit for the year ended 31 March 2012	146 300	146 300
Balance at 31 March 2012	1 156 011	1 156 011
Changes in equity for the year ended 31 March 2013		
Correction of errors (Note 35)	7 260	7 260
Profit for the year ended 31 March 2013	186 743	186 743
Balance at 31 March 2013	1 350 014	1 350 014

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2012/13 R'000	Restated 2011/12 R'000
Cash receipts from customers		522 057	429 188
Cash paid to suppliers and employees		(343 860)	188 511
Cash generated from operations	24	178 197	617 699
Interest received		23 927	3 323
Interest paid		(35)	(482)
NET CASH FROM OPERATING ACTIVITIES		202 089	620 540
CASH FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		22 080	(4 414)
Acquisition of property, plant and equipment		(113 214)	(56 020)
Intangible assets - development cost capitalised		(32 688)	(6 947)
Investment in Finance lease receivables		(100 226)	(27 743)
NET CASH FROM INVESTING ACTIVITIES		(224 047)	(95 124)
CASH FROM FINANCING ACTIVITIES			
Finance lease repayments		(213)	(5 486)
NET CASH FROM FINANCING ACTIVITIES		(213)	(5 486)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(22 171)	519 930
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR		525 088	5 158
CASH AND CASH EQUIVALENTS - END OF THE YEAR	25	502 917	525 088

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
1 FINANCE LEASE PAYABLES		
Finance Lease Payables	85	298
Sub-total	85	298
Less: Current Portion transferred to Current Liabilities:-	85	213
Finance Lease Payables	85	213
Total Finance lease payables	-	85

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

1.1 Obligations under Finance Lease Payables

GMT as Lessee:

Finance Leases relate to vehicle tracking units with lease terms of 5 years (2012: 5 years). The effective annual interest rate on Finance Leases is between 7.81% and 22.93% (2012: 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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2012/13 R'000	2011/12 R'000	2012/13 R'000	2011/12 R'000
Amounts payable under finance leases:				
Within one year	91	249	85	213
In the second to fifth years, inclusive	-	91	-	85
Over five years	-	-	-	-
	<u>91</u>	<u>340</u>	<u>85</u>	<u>298</u>
Less: Future Finance Obligations	6	42	-	-
Present Value of Minimum Lease Obligations	<u>85</u>	<u>298</u>	<u>85</u>	<u>298</u>
Less: Amounts due for settlement within 12 months (Current Portion)			85	213
Finance Lease Payables due for settlement after 12 months (Non-current Portion)			<u>-</u>	<u>85</u>

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

- Property, Plant and Equipment (Tracking Units)

Included in these classes are the following significant leases:

- (i) Digicore Vehicle Tracking Units Batch no. 32
 - Instalments are payable monthly in advance
 - Average effective interest rate 22.93%
 - Average monthly instalment (Rands only) R 3 269
 - Annual escalation 10.00%
- (ii) Digicore Vehicle Tracking Units Batch no. 31
 - Instalments are payable monthly in advance
 - Average effective interest rate 11.14%
 - Average monthly instalment (Rands only) R 2 615
 - Annual escalation 10.00%

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
2 NON-CURRENT PROVISIONS		
Capped leave pay:		
Opening balance	1 801	1 753
Provisions made/(redeemed) during the year	(182)	133
Less: Current portion transferred to current liabilities	-	(86)
	1 619	1 801

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 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	1 151	15 444
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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 either be repaid or be applied towards revenue within 12 months after year-end.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
4 UNSPENT GRANTS		
Grants from Provincial Departments	29 980	44 970
Department of Agriculture	-	433
Department of Community Safety	5 089	3 881
Department of Cultural Affairs and Sport	74	74
Department of Economic Development and Tourism	41	-
Department of Environmental Affairs and Development Planning	18	18
Department of Health	23 229	29 519
Department of Human Settlements	253	253
Department of the Premier's Office	731	2 935
Provincial Treasury	-	-
Department of Social Development	539	6 171
Department of Transport and Public Works	6	1 686
Western Cape Provincial Parliament	-	-
Grants from National Departments	612	527
Department of Justice	612	527
	30 593	45 497
4.1 Grants from Provincial Departments:		
4.1.1 Department of Agriculture		
Balance unspent at beginning of year	433	1 060
Current year receipts	-	742
Conditions met - transferred to Revenue	(456)	(1 369)
Transferred to Accounts Receivable	23	-
	-	433
4.1.2 Department of Community Safety		
Balance unspent at beginning of year	3 881	4 106
Current year receipts	5 260	3 185
Conditions met - transferred to Revenue	(4 052)	(3 410)
	5 089	3 881
4.1.3 Department of Cultural Affairs and Sport		
Balance unspent at beginning of year	74	513
Current year receipts	-	-
Conditions met - transferred to Revenue	-	(438)
	74	74

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
4.1 Grants from Provincial Departments (continued):		
4.1.4 Department of Economic Development and Tourism		
Balance unspent at beginning of year	-	-
Current year receipts	1 000	-
Conditions met - transferred to Revenue	(959)	-
	41	-
4.1.5 Department of Environmental Affairs and Development Planning		
Balance unspent at beginning of year	18	18
Current year receipts	-	-
Conditions met - transferred to Revenue	-	-
	18	18
4.1.6 Department of Health		
Balance unspent at beginning of year	29 519	9 131
Current year receipts	10 129	34 870
Conditions met - transferred to Revenue	(16 419)	(14 482)
	23 229	29 519
4.1.7 Department of Human Settlements		
Balance unspent at beginning of year	253	659
Current year receipts	-	9
Conditions met - transferred to Revenue	-	(415)
	253	253
4.1.8 Department of the Premier		
Balance unspent at beginning of year	2 935	1 515
Current year receipts	-	5 539
Conditions met - transferred to Revenue	(2 204)	(4 119)
	731	2 935
4.1.9 Provincial Treasury		
Balance unspent at beginning of year	-	619
Current year receipts	-	-
Conditions met - transferred to Revenue	-	(619)
	-	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
4.1 Grants from Provincial Departments (continued):		
4.1.10 Department of Social Development		
Balance unspent at beginning of year	6 171	2 610
Current year receipts	-	5 940
Conditions met - transferred to Revenue	(5 632)	(2 379)
	539	6 171
4.1.11 Department of Transport and Public Works		
Balance unspent at beginning of year	1 686	-
Current year receipts	-	1 686
Conditions met - transferred to Revenue	(1 680)	-
	6	1 686
4.1.12 Western Cape Provincial Parliament		
Balance unspent at beginning of year	-	415
Current year receipts	-	-
Conditions met - transferred to Revenue	-	(468)
Transferred to Accounts Receivable	-	53
	-	-
4.2 Grants from National Departments:		
4.2.1 Department of Justice		
Balance unspent at beginning of year	527	714
Current year receipts	1 639	1 326
Conditions met - transferred to Revenue	(1 553)	(1 513)
	612	527

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
5 TRADE AND OTHER PAYABLES		
Trade creditors	3 852	7 518
Sundry creditors	433	399
Operating lease liability (See note 30)	20	12
	4 306	7 929

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.

6 CURRENT PROVISIONS

Personnel expense related commitments:

Performance & annual bonuses	907	887
Overtime, staff leave, 20/30 year service and acting allowances	944	588
Current portion of non-current provisions	-	86
	1 851	1 561

Commitments

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

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

The movement on current provisions are reconciled as follows:

31 March 2013:	Performance & annual bonuses	Overtime, staff leave & 20/30 year service	Non current provisions	Total
Balance at beginning of year	887	588	86	1 561
Contributions to provision	907	444	-	1 351
Transfer from non-current	-	-	-	-
Expenditure incurred	(887)	(88)	(86)	(1 061)
Balance at end of period	907	944	-	1 851

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

7 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)	(9 930)	(14 681)
Impairment 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	107 993	109 798
Gross carrying amount	13 167	157 480	170 646
Accumulated depreciation:	(11 362)	(48 777)	(60 139)
Accumulated impairment losses	-	(709)	(709)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

7 PROPERTY, PLANT AND EQUIPMENT

31 March 2013

Reconciliation of Carrying Value

Description	Plant and equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2012	1 760	107 993	109 753
Gross carrying amount	13 167	157 480	170 646
Accumulated depreciation:	(11 362)	(48 777)	(60 139)
Accumulated depreciation (correction):	(45)	-	(45)
Accumulated impairment losses	-	(709)	(709)
Additions at cost	1 645	111 308	112 953
Take in assets	246	-	246
Depreciation:	(834)	(15 848)	(16 682)
Impairment losses	(13)	(121)	(134)
Stolen vehicles - recovered	-	15	15
Cost	-	15	15
Accumulated depreciation	-	-	-
Carrying value of disposals:	(25)	(16 190)	(16 215)
Cost	(30)	(47 018)	(47 048)
Accumulated depreciation	5	30 827	30 832
Alienated	-	(569)	(569)
Cost	-	(569)	(569)
Accumulated depreciation	-	-	-
Vehicles moved from Departments to GMT	-	14 574	14 574
Cost	-	34 943	34 943
Accumulated depreciation	-	(20 369)	(20 369)
Vehicles moved from GMT to Departments	-	(33 366)	(33 366)
Cost	-	(38 615)	(38 615)
Accumulated depreciation	-	5 249	5 249
Non-current assets held for sale	(16)	(5 969)	(5 985)
Cost	(26)	(13 531)	(13 557)
Accumulated depreciation	10	7 562	7 572
Net Carrying amount - 31 March 2013	2 762	161 828	164 590
Gross carrying amount	15 001	204 014	219 015
Accumulated depreciation:	(12 226)	(41 356)	(53 581)
Accumulated impairment losses	(13)	(830)	(843)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

8 INTANGIBLE ASSETS	2012/13 R'000	2011/12 R'000
Net Carrying amount at beginning of the year	32 132	28 864
Cost	41 217	34 271
Accumulated amortisation	(9 085)	(5 407)
Development cost capitalised during the year	32 688	6 947
Amortisation during the year	(4 530)	(3 678)
Net Carrying amount at end of the year	60 289	32 132
Cost	73 905	41 217
Accumulated amortisation	(13 616)	(9 085)
No Intangible assets have been pledged as security for any liabilities of GMT.		
<u>Breakdown between systems:</u>		
<u>FleetMan System:</u>		
Net Carrying amount at beginning of the year	17 364	15 474
Cost	24 967	20 881
Accumulated amortisation	(7 602)	(5 407)
Development cost capitalised during the year	3 564	4 085
Amortisation during the year	(2 742)	(2 195)
Net Carrying amount at end of the year	18 186	17 364
Cost	28 530	24 967
Accumulated amortisation	(10 344)	(7 602)
<u>Oracle Financial System:</u>		
Net Carrying amount at beginning of the year	14 768	13 390
Cost	16 251	13 390
Accumulated amortisation	(1 483)	-
Development cost capitalised during the year	29 124	2 861
Amortisation during the year	(1 788)	(1 483)
Net Carrying amount at end of the year	42 103	14 768
Cost	45 375	16 251
Accumulated amortisation	(3 272)	(1 483)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
9 FINANCE LEASE RECEIVABLES		
Finance Lease Receivables	613 362	513 136
Sub-total	613 362	513 136
Less: Current Portion transferred to Current Assets:- Finance Lease Receivables	72 117 72 117	98 504 98 504
Total Long-term portion of Finance Lease Receivables	541 245	414 632

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.

9.1 Amounts receivable under Finance Leases

GMT as Lessor:

Finance Leases relate to vehicles that are permanently allocated to certain user departments with remaining lease terms of between 1 and 17 years as at 31 March 2013 (2012: 1 month and 18 years). The effective annual interest rate on new vehicles purchased and permanently allocated to departments during the year under review is between 0.77 % and 74.35 %.

Interest rates on finance lease receivables are calculated once-off in accordance with the monthly cash flows over the period of the lease. The following factors affects the calculated effective annual interest rate over the lease period: (1) Daily tariffs charged over the lease period, (2) the residual value/proceeds on disposal at the end of the lease period, (3) Lease period which coincide with the useful life of the vehicle. The 3 factors above are re-assessed on an annual basis which have an impact on the effective annual interest, in some cases resulting in high interest rates. To ensure fair presentation, only the interest rates on new vehicles purchased and permanently allocated to departments are therefore disclosed.

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:

	Minimum Lease Receivables		Present Value of Minimum Lease Receivables	
	2012/13 R'000	2011/12 R'000	2012/13 R'000	2011/12 R'000
Amounts receivable under finance leases:				
Within one year	247 904	217 408	72 117	98 504
In the second to fifth years, inclusive	802 228	564 941	357 930	272 936
Over five years	239 073	181 302	183 315	141 696
	1 289 205	963 651	613 362	513 136
Less: Unearned Future Finance Income	675 843	450 515	-	-
Present Value of Minimum Lease Receivables	613 362	513 136	613 362	513 136
Less: Amounts due for settlement within 12 months (Current Portion)			72 117	98 504
Finance Lease Receivables due for settlement after 12 months (Non-current Portion)			541 245	414 632

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
GMT has finance lease agreements for the following significant classes of assets:		
- Vehicles		
Unguaranteed residual values	260 314	206 233
Included in these classes are the following significant leases:		
i) GBJ049G		
- Instalments are payable monthly in arrears		
- Average effective interest rate	20.13%	
- Average monthly instalment (Rands only)	R 6 512.75	
- Annual escalation	4.93%	
ii) GBJ479G		
- Instalments are payable monthly in arrears		
- Average effective interest rate	39.42%	
- Average monthly instalment (Rands only)	R 14 842.75	
- Annual escalation	4.93%	

10 INVENTORY

Consumable Stores - at cost	47	40
Total Inventory	47	40

The cost of inventories recognised as an expense and included in administrative expenses amounted to R245,306 (2011/12: R259,932).

11 ACCOUNTS RECEIVABLE

Accounts receivable	61 742	65 682
Less: Provision for doubtful debts	(18 197)	(18 198)
Total accounts receivable	43 545	47 484

Included in the provision for doubtful debts is the following:

1) An amount of R 17.9m 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

A proposal has been drafted for the write-off of the inter governmental and prescribed debt as depicted above. A final decision on the approval of this write-off is expected.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
12 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents comprise cash and short-term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest rate risk. The carrying amount of these assets approximates their fair value.		
Nedbank		
<i>Fleet Account</i>		
Bank statement balance at the beginning of the year	1 898	5 158
Bank statement balance at the end of the year	<u>4 491</u>	<u>1 898</u>
Nedbank		
<i>Primary Account</i>		
Bank statement balance at the beginning of the year	523 185	-
Bank statement balance at the end of the year	<u>498 422</u>	<u>523 185</u>
Petty Cash	<u>5</u>	<u>5</u>
Bank balances	<u>502 917</u>	<u>525 088</u>

As required in section 7(2) and 7(3) of the Public Finance Management Act, the National Treasury has approved the local banks where the bank accounts are held. Nedbank Limited has a credit rating of BBB through Fitch.

13 NON-CURRENT ASSETS HELD FOR SALE

GMT Vehicles at carrying value	5 969	777
Plant and equipment at carrying value	<u>16</u>	<u>98</u>
	5 984	875
Impairment loss	<u>(1 116)</u>	<u>(11)</u>
	<u>4 868</u>	<u>864</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 for these disposals are the 9th and the 23rd of April 2013.

The increase in the balance is due to the increased rate of vehicle replacements from 2011/12 to 2012/13. Thus an increase in the number of vehicles classified as non-current assets held for sale on 31 March 2013.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
14 REVENUE		
An analysis of the entity's revenue is as follows:		
Rendering of services:		
National Departments	41 676	28 573
Provincial Departments	248 492	244 175
Interest earned:		
Finance Lease Receivables	170 515	117 941
	460 683	390 688
An analysis of the entity's revenue as per:		
Kilometre tariffs	257 462	239 515
Daily tariffs	32 706	33 232
Interest earned	170 515	117 941
	460 683	390 688
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, as well as interest earned on finance lease receivables.		
15 OTHER INCOME		
Grants received	34 166	29 222
Profit on sale of vehicles	9 087	4 766
Reimbursive income	6 922	11 394
Total Other Income	50 175	45 382
16 INTEREST EARNED		
Bank accounts:		
- Interest earned	22 889	2 159
Outstanding Debtors:		
- Interest earned	1 038	1 163
Total Interest Earned	23 927	3 323

The interest earned on the bank accounts increased due to the interest earned by GMT on funds that were previously held by Provincial Treasury. These funds were transferred by Provincial Treasury to GMT on 30 March 2012.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
17 ADMINISTRATIVE EXPENSES		
Bank charges	4 562	4 119
Fees for services		
- Hosting	6 380	3 608
Legal fees	18	47
License fees	4 698	3 888
Other administrative expenses	946	776
Stationery and printing	631	582
Training and staff development	525	824
Travel and subsistence	69	108
	17 830	13 953
18 STAFF COSTS		
Salaries and Wages		
Basic salaries	16 176	13 518
Performance awards	608	320
Periodic payments	972	1 098
Other non-pensionable allowance	1 943	2 010
Leave payments	219	4
Overtime and long service awards	529	332
Social contributions (employer's contributions)		
Medical	1 421	1 469
Official unions and associations	6	5
Pension	1 759	1 702
Total Staff costs	23 633	20 458

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 Financial Performance in the year to which it relates.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

	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

	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 2013							
Senior Manager	749	-	19	74	-	-	842
Manager: Fleet Finance	476	32	-	49	-	-	557
Manager: Fleet Logistics	399	30	26	46	-	-	501
Manager: Fleet Operations	455	29	6	49	-	-	539
Manager: Fleet Risk Management	401	29	-	45	-	-	475
Manager: Financial Support Services	167	-	-	-	-	-	167
TOTAL	2 648	120	51	263	-	-	3 082

Executive members' remuneration

The Manager: Financial Support Services was appointed on 10 December 2012.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
19 OPERATING EXPENDITURE		
Consultant, contractors and special services	29 520	20 495
- Audit fees	4 649	2 431
- Other	24 871	18 064
Maintenance, repairs and running costs	186 606	167 681
- Property and buildings	47	2
- Machinery, equipment and vehicles	186 559	167 679
Loss on sale of vehicles	23 354	19 581
Loss on sale of PPE	92	5 888
Tracking costs	28 158	20 214
Third party claims	979	588
Stores/Consumables	503	225
Communication costs	609	487
Courier and delivery charges	24	25
Municipal services	13	31
	269 861	235 215
20 DEPRECIATION		
Plant and equipment	834	4 751
Vehicles	15 848	9 930
	16 681	14 681
21 AMORTISATION		
Intangible asset - FleetMan	2 742	2 195
Intangible asset - Oracle Financial System	1 788	1 483
	4 530	3 678
22 FINANCE COSTS		
Finance leases	35	482
	35	482

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
23 ACCIDENTS AND LOSSES		
23.1 Impairment losses on fixed assets		
<i>Impairment losses recognised:</i>		
Property, Plant and Equipment	134	170
- Vehicles	121	170
- Plant and equipment	13	-
Non-current assets held for sale	1 116	483
23.2 Other		
Accidents and losses incurred	17	3
	1 267	655
24 RECONCILIATION OF CASH GENERATED FROM OPERATIONS		
Profit for the year	186 743	146 300
Adjustment for:		
Correction of prior period errors:		
- Correction to Accumulated depreciation	45	-
- Correction to Income received in advance	7 260	7 966
Depreciation - Property, plant and equipment	16 681	14 681
Amortisation - Intangible assets	4 530	3 678
Interest received	(23 927)	(3 323)
Impairment losses	1 250	652
Net (profit)/loss on disposal of Property, plant and equipment	14 359	20 703
Increase in Provisions	1 351	1 484
Interest paid	35	482
Operating cash flows before working capital changes	208 328	192 624
Working capital changes	(30 132)	425 075
(Increase)/Decrease in Inventories	(7)	22
(Increase)/Decrease in Receivables	3 939	(14 848)
(Increase)/Decrease in the GMT Trading Account	-	407 626
Increase/(Decrease) in Income received in advance	(14 293)	5 933
Increase/(Decrease) in Payables	(3 623)	3 398
Increase/(Decrease) in Unspent Grants	(14 905)	24 139
Cash payments made against Provisions	(1 243)	(1 194)
Cash generated from operations	178 197	617 699

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
25 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the statement of cash flows, comprise the following statement of financial position amounts:		
Bank Balances	502 917	525 088
	502 917	525 088
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 47,198 (2011/12: R 230,528) in respect of claims made against GMT as at 31 March 2013 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 2013 amounts to R 1,873,288. Therefore, a contingent liability of R 1,826,090 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.	162 715	102 822
	162 715	102 822

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

29 EVENTS AFTER THE REPORTING DATE

Non-adjusting events

The following information is disclosed as non-adjusting events after the reporting date in the Annual Financial Statements 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

2 (Two) cases with an estimated claim value of R 7,902.

Damages/Losses - government vehicles

No cases were registered.

Adjusting events

Cases settled (in terms of agreed payment) after year-end but before the Annual Financial Statements were issued amounts to R 47,198.

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 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	14 575	13 682
2 to 5 years	7 455	19 639
More than 5 years	-	-
Total Operating Lease Arrangements	22 030	33 321
The following payments have been recognised as an expense in the Statement of Financial Performance:		
Minimum lease payments	14 196	3 976
Contingent rentals	8	(7)
Total Operating Lease Expenses - as Lessee	14 204	3 970
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	11	18
Operating expenses recorded	14 204	3 970
Operating lease payments effected	(14 195)	(3 976)
Total Operating Lease Liabilities	20	11

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

31 RELATED PARTY TRANSACTIONS

31.1 Western Cape Department of Transport & Public Works

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

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

GMT occupies four buildings that belong to the Department of Transport and Public Works. GMT has use of the properties at no consideration. The details of the properties are as follows:

31.1.2 Address details of the properties owned by the Department Transport and Public Works and occupied by GMT:

19 Hermes Street, Paarden Island, Cape Town
34 Roeland Street, Cape Town
49 Hope Street, Cape Town
3 Rusper Street, Maitland, Cape Town

The property at 3 Rusper Street is situated on Erf 99877, Maitland. The Department of Transport and Public Works pays occupational rent of R250 000 per month on behalf of GMT from 1 January 2013 until 8 May 2013. Subsequently, The Department purchased of the said Maitland property and registration occurred on 9 May 2013.

The Department of Transport and Public Works also provides parking space to GMT officials at an approved rate which is not market related.

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

	2012/13 R'000	2011/12 R'000
Revenue		
Transport claims	10 540	9 600
Reimbursive income	142	205
Interest received on Finance lease receivables	4 348	2 831
Interest received on Accounts receivable	9	35
	<u>15 039</u>	<u>12 671</u>
Expenditure		
License fees	<u>3 728</u>	<u>2 871</u>
The amount of outstanding balances as at reporting date		
Finance lease receivables	14 858	11 257
Accounts receivable	<u>1 067</u>	<u>860</u>
	<u>15 925</u>	<u>12 117</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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
Riaan Wiggill - Manager: Financial Support Services

Key management personnel compensation is disclosed in note 18 to the Financial Statements.

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

Managers	Family Member	Relationship	Remuneration R
Anthonie Janse van Rensburg - Manager: Fleet Management	Mr H. Janse van Rensburg (Administrator Assistant)	Brother	167 191
Kathy Proctor Fourie - Manager: Fleet Finance	Mr JC Fourie (Fleet Control Assistant Manager)	Husband	324 303

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

31.4 Other Provincial Departments

Related party relationships exist between GMT and other Provincial Departments with regard to the management of their government motor vehicles. These relationships are based on arm's length transactions in terms of tariffs approved by the Provincial Treasury.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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>	2012/13 R'000	2011/12 R'000
Finance lease receivables (long-term portion)	Financial Assets at Amortised Cost	541 245	414 632
Accounts receivable Accounts receivable	Loans and receivables	43 545	47 484
Cash and cash equivalents Bank balances	Loans and receivables	502 917	525 088
Finance lease receivables (short-term portion)	Financial Assets at Amortised Cost	72 117	98 504
Total financial assets		1 159 824	1 085 709
<u>Summary of financial assets:</u>			
Loans and receivables: Accounts receivable		43 545	47 484
		43 545	47 484
Available for sale: Bank balances		502 917	525 088
		502 917	525 088
Financial Assets at Amortised Cost: Finance lease receivables (long-term portion) Finance lease receivables (short-term portion)		541 245 72 117	414 632 98 504
		613 362	513 136
Total Financial Assets		1 159 824	1 085 709

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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>	2012/13 R'000	2011/12 R'000
Long-term liabilities			
Finance Lease Liabilities	FLAC	-	85
Current portion of long-term liabilities			
Finance Lease Liabilities	FLAC	85	213
Trade and other payables			
Trade creditors	FLAC	3 852	7 518
Sundry creditors	FLAC	433	399
Operating lease liability	FLAC	20	12
Total financial liabilities		4 390	8 227

Summary of financial liabilities:

Financial Liabilities at Amortised Cost

Finance Lease Liabilities	85	298
Trade creditors	3 852	7 518
Sundry creditors	433	399
Operating lease liability	20	12
	4 390	8 227
Total Financial Liabilities	4 390	8 227

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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.

Maximum credit risk exposure	2012/13 R'000	2011/12 R'000
Finance lease receivables (long-term portion)	541 245	414 632
Cash and cash equivalents	502 917	525 088
Accounts receivable	43 545	47 484
Finance lease receivables (short-term portion)	72 117	98 504
	<u>1 159 824</u>	<u>1 085 709</u>

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

Financial assets past due	2012/13 R'000	2011/12 R'000
<i>Accounts Receivable:</i>		
More than 30 days and not more than 60 days	386	2 133
More than 60 days and not more than 90 days	563	760
More than 90 days and not more than 120 days	26 303	25 173
Total	<u>27 252</u>	<u>28 065</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.

The entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

32.6 Liquidity risk management (continued)

Liquidity and Interest Risk Tables

The entity ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses.

The following tables detail the entity's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both interest and principal cash flows.

	Within 1 year	Between 2 - 5 years	More than 5 years
2012/13:			
<i>Fixed Interest Rate Instruments:</i>			
Finance lease payables	85	-	-
<i>Non-interest Bearing:</i>			
Income Received in Advance	1 151	-	-
Unspent Grants	30 592	-	-
<i>Variable Interest Rate Instruments:</i>			
Trade and other payables	4 306	-	-
	36 134	-	-
2011/12:			
<i>Fixed Interest Rate Instruments:</i>			
Finance lease payables	213	85	-
<i>Non-interest Bearing:</i>			
Income Received in Advance	15 444	-	-
Unspent Grants	45 497	-	-
<i>Variable Interest Rate Instruments:</i>			
Trade and other payables	7 929	-	-
	69 084	85	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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

33.1 Unauthorised Expenditure

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

33.2 Fruitless and Wasteful Expenditure

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

33.3 Irregular Expenditure

33.3.1 Finance Lease Payments

Irregular Expenditure amounting to R 248,818 was incurred during the year under review which is condoned in terms of the explanation as below.

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 Practice 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. The MEC Finance condoned the expenditure during March 2013.

33.3.2 Refinement Study Consultants, Hardware purchased and Annual Financial Statements Consulting

The goods and services for the above mentioned items were procured where it was found impractical to invite competitive bids. The reasons for deviating from competitive bids were not approved by the SCM unit in the office of the CFO as required in 118 of the Accounting Officer delegations. The expenditure relating to the fitment of emergency equipment on ambulances is under investigation and could not reasonably be quantified.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

	2012/13 R'000	2011/12 R'000
33.3 Irregular Expenditure (continued)		
Reconciliation of Irregular Expenditure:		
Opening balance	97	44 072
Correction of incorrect prior year disclosure	(97)	-
Irregular Expenditure (prior year) - Identified in the current year	3 508	-
Irregular expenditure current year - Under investigation	4 707	3 478
Expenditure condoned or written off	(7 648)	(47 453)
Irregular expenditure awaiting condonement	567	97

Incident	R'000	Disciplinary Steps / Criminal Proceedings
2012/13		
Finance lease payments	249	None
Refinement study consultants	29	None
Financial Statements consulting	3 891	None
Procurement of hardware	47	None
Scanning hardware purchased	491	None
	4 707	
Irregular Expenditure (prior year) - Identified in the current year which is procured from the following suppliers:		
Ducharme Consulting (Pty) Ltd	3 508	None
2011/12		
Finance lease payments	3 381	None
Supply Chain Management deviations - required 3 quotes not obtained	97	None
	3 478	

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

35 CORRECTION OF ERROR		R'000 DR/(CR)											
35.1	Effect on accumulated surplus as at 31 March 2011												
	Balance previously reported:-	1 006 956											
	Adjusted for:	(5 211)											
	<table><thead><tr><th>Detail</th></tr></thead><tbody><tr><td>Accumulated surplus has been restated due to certain timing differences in relation to the recognition of revenue from grants received.</td><td>(614)</td></tr><tr><td>Accumulated surplus has been restated as a result of certain amounts of Income received in advance that were previously incorrectly recognised as revenue up to 31 March 2011.</td><td>(7 537)</td></tr><tr><td>Accumulated surplus has been restated due to the balance on Finance lease receivables as at 31 March 2011 having been restated in relation to Non-current assets held for sale (permanently allocated vehicles) which were moved back to GMT.</td><td>2 989</td></tr><tr><td>Accumulated surplus has been restated due to a correction made to the outstanding balance of Finance lease receivables in relation to a specific vehicle (GCC327G).</td><td>134</td></tr><tr><td>Accumulated surplus has been restated for a correction in error in the amortisation of Intangible Assets up to 31 March 2011.</td><td>(183)</td></tr></tbody></table>	Detail	Accumulated surplus has been restated due to certain timing differences in relation to the recognition of revenue from grants received.	(614)	Accumulated surplus has been restated as a result of certain amounts of Income received in advance that were previously incorrectly recognised as revenue up to 31 March 2011.	(7 537)	Accumulated surplus has been restated due to the balance on Finance lease receivables as at 31 March 2011 having been restated in relation to Non-current assets held for sale (permanently allocated vehicles) which were moved back to GMT.	2 989	Accumulated surplus has been restated due to a correction made to the outstanding balance of Finance lease receivables in relation to a specific vehicle (GCC327G).	134	Accumulated surplus has been restated for a correction in error in the amortisation of Intangible Assets up to 31 March 2011.	(183)	
Detail													
Accumulated surplus has been restated due to certain timing differences in relation to the recognition of revenue from grants received.	(614)												
Accumulated surplus has been restated as a result of certain amounts of Income received in advance that were previously incorrectly recognised as revenue up to 31 March 2011.	(7 537)												
Accumulated surplus has been restated due to the balance on Finance lease receivables as at 31 March 2011 having been restated in relation to Non-current assets held for sale (permanently allocated vehicles) which were moved back to GMT.	2 989												
Accumulated surplus has been restated due to a correction made to the outstanding balance of Finance lease receivables in relation to a specific vehicle (GCC327G).	134												
Accumulated surplus has been restated for a correction in error in the amortisation of Intangible Assets up to 31 March 2011.	(183)												
	Accumulate surplus as at 31 March 2011	1 001 745											
	Reconciliation of retained earnings as at 31 March 2011												
	Balance previously reported in 2012 Annual Financial Statements	1 006 956											
	Correction of errors	(5 211)											
	Restated balance as at 31 March 2011	1 001 745											
	Effect on accumulated surplus as at 31 March 2012 & 2013												
	Accumulated surplus has been increased by R 7,966,466 as at 31 March 2012 and increased by R 7,260,186 as at 31 March 2013 due to the correction of error in relation to Income received in advance up to 31 March 2011 as depicted above.												
	The impact of the correction of this error on the Cash Flow Statement is depicted in note 24.												
35.2	Effect on profit for the year ended 31 March 2012												
	Balance previously reported:-	142 453											
	<i>Adjustments against:</i>												
a)	Revenue (refer to note 14)	117 913											
	Balance previously reported	272 775											
	Restated balance	390 688											
	Revenue has been restated due to Interest earned on Finance lease receivables being reclassified from Interest earned to Revenue during the current year.												
b)	Other income (refer to note 15)	4 903											
	Balance previously reported	40 479											
	Restated balance	45 382											
	Other income has been restated due to an increase in revenue from Grants received and a decrease in Profit on the sale of a vehicles as previously reported.												
c)	Interest earned (refer to note 16)	(119 525)											
	Balance previously reported	122 848											
	Restated balance	3 323											
	Interest earned has been restated due to Interest earned on the outstanding balance of Finance lease receivables being reclassified under Revenue during the current financial year as well as for a write-off of interest earned on outstanding debtor's balances as reported previously.												

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

35.2 Effect on profit for the year ended 31 March 2012 (continued)	R'000 DR/(CR)
Operating expenditure (refer to note 19)	833
d) Consultant, contractors and special services (Audit fees)	(266)
Balance previously reported	2 165
Restated balance	2 431
The balance has been restated due to assurance services rendered during March 2012 were captured on GoFin during April 2012.	
e) Loss on sale of vehicles	1 098
Balance previously reported	20 679
Restated balance	19 581
The balance has been restated due to Non-current assets held for sale (permanently allocated vehicles) which were moved back to GMT from other user departments.	
f) Depreciation (refer to note 20)	(129)
Balance previously reported	14 552
Restated balance	14 681
Depreciation has been restated due to an error in relation to 6 permanently allocated vehicles that have been reclassified as finance leases (rather than operating leases) in relation to the previous financial year.	
g) Amortisation (refer to note 21)	(136)
Balance previously reported	3 542
Restated balance	3 678
Amortisation has been restated due to certain calculation errors discovered within the Intangible Asset Register.	
h) Accidents and losses (refer to note 23)	(11)
Balance previously reported	645
Restated balance	655
Accidents and losses has been restated due to an impairment loss incurred on assets held for sale which was erroneously not accounted for during the previous financial year.	
Surplus for the year ended 31 March 2012	146 300
Reconciliation of profit for the year ended 31 March 2012:	
Balance previously reported	142 453
Correction of errors	3 846
Restated balance	146 300

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

R'000
DR/(CR)

35.3 Income received in advance (refer to note 3)

Income received in advance has been restated due to certain errors that were corrected during the current financial year.

Balance as at 31 March 2012

Balance previously reported:-

(33 466)

Adjusted for:

Component	Detail
Income received in advance: Balance as at 31 March 2012	Restatement of correct balance of Income received in advance as at 31 March 2012.

18 022

Restated balance as at 31 March 2012

(15 444)

35.4 Unspent grants (refer to note 4)

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

Balance as at 31 March 2012

Balance previously reported:-

(35 251)

Adjusted for:

Component	Detail
Unspent Grants: Balance as at 31 March 2012	Restatement of correct balance of Unspent Grants as at 31 March 2012.

(10 246)

Restated balance as at 31 March 2012

(45 497)

35.5 Trade and other payables (refer to note 5)

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

Balance as at 31 March 2012

Balance previously reported:-

(7 649)

Adjusted for:

Component	Detail
Trade and other payables: Balance as at 31 March 2012	Trade and other payables have been restated due to assurance services rendered during March 2012 that were accounted for on GoFin during April 2012. These expenses should have been accounted for on GoFin based on the accrual basis of accounting.

(280)

Restated balance as at 31 March 2012

(7 929)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

R'000
DR/(CR)

35.6 Property, plant and equipment (refer to note 7)

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) Accumulated depreciation & impairment losses as at 31 March 2012

Balance previously reported:-

(49 357)

Adjusted for:

Component	Detail
Property, plant and equipment - vehicles: Accumulated depreciation as at 31 March 2012	Depreciation has been restated due to an error in relation to 6 permanently allocated vehicles that have been reclassified as finance leases (rather than operating leases) in relation to the previous financial year.

(129)

Restated balance as at 31 March 2012

(49 486)

35.7 Intangible Assets (refer to note 8)

The accumulated amortisation balance of Intangible Assets as at 31 March 2012 has been adjusted due to certain calculation errors which were discovered in relation to the previous financial year.

a) Accumulated amortisation amount as at 31 March 2012

Balance previously reported:-

(8 767)

Adjusted for:

Component	Detail
Intangible Assets: Accumulated amortisation as at 31 March 2012	Restatement of accumulated amortisation due to prior year calculation error.

(319)

Restated balance as at 31 March 2012

(9 085)

35.8 Finance lease receivables (long-term portion) (refer to note 9)

The long-term portion of Finance lease receivables as at 31 March 2012 has been restated due to certain vehicles being treated as being subject to finance leases rather than operating leases.

Balance as at 31 March 2012

Balance previously reported:-

411 521

Adjusted for:

Component	Detail
Finance lease receivable: Balance of long-term portion as at 31 March 2012	Restatement of balance due to vehicles being reclassified as finance leases rather than operating leases.

3 111

Restated balance as at 31 March 2012

414 632

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

R'000
DR/(CR)

35.9 Accounts receivable (refer to note 11)

The Accounts receivable balance as at 31 March 2012 has been restated due to a write-off of interest earned in the previous financial year during the current financial year, for the reclassification of an amount from Unspent Grants to Accounts receivable as well as for the reclassification of an amount in respect of recoverable claims to Income received in advance.

Balance as at 31 March 2012

Balance previously reported:-

52 136

Adjusted for:

Component	Detail	
Accounts receivable: Balance as at 31 March 2012	Write-off of interest earned during previous financial year and reclassification of Unspent grants.	(1 555)
Accounts receivable: Balance as at 31 March 2012	Reclassification of recoverable claims to Income received in advance.	(3 096)

Restated balance as at 31 March 2012

47 484

35.10 Finance lease receivables (short-term portion) (refer to note 9)

The short-term portion of Finance lease receivables as at 31 March 2012 has been restated due to certain vehicles being treated as being subject to finance leases rather than operating leases.

Balance as at 31 March 2012

Balance previously reported:-

97 399

Adjusted for:

Component	Detail	
Finance lease receivable: Balance of long-term portion as at 31 March 2012	Restatement of balance due to vehicles being reclassified as finance leases rather than operating leases.	1 105

Restated balance as at 31 March 2012

98 504

35.11 Non-current assets held for sale (refer to note 13)

The Carrying value of Non-current assets held for sale as at 31 March 2012 has been restated due to a correction of an impairment loss incurred.

Balance as at 31 March 2012

Balance previously reported:-

874

Adjusted for:

Component	Detail	
Non-current assets held for sale: Carrying amount as at 31 March 2011	Impairment loss incurred on assets held for sale which was erroneously not accounted for during the previous financial year.	(11)

Restated balance as at 31 March 2012

864

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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 2013	356
Increase in the depreciation expense for future periods	1 869
	2 225

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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 clarify the options available to users when repeated application of IFRS 1 is required and to add the relevant disclosure requirements; amendments to borrowing costs.	01-Jan-13
IFRS 7, Financial Instruments: Disclosures	Amendment requires entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure.	01-Jan-13
IFRS 9 Financial Instruments	New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement.	01-Jan-15
IFRS 11 Joint Arrangements	New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. The standard requires a single method for accounting for interests in jointly controlled entities; amendments to the transition guidance of IFRS 10 <i>Consolidated Financial Statements</i> , IFRS 11 <i>Joint Arrangements</i> and IFRS 12 <i>Disclosure of Interests in Other Entities</i> , thus limiting the requirements to provide adjusted comparative information.	01-Jan-13

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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.	01-Jan-13
IFRS 13 Fair Value Measurement	New guidance on fair value measurement and disclosure requirements.	01-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.	01-Jul-12
	Amendments clarifying the requirements for comparative information including minimum and additional comparative information required.	01-Jan-13
IAS 16 Property, Plant and Equipment	Amendments to the recognition and classification of servicing equipment.	01-Jan-13
IAS 19 Employee benefits	Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans.	01-Jan-13
IAS 32 Financial Instruments: Presentation	Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure.	01-Jan-13
IAS 34 Interim Financial Reporting	Amendments to improve the disclosures for interim financial reporting and segment information for total assets and liabilities.	01-Jan-13

Management has considered the above standards and interpretations and anticipates that the adoption of these will not have any 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. We have considered these standards - however, this will not be applicable to GMT as it will be required to convert to Standards of GRAP as of 1 April 2013.

Accounting Policies

for the year ended 31 March 2013

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.

➤ Impairment of Financial Assets

Accounting Policy 12 on Impairment of Financial Assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, management considered the detailed criteria of impairment of financial assets as set out in IAS 39: Financial Instruments - Recognition and Measurement, and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. Management is satisfied that the impairment of financial assets recorded during the year is appropriate.

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% and 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 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, Unauthorised 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 is expenditure that was made in vain and would have been avoided had reasonable care been exercised. The expenditure is classified in accordance with the nature of the expense.

Unauthorised expenditure is expenditure that has not been budgeted. The expenditure is classified in accordance with the nature of the expense.

All irregular, fruitless and wasteful expenditure is charged against expenditure 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.

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:

- | | |
|----------------------------------|-------------------------|
| ➤ Office and Workshop equipment: | Straight line (6 years) |
| ➤ Office furniture and fittings | 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) |
| ➤ Audio visual equipment | Straight line (6 years) |
| ➤ Telephones | 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.

FleetMan system:

The useful life of the FleetMan system is regarded to be 15 years. Amortisation commenced from 1 April 2001 which is considered to be the date when the asset was available for use. Intangible assets are not revalued. The carrying amount of the FleetMan system is reviewed annually and adjusted for impairment, where it is considered necessary.

Oracle Financial system:

The useful life of the Oracle Financial system is regarded to be 9 years. Amortisation 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.

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.

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 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

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.

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
- (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 2013) and the date on which the audit of the financial statements is completed (31 July 2013) 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 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.

End

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Afrikaans and isiXhosa versions of this publication are available on request.



**Western Cape
Government**

Transport and Public Works

PR47/2013 - ISBN: 978-0-621-41629-9