Western Cape Government

Transport and Public Works

Annual Report - 2013/2014

Government Motor Transport

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PART A: GENERAL INFORMATION

1. TRADING ENTITY'S GENERAL INFORMATION

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APOLOGY

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

VERSKONING

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

ISINGXENGXOZO

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

ADDITIONAL COPIES

This document is available on the web site referred to above.

To support the Department's drive for a paperless environment and improved electronic content management, minimum hard copies of this Report will be available. Nevertheless, to obtain additional copies of this document, please contact the GMT Bureau.

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
CCC	Client Care Centre
CBD	Central Business District
CFO	Chief Financial Officer
CIO	Chief Information Officer
CR	Creditor
CSC	Corporate Service Centre
CTE	Cost to Employer
DCGIP	Departmental Corporate Governance Improvement Plan
DITCOM	Departmental Information Technology Committee
DotP	Department of the Premier
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
eNaTis	Electronic National Administration Traffic Information 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
OBIEE	Oracle Business Intelligence

OD	Organisational Development
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
PSRMF	Public Sector Risk Management Framework
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
SITA	State Information Technology Agency
SMLD	Systems Maintenance Lifecycle Document
SOP	Standard Operating Procedure
TCO	Transport Control Officer
TMT	Traffic Management Technologies
UPK	User Productivity Kit
VCT	Voluntary Counselling and Testing
VDC	Virtual Data Centre
WCG	Western Cape Government

3. FOREWORD BY THE MINISTER

MOVING FORWARD IN DELIVERING EFFECTIVE FLEET MANAGEMENT SERVICES

I am pleased to present the Annual Report for the period 1 April 2013 to 31 March 2014 for Government Motor Transport (GMT), Western Cape. The purpose of this report is to provide a summary of achievements and challenges faced by GMT over the past financial year and to give a glimpse into the medium to long term goals of the entity. GMT is the only Trading Entity in the Department of Transport and Public Works.

An accelerated programme to renew the fleet commenced in 2012 and reached maturity during the year under review. The age of almost the entire fleet is now within the desired five year band. In addition to reducing the carbon footprint, a new fleet also contributes towards higher levels of efficiency and cost effectiveness for the clients who rely on the services of the entity. This was a year that inspired and energised the entity as reflected in its brand signature of **Moving Forward** in delivering effective fleet management services.

The challenging economic environment and cost cutting initiatives in government necessitate a continued striving towards further improvement of operational and financial performance in order to unlock greater value for money for the clients. One of these initiatives, planned for full implementation in 2015, is the taking on of full control of the repair and maintenance management function. The entity is committed to engaging in on-going dialogue with its clients and stakeholders to gain a deeper understanding of their needs and expectations. Furthermore, GMT continues to drive operational excellence, innovation and effective business process optimisation while at the same time developing its human resources to deliver a world class service capable of exceeding client expectations.

The excellent teamwork and continued dedication and discipline displayed by the management and staff, are acknowledged and appreciated. These will remain important elements of success of a renewed and focused organisation committed to high levels of service excellence.

D Grant
Minister of Transport and Public Works

Date: 28 August 2014

4. REPORT BY THE ACCOUNTING OFFICER

4.1 Overview of the operations

Fleet Finance

During 2013/14 GMT reported on the GRAP reporting accounting framework. This change in framework required that the comparative figures had to be restated for the purposes of comparability. A GRAP implementation plan was devised within GMT change requirements from GAAP to GRAP. This implementation plan was used as the basis for the compilation of the AFS.

Fleet Logistics

The GMT Bureau provided 1 744 tracking reports on request to client departments. Furthermore, the Bureau logged 267 alleged misuse calls of which 236 were resolved and closed successfully.

Building work commenced at the new Rusper Street premises acquired for GMT. The office block is expected to be completed for occupation by January 2015. The aim of the relocation to new premises is to bring all activities under one roof ensuring improved productivity and efficiency.

The roll-out of the FleetMan Client Module commenced in September 2013 after extensive enhancements were implemented so as to capture, inter alia, vehicle kilometre readings, transferring of vehicles, obtaining vehicle information and printing of management reports. The transport officers from national and provincial departments received on-line training in the new functionality.

The Vehicle Hiring component which is responsible to substitute the permanently allocated fleet with short term rentals, rented 1 892 vehicles to the various clients during the year under review. The effective utilisation of own resources resulted in the use of out rental vehicles to drop drastically.

The following electronic system enhancements were implemented:

- FleetMan ERP system (application and data store) was successfully migrated to the controlled and managed environment that is hosted in the GMT Virtual Data Centre. The migration resulted in the removal of unnecessary interfaces, thus ensuring single deployment of the FleetMan application and seamless backup and restoring of the systems.

- A functional disaster recovery site vested in another building has been tested successfully to simulate possible disruptions.

- A time and expenses management module replaced the legacy time management module to improve the efficiency of project reporting and monitoring.

- GMT‘s own website allowing all clients access to circulars and fleet data.

- Oracle EBS modules in addition to Oracle Financials (GoFin) that include Oracle EBS Enterprise Asset Management (EAM) module, Tele Services module and Oracle Business Intelligence (OBIEE) applications

Fleet Operations

The vehicle tracking system was enhanced to enable client departments to manage the fleet more efficiently. The latest enhancement comprises of a dedicated driver's tag that is pre-programmed with the details of a driver. The vehicle's trip details are recorded on the vehicle tracking system against the driver's name linked to the particular tag used. Testing of the new functionality was completed and roll-out to client departments will commence in the second quarter of the 2014/15 financial year.

GMT continued to explore new technology enhancements to ease the tedious work process for both clients and GMT to identify and forward the details of drivers who commit traffic offences to the local municipalities. A pilot project also commenced whereby a traffic offence management agency (representing a couple of local municipalities) forwards an electronic file with the details of traffic offences committed by GG-vehicles, which is then uploaded in the FleetMan system. The available driver details are then populated onto this file and returned to the Agency for processing. This enhancement speeds up the process and prevents the necessity for cases to proceed to the "summons" stage. Further work will be done in the 2014/15 financial year.

GMT initiated a project to insource the activities associated with the management of maintenance and repairs of the GMT fleet. The project is on track and a client care centre opened its doors in January 2014. The latter now runs parallel to the current service provider's call centre to ensure seamless migration from the current service provider to the new GMT insourced model towards the end of the 2014/15 financial year.

Fleet Risk Management

As part of GMT's electronic highway – which encompasses the continual enhancement of current technology and the exploration of new initiatives – the Fleet Risk Management Division started a pilot project in 2013 to interface from the FleetMan ERP system into ECM Open Text to access the scanned case files. The FleetMan ERP system is used by GMT to capture the details of case files relating to vehicle accidents, fleet losses and claims instituted against the State. Previously these case files were normally managed in hard copy, and stored for record and audit purposes. Retrieving the closed case file at a later stage proved to be extremely challenging and a tedious task at the best by times. A project was therefore started in the GMT Scan Centre to scan all the closed case files, and then to upload said files into the ECM Open Text system. This back scanning project is progressing well.

The second phase of the project is to implement in-process scanning – at the newly established 3rd scan line - by scanning the case file as it progresses through the business process steps until conclusion. All system testing was completed successfully and the Fleet Risk Management Component and the GMT Scan Centre will start using the system in the new financial year.

4.2 Overview of the financial results

a) Statement of Financial Performance

Revenue increased by 15.3% to R 531 mil (2012/13: R 460.4 mil). This increase is a combined result of the annual tariff increase which was applied from 1 April 2013; 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 renewal of the fleet during the year under review.

Other income decreased by 16.2% to R 13.4 mil (2012/13: R 16 mil). This was as result of a decrease in the profit earned on the sale of vehicles due to the downturn in market conditions.

Revenue from Government Grants and Subsidies Received decreased by 85% to R 8.3 mil (2012/13: R 55.2 mil). During 2012/13 the value of the vehicles allocated to client departments was higher than that allocated during 2013/14.

The total expenditure increased by 9.8% to R 385.9 mil (2012/13: R 351.6 mil). Annual inflationary increases combined with higher cost drivers such as distances travelled by the fleet are the main reasons contributing to the increase.

The operating expenditure increased by 11.6% to R 302.2 mil (2012/13: R 270.8 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 17.6 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 maintenance and enhancements required in the electronic systems used by GMT.

The staff costs increased by 15.2% to R 27.3 mil (2012/13: R 23.7 mil). This due to the annual increase in CTE as well as more staff being appointed to cope with increased work-load.

Depreciation decreased by 23.9% to R 12.1 mil (2012/13: R 15.9 mil). The decrease is due to the increase in the residual value of the vehicle fleet thus having a lower depreciable amount for depreciation purposes.

Operating lease expenditure on vehicle tracking units and office equipment increased from R 14.2 mil in 2012/13 to R 15 mil in 2013/14. This is due to more tracking units fitted and thus the related increase in the operating lease costs.

The profit for the year decreased by 5.8% to R 193.2 mil (2012/13: R 205 mil). The decrease in the profit was mainly due to the movements in the revenue and expenditure classes referred to above.

b) Statement of Financial Position

The increase in non-current assets from R 763 mil in 2012/13 to R 863.4 mil in 2013/14 was mainly due to the increase in the carry value of the PPE and finance lease receivables. This is the result of GMTs drive to decrease the average useful life of the fleet by replacing older vehicles with new vehicles. The majority of the capital commitments of R 132.5 mil as at 31 March 2014 represent vehicles ordered but not yet delivered at year-end. GMT has sufficient cash in the bank to fund these commitments.

Current Assets increased from R 624.2 mil in 2012/13 to R 729.6 mil in 2013/14. This was due to the increase in cash and cash equivalents as collection efforts have shown results of the increase in the cash balances even though operating and capital expenditure referred to above have increased.

The Accumulated Surplus/Total Equity increased from R 1.35 billion as at 31 March 2013 to R1.54 billion as at 31 March 2014.

c) Cash Flow Statement

The cash and cash equivalents increased from R 502.9 mil on 31 March 2013 to R 611.1 mil as at 31 March 2014. The increase is due to the increase in net cash inflow in operating activities during the reporting year compared to that of 2012/13. This was due to the increase in the collection of revenue billed during the financial year.

Cash outflows from investing activities decreased by R 80.7 mil. This is due to fewer acquisitions of PPE, Intangible assets and vehicles classified as finance lease receivables during the 2013/14 financial than that of 2012/13. 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.

4.3 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 2013/14 is depicted in the **Table** below:

Table 4.3.1: Revenue collected

Category of Revenue	2012/13 Estimate R'000	2012/13 Actual Amount (As per AFS) R'000	(Over)/ Under R'000	2013/14 Estimate R'000	2013/14 Actual Amount (As per AFS) R'000	(Over)/ Under R'000
Daily and Kilometre Tariffs	442 754	460 354	(17 601)	490 681	531 081	(40 400)
Auctions – Profit on sale of vehicles	6 000	9 087	(3 087)	22 265	4 093	18 172
Other claims	5 882	3 710	2 172	7 012	5 128	1 884
Collections from 3rd parties	1 480	3 211	(1 731)	4 210	4 210	-
Grants received (funding from clients for additional vehicles)	26 261	56 405	(30 144)	13 625	10 027	3 598
Interest received	9 600	23 928	(14 327)	15 678	24 561	(8 883)
Total	**491 977**	**556 695**	**(64 718)**	**553 471**	**579 100**	**(25 629)**

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 Receivables from Exchange Transactions.

The position of claims raised but not settled at year-end for 2012/13 is shown in **Table 4.3.2** below.

Table 4.3.2: Claims and Accounts Receivable comparison

Type	2008/09 R'000	2009/10 R'000	2010/11 R'000	2011/12 R'000	2012/13 R'000	2013/14 R'000
Daily and Kilometre Tariffs claimed	304 419	342 310	340 422	437 559	460 354	531 081
Accumulative debt at year-end	67 627	55 100	54 767	64 659	71 031	65 620
% Debt at year-end to Daily and Kilometre tariffs claimed	22	16	16	15	15	12

The table below reflects the outstanding debt per client.

Table 4.3.3: Outstanding debt per client as at 31 March 2014

CLIENTS	OUTSTANDING BALANCE R'000
Provincial Departments	**30 469**
Department of Education	251
Cape Nature	1 942
Department of Transport and Public Works	1 129
Provincial Parliament	99
Department of Health	19 573
Department of Human Settlement	603
Provincial Treasury	182
Department of Social Development	3 252
Department of Environmental Affairs and Development Planning	299
Department of the Premier	830
Department of Agriculture	1 770
Department of Local Government	276
Department of Economic Development and Tourism	157
Western Cape Liquor Authority	106
National Departments	**34 744**
Department of Justice and Constitutional Development	16 092
National Prosecuting Authority	175
Public Service Commission	18
Department of Oceans and Coastal Management	4 511
Department of Agriculture	26
Environmental Affairs and Tourism	49
Department of Home Affairs	1564
Department of Public Works	43
Department of Mineral Resources	66
Government Communication Information Services	14
Department of Labour	131
Department of Rural Development and Land Reform	746
Department of Finance	100
South African Social Security Agency	1 091
Secretary of Parliament	34
Central Statistical Services	96
North West Provincial Administration	19
Northern Cape Provincial Administration	40
South African National Defence Force	8 008
Office of the Presidency	1 918
Free State Provincial Government	3
GRAND TOTAL	**65 213**

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

The Provincial departments of Community Safety and Cultural Affairs and Sport had fully settled accounts on 31 March 2014.

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 onto GoFin and interphase through to 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 2014/15 on 6 February 2014.

Free services

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

Bad debt written off

During 1994, the new Provincial dispensation came into effect. The former Provincial Administration of the Cape of Good Hope (CPA) was divided into three administrations (namely Western Cape, Eastern Cape and Northern Cape) and incorporated into the relevant Provinces/Provincial Governments. At the time GMT was rendering a service to the CPA as a whole. Supporting documentation for claims was transferred to the respective Administrations/Provinces but the debt itself, remained in the books of account of the Provincial Government Western Cape in particular that of GMT. When the discussions took place to arrange the division; only the administrative issues were concluded mainly because the Department of Finance (CPA) was not informed of the outcome of the financial discussions. Consequently no financial decisions were made in this regard. The correct procedure would have been to clear the debts in the ledgers of GMT (Western Cape) and raise them in the ledgers of the respective Provincial Governments/Administrations as the transfer of functions would have included assets and liabilities.

After an analysis of the debt it was noted that the majority of the debts emanates from 1995 to 1998, relates to kilometre tariffs payable and applicable to the Eastern Cape and national Departments.

The following reasons for non-recovery emerged:

- Ineffective administrative and/or financial actions relating to the implementation of the new Provincial dispensation with the effect from April 1994.
- The debt was not transferred to the relevant new Provincial Governments.
- Resistance of debtors to be held accountable for the debts.
- Supporting documentation lost in transfer or otherwise.
- Uneconomical to pursue outstanding amounts ranging between R1 to R3 000.
- The debt originates from the previous government dispensation and in the transition period from the old to the new dispensation.
- Age of the debt and concomitant lack of corporate memory.
- Documents were mislaid during relocation of GMT in 1999/2000.

The Accounting Officer considered the matter and granted approval on 15 March 2014 in terms of PFMA s38(1)(c)(iii) read with Treasury Regulation 11.4.1(a), (b)(i) and (iii) and paragraph 12.2 a, b and d of the Departmental Debt Policy, WC Provincial Treasury, October 2013 for the write-off of R18 722 492.72 bad debt in the books of account of GMT.

Over collection of revenue

The Trading Entity's total revenue exceeded the budget by 4.6%. The main reasons for this are as follows:

Revenue for Kilometre and Daily tariffs for the year under review amounts to R 531 081k which is 8.2% over the revenue budgeted for the same period. This is due to a higher number of kilometres travelled (5 677 626 km) than budgeted resulting in more kilometre tariffs charged than which was initially anticipated.

Income received at the auctions was 81.6% under the revenue budgeted. This was achieved as a result of the vehicle replacement programme being fast tracked in the previous financial year and the budget for 2013/14 being adjusted to reflect this occurance, however in 2013/14 less vehicles were sold on auction, thus less income was received. Fourteen auctions were held.

Sales of capital assets

The vehicles that reached the end of their respective life cycles were sold at public auctions.

4.4 Expenditure

The expenditure versus the budget is depicted in the **Table** below:

Table 4.4.1: Expenditure versus budget

2012/13			2013/14		
Final Budget R'000	**Actual Expenditure R'000**	**Under Expenditure R'000**	**Final Budget R'000**	**Actual Expenditure R'000**	**Under Expenditure R'000**
359 201	351 633	7 568	422 128	385 854	36 274

Virements/roll overs

No virements were done and no request for rollovers was submitted.

Unauthorised, Irregular, Fruitless and Wasteful expenditure

There were no Unauthorised, Irregular, Fruitless and Wasteful expenditure incurred during the year under review.

Future plans of the Trading Entity

The Entity will continue to deliver vehicle fleet services to the client base. Further enhancements in electronic systems and associated business processes will drive the business unit. The introduction of driver tags to obtain effective control over drivers and their behaviour will form the focus areas in the 2014/15 financial year. It is also planned to relocate part of the organisation (Fleet Risk Management, Fleet Operations and the Vehicle Hiring components) to the new office building in Maitland during 2014/15.

Public Private Partnerships (PPP)

No PPP's were entered into during the previous and 2013/14 financial year.

Discontinued activities / activities to be discontinued

The Trading Entity did not discontinue any activities and is not planning to discontinue any activities in the next financial year.

New or proposed activities

The Entity made good progress with the project that commenced in 2012/13 to insource the repair and maintenance management currently undertaken by a service provider. It is planned to commence with the implementation in October 2014 with the view of full take-on by 31 March 2015. The project will ensure full control over the function and ensure better utilisation of merchants.

<u>Supply chain management</u>

The Trading Entity did not conclude any unsolicited bid proposals for the year under review.

Processes are in place to mitigate occurrence of irregular expenditure through the design and implementation of detective, preventative and corrective controls. These controls are encapsulated in newly issued Supply Chain Management System and Delegation framework.

Departmental wide awareness through structured capacity building and training intervention designed and implementation of standardised SOP's, policies, templates and tools as the Supply Chain System is manually intensive.

<u>Gifts and Donations received in kind from non-related parties</u>

The Trading entity received no gifts and donations from parties other than related parties.

<u>Exemptions and deviations received from the National Treasury</u>

The Trading Entity received no exemption from the PFMA or TR or deviation from the financial reporting requirements for the current and/or previous financial year.

<u>Events after the reporting date</u>

There are five events recorded as events after reporting date in the notes to the AFS. Three being Adjusting events and two being Non-adjusting events. The details are as follows:

Adjusting events

Cases settled (in terms of agreed payment) after the reporting period but before the financial statements were issued amounts to R 117,493 (31 March 2013: R 47,198).

Irregular expenditure of R 75,900 was condoned after 31 March 2014 and before the Annual Financial Statements were approved. These cases were under investigation on 31 March 2014.

Alleged Irregular expenditure was determined to be invalid on 23 May 2014. This expenditure relates to emergency equipment on vehicles.

Non-adjusting events

Nine third party claims with an estimated claim value of R 143,977 was issued to GMT after 31 March 2014.

357 cases of damages and losses of GG vehicles were registered after 31 March 2014 with a probable loss amount of R 1,658,730.

Acknowledgement/s or Appreciation

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 Entity made a special effort to prioritise the training of transport officers to lift the bar on service delivery. Furthermore, it made good progress with the migration from the GAAP to the GRAP accounting reporting framework.

Conclusion

The fleet management environment remains a challenging one and it is planned to implement further electronic work flows and improving business processes to ensure a smooth delivery environment.

The Annual Financial Statements set on pages 80 to 155 are hereby approved.

JT Gooch
Accounting Officer

Date: 30 May 2014

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (PART E) have been prepared in accordance with the the effective Standards of Generally Recognised Accounting Practices (GRAP) applicable to the trading entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgments made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2014.

JT Gooch
Accounting Officer

Date: 30 May 2014

6. STRATEGIC OVERVIEW

6.1 Introduction

GMT, which forms part of the administration 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.

6.2 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."

6.3 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."

6.4 Values

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

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	We endeavour to understand person's needs and will show interest. We will show respect for each other. We will treat staff as more than just a worker and value staff as people. We will empathise with our staff. We will emphasise positive aspects in the workplace. We will provide honest criticism when needed.
Competence	Our people are able to do the tasks they are appointed to do, live our values and always strive for excellence. We all deliver on our outcomes and targets with quality, on budget and in time. We focus on the best results to serve the people of the Western Cape. We demonstrate an understanding of and work together to achieve our role in our Constitutional and electoral mandate.
Accountability	We have a clear understanding of our objectives, roles, delegations and responsibilities. We are committed to deliver agreed outputs on time. We hold each other accountable and know we can trust each other to do as we say we will. As individuals we take responsibility and ownership for our outcomes, and accept the consequence of failure to do so.
Integrity	We seek for truth and greater understanding of it in each situation and we do the right things. We are honest, show respect and live out our positive values. We are reliable and trustworthy, doing what we say we will. There are no grey areas, with integrity applying at all levels in all instances ensuring we are corruption free.
Responsiveness	We take the public seriously, listening and hearing their voice (listening a lot and talking less). 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. We engage collaboratively with each other, our stakeholders and the media, providing full information. 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.

7. 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.

<u>Policy mandates</u>

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:

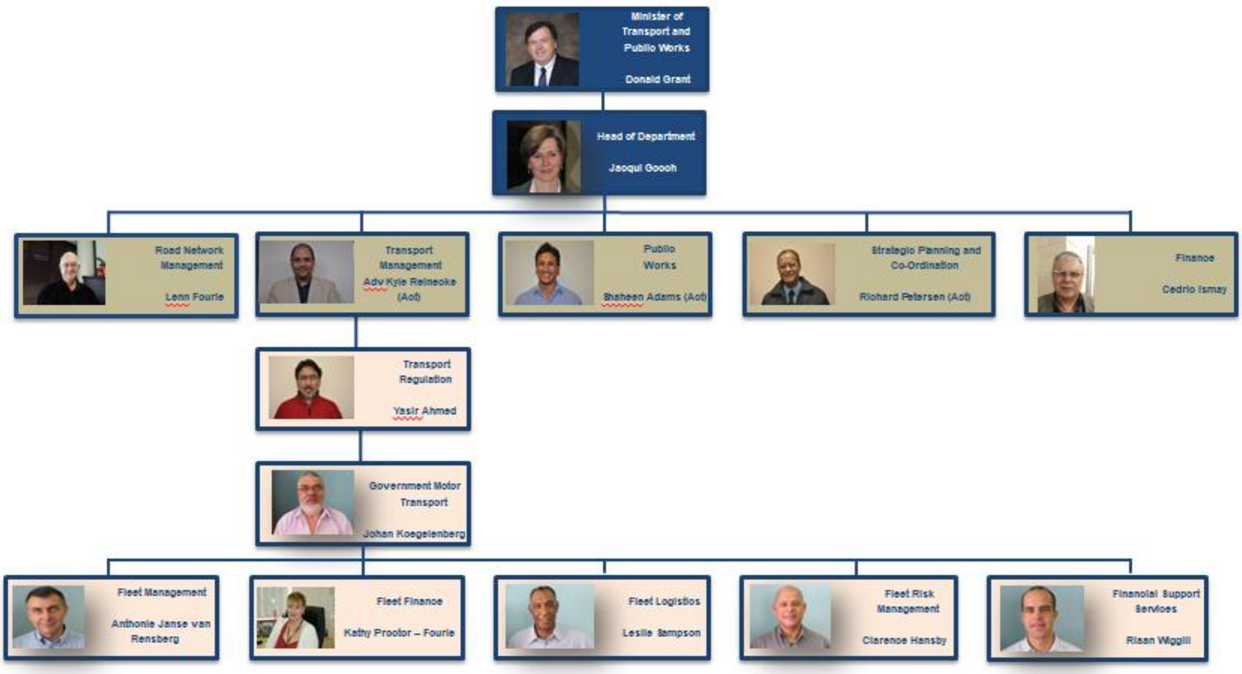
- The operational activities are guided by the National Transport Circular 4 of 2000.

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

8. ORGANISATIONAL STRUCTURE

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

Figure 5.1: Organisational structure



9. TRADING ENTITY REPORTING TO THE MINISTER

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

PART B: PERFORMANCE INFORMATION

1. 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 opinion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with no 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 77 of the report of AGSA, published as **PART E: FINANCIAL INFORMATION.**

2. OVERVIEW OF THE TRADING ENTITY'S PERFORMANCE

2.1 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 529 replacement vehicles were ordered during the year under review. Special attention was given to address the requirements in the truck and bus segments of the fleet. The Entity could not repeat the performance of the previous financial year to replace a similar volume of vehicles. A large quantity of the new vehicles had to be converted first (ambulances, forensic pathology and mobile clinics) before the old vehicles could be withdrawn from service. As these conversions are of a specialized nature and also require more floor space than sedan cars, care had to be taken to effectively manage the available floor space.

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 mil. The fleet travelled a total of 113 758 500 kilometres (based on the actual kilometres billed at the end of each month) during the year which is 5 677 626 kilometres more than the previous year.

Fuel expenditure that represents the largest portion of the maintenance/operational costs of the fleet increased by a further 1% compared to the previous financial year and now totaling 74%. To ensure that a firm hand is maintained on fuel usage GMT maintained the 4 634 eFuel units (electronic fuelling devices) in the fleet. Only 676 fuel cards are still in use. Only minor cases of irregular fuel patterns was spotted via exception reports and followed up.

Further good progress was achieved with the special programme to increase the rate of training of Transport Officers in operational fleet matters and the use of the electronic fleet system that was initiated in the 2011/12 financial year. During the year under review a total of 172 and 174 officers received training in operations and systems respectively.

The efforts to highlight 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, continued. However, despite all the aforementioned actions taken the total violations processed increased by a further 1 682 cases (6 698 cases versus 5 016 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 from 291 in the previous financial year to 255 in the year under review.

Accidents and claims over the past two financial years show a slight increase and appear within the standard norms as depicted in **Table 2.1.1** below:

Table 2.1.1: Accidents and losses incidents

Cases Processed	2012/13	2013/14
Accidents and losses	2 601	2 808
3rd Party Claims	77	84

2.2 Service Delivery Improvement Plan

GMT has completed a Service Delivery Improvement Plan (SDIP). The tables below highlight the service delivery plan and the achievements to date.

Table 2.2.1: Main services and service standards provided in terms of the Service Delivery Plan

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Provision of a Government Motor Transport Service	Provincial Departments National Departments Other Provincial Governments Public Entities	• **Fleet Operations - Traffic Offences** a) Paper based traffic violation documentation processing	• **Fleet Operations - Traffic Offences** a) Electronic system for processing of all traffic violation documentation developed	• **Fleet Operations - Traffic Offences** a) Electronic system for processing of all traffic violation documentation implemented as a pilot with the Traffic Management Technologies (TMT). Piloting with selected GMT drivers was concluded. In process of rolling out driver tags to all GMT drivers

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
		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 by sending emails to client departments on a daily basis to trace and complete the driver details	b) 20 Transport Officers trained on FleetMan Client Module	b) 174 officers trained on FleetMan Client Module
		c) 50% Rollout of Open Text Electronic Content Management System	c) 60% Rollout of Open Text Electronic Content Management System	c) 100% Rollout of Open Text Electronic Content Management System
		• **<u>Fleet Logistics – Misuse Incidents</u>**	• **<u>Fleet Logistics – Misuse Incidents</u>**	• **<u>Fleet Logistics - Misuse Incidents</u>**
		a) All reported cases are registered in the fleet management system (FleetMan) and followed up with the relevant clients	a) Develop Standard Operating Procedures (SOP) to improve turn-around times	a) SOP in consultation process
		• **<u>Fleet Operations – Issuing of non – emergency vehicles</u>**	• **<u>Fleet Operations – Issuing of non – emergency vehicles</u>**	• **<u>Fleet Operations - Issuing of non-emergency vehicles</u>**
		a) To improve the turnaround time for issuing vehicles	a) Develop Standard Operating Procedure to improve turn-around times for issuing vehicles	b) 6 weeks turnaround time

Table 2.2.2: Batho Pele arrangements with beneficiaries

Current/actual arrangements	Desired arrangements	Actual achievements
Provision of a Government Motor Transport Service		
Consultation:	**Consultation:**	**Consultation:**
• **Fleet Operations – Client Forums**	• **Fleet Operations – Client Forums**	• **Fleet Operations – Client Forums**
a) Bi-monthly meetings held with the Transport Officers of clients	a) GMT needs to enhance the service further by appointing client liaison officers. The latter is addressed in the GMT refinement study	a) Awaiting approval of refinement study
Consultation		
• **Fleet Operations – Client Department Evaluations**	• **Fleet Operations – Client Department Evaluations**	• **Fleet Operations – Client Department Evaluations**
a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved	a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved	a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved
• **Fleet Finance – Tender**	• **Fleet Finance – Tender**	• **Fleet Finance – Tender**
a) All tender invitations (value above R100 000) are published in the Government Gazette	a) All tender invitations (all values) also to be published in official public mechanisms	a) All tender invitations (all values) are published in official public mechanisms
		Additional Achievement
		• **Fleet finance – Accounting standards**
		a) Migration from Generally Accepted Accounting Principles (GAAP) to Generally Recognised Accounting Practice (GRAP) effective from 1 April 2013
Access:	**Access:**	**Access:**
49 Hope Street, Cape Town:	**49 Hope Street, Cape Town:**	**49 Hope Street, Cape Town:**
• **Fleet Operations: On-site GMT Technical Helpdesk**	• **Fleet Operations: On-site GMT Technical Helpdesk**	• **Fleet Operations: On-site GMT Technical Helpdesk**
a) Clients contact GMT for vehicle technical advice and/or assistance	a) Clients contact GMT for vehicle technical advice and/or assistance	a) GMT enhanced the current service by launching the Client Care Centre (CCC) in January 2014

Current/actual arrangements	Desired arrangements	Actual achievements
b) GMT needs to establish VIP Fleet Support service	b) GMT needs to implement VIP Fleet Support service	b) Implemented
c) Repairs and maintenance requests are managed via the toll free number (0800 500 005) on a 24/7 basis	c) Repairs and maintenance requests are managed via the toll free number (0800 500 005) on a 24/7 basis	c) Enhanced the current service by launching the GMT toll free number (08000 WCGMT/92468) **<u>Additional Achievement</u>** d) GMT internal specialised tow truck service was launched October 2013
• **<u>Fleet Risk Management</u>**	• **<u>Fleet Risk Management</u>**	• **<u>Fleet Risk Management</u>**
a) GMT provides a legal support structure to clients with regards to accident cases where officials were involved in	a) GMT provides a legal support structure to clients with regards to accident cases where officials were involved in	a) GMT provides a legal support structure to clients with regards to accident cases where officials were involved in
3 Rusper Street, Maitland:	**3 Rusper Street, Maitland:**	**3 Rusper Street, Maitland:**
• **<u>Fleet Operations: Vehicle Tracking</u>**	• **<u>Fleet Operations: Vehicle Tracking</u>**	• **<u>Fleet Operations: Vehicle Tracking</u>**
a) The vendor is on-site to install, repair and de-install vehicle tracking units	a) The vendor is on-site to install, repair and de-install vehicle tracking units	a) The vendor is on-site and renders an off-site service to install, repair and de-install vehicle tracking units
• **<u>Fleet Operations: eFuel devices</u>**	• **<u>Fleet Operations: eFuel devices</u>**	• **<u>Fleet Operations: eFuel devices</u>**
a) The vendor is on-site to install, repair and de-install eFuel units	a) The vendor is on-site to install, repair and de-install eFuel units	a) The vendor is on-site and renders an off-site service to install, repair and de-install eFuel units
34 Roeland and 49 Hope Street, Cape Town:	**34 Roeland and 49 Hope Street, Cape Town:**	**34 Roeland and 49 Hope Street, Cape Town:**
• **<u>Fleet Logistics</u>**	• **<u>Fleet Logistics</u>**	• **<u>Fleet Logistics</u>**
a) GMT is equipped with UPS and standby power services to be able to deliver services during power cuts	a) GMT is equipped with UPS and standby power services to be able to deliver services during power cuts	a) GMT is equipped with UPS and standby power services to be able to deliver services during power cuts
19 Hermes Street, Paarden Eiland:	**19 Hermes Street, Paarden Eiland:**	**19 Hermes Street, Paarden Eiland:**
• **<u>Fleet Operations – Auctioning and Accident Vehicles</u>**	• **<u>Fleet Operations – Auctioning and Accident Vehicles</u>**	• **<u>Fleet Operations – Auctioning and Accident Vehicles</u>**

Current/actual arrangements	Desired arrangements	Actual achievements
a) Vehicles are withdrawn and sold	a) Vehicles are withdrawn and sold	a) Vehicles are withdrawn and sold
Courtesy:	**Courtesy:**	**Courtesy:**
• **Fleet Logistics – GMT Bureau**	• **Fleet Logistics – GMT Bureau**	• **Fleet Logistics – GMT Bureau**
a) A 24/7 Call-in centre is operational to process reports on unacceptable driver behaviour and/or misuse of vehicles	a) A 24/7 Call-in centre is operational to process reports on unacceptable driver behaviour and/or misuse of vehicles	a) A 24/7 Call-in centre is operational to process reports on unacceptable driver behaviour and/or misuse of vehicles
• **Fleet Risk Management – Whistle blowing**	• **Fleet Risk Management – Whistle blowing**	• **Fleet Risk Management – Whistle blowing**
a) A departmental Whistle Blowers Policy is implemented within GMT	a) A departmental Whistle Blowers Policy is implemented within GMT	a) A departmental Whistle Blowers Policy is implemented within GMT
Openness and transparency:	**Openness and transparency:**	**Openness and transparency:**
• **Fleet Operations- Monthly Client Forums**	• **Fleet Operations – Client Forums**	**Fleet Operations – Client Forums**
a) Monthly meetings are held with the Transport Officers of clients	a) GMT needs to enhance the service further by appointing client liaison officers. The latter is addressed in the GMT refinement study	a) Bi-monthly Client Forum meeting held. Awaiting approval of refinement study. Report is being reviewed by OD
• **Fleet Operations - Client Evaluations**	• **Fleet Operations - Client Evaluations**	• **Fleet Operations - Client Evaluations**
a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved	a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved	a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved
• **Fleet Operations- Monthly GMT operational meetings with service providers**	• **Fleet Operations- Monthly GMT operational meetings with service providers**	• **Fleet Operations - Monthly GMT operational meetings with service providers**
a) Monthly meetings are held to resolve operational issues in terms of the fleet maintenance, fuel and tracking management contract	a) Monthly meetings are held to resolve operational issues in terms of the fleet maintenance, fuel and tracking management contract	a) Weekly meetings are held to resolve operational issues in terms of the fleet maintenance, fuel and tracking management contract
• **Fleet Operations – GMT consulted and signed SLA with Clients**	• **Fleet Operations – GMT consulted and signed SLA with Clients**	• **Fleet Operations – GMT consulted and signed SLA with Clients**
a) Service Level Agreements	a) Service Level Agreements	a) All signed except for two

Current/actual arrangements	Desired arrangements	Actual achievements
have been entered into with clients b) GMT Website developed	have been entered into with clients b) GMT Website launched	national clients b) Website to be launched in April 2014
Value for Money:	**Value for Money:**	**Value for Money:**
• **Fleet Operations- Repair and Maintenance**	• **Fleet Operations- Repair and Maintenance**	• **Fleet Operations- Repair and Maintenance**
a) A fleet maintenance and fuel management service has been established	a) A fleet maintenance and fuel management service has been established	a) A fleet maintenance and fuel management service has been established
• **Fleet Operations – Vehicle Purchases**	• **Fleet Operations – Vehicle Purchases**	• **Fleet Operations – Vehicle Purchases**
a) GMT purchase vehicles in terms of the national RT57 State contract at competitive prices	a) GMT purchase vehicles in terms of the national RT57 State contract at competitive prices	a) GMT purchase vehicles in terms of the national RT57 State contract at competitive prices
• **Fleet Risk Management**	• **Fleet Risk Management**	• **Fleet Risk Management**
a) Utilisation of independent assessors and tracing agents to minimise 3rd party settlements and optimize debt recovery	a) Utilisation of independent assessors and tracing agents to minimise 3rd party settlements and optimize debt recovery	a) Utilisation of independent assessors and tracing agents to minimise 3rd party settlements and optimize debt recovery
• **Fleet Logistics**	• **Fleet Logistics**	• **Fleet Logistics**
a) The GMT vehicle hiring pool was increased to meet the needs of clients. A private car rental contract is available to cater for needs outside the capability of the pool	a) The GMT vehicle hiring pool was increased to meet the needs of clients. A private car rental contract is available to cater for needs outside the capability of the pool	a) The GMT vehicle hiring pool was increased to meet the needs of clients. A private car rental contract is available to cater for needs outside the capability of the pool

Table 2.2.3: Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Provision of a Government Motor Transport Service		
• **GMT Policy**	• **GMT Policy**	• **GMT Policy**
a) GMT Circulars are published on the WCG intranet portal	a) GMT Circulars are published on the WCG intranet portal	a) The GMT website is still in testing stage and provisionally GMT Circulars are published on the intranet
• **Fleet Logistics - GMT**	• **Fleet Logistics - GMT Bureau**	• **Fleet Logistics – GMT**

Current/actual information tools	Desired information tools	Actual achievements
Bureau a) MIS Information can be obtained from the GMT Bureau	a) MIS Information can be obtained from the GMT Bureau	**Bureau** a) Management information can be obtained from the GMT Bureau
• **Fleet Risk Management** a) A custom designed Risk Management Module within the fleet management system is available to assist with the execution of duties	• **Fleet Risk Management** a) A custom designed Risk Management Module within the fleet management system is available to assist with the execution of duties	• **Fleet Risk Management** a) A custom designed Risk Management Module within the fleet management system is available to assist with the execution of duties
• **Fleet Logistics** a) GMT delivers a training service to the Transport Officers of clients	• **Fleet Logistics** a) GMT delivers a training service to the Transport Officers of clients	• **Fleet Logistics** a) GMT delivers a training service to the Transport Officers of clients

Table 2.2.4: Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Provision of a Government Motor Transport Service		
• **Fleet Operations - Monthly Client Forums** a) Monthly meetings are held with the Transport Officers of clients	• **Fleet Operations - Monthly Client Forums** a) Monthly meetings are held with the Transport Officers of clients	• **Fleet Operations - Monthly Client Forums** a) Bi-monthly meetings are held with the Transport Officers of clients
• **Fleet Operations – Clients Evaluations** a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved	• **Fleet Operations – Clients Evaluations** a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved	• **Fleet Operations - Client Evaluations** a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved
• **Fleet Risk Management** a) Effective case administration and management of all reported cases, accidents, thefts, hi-jacking and 3rd party claims against the State	• **Fleet Risk Management** a) Effective case administration and management of all reported cases, accidents, thefts, hi-jacking and 3rd party claims against the State	• **Fleet Risk Management** a) Effective case administration and management of all reported cases, accidents, thefts, hi-jacking and 3rd party claims against the State
• **Fleet Logistics – GMT Bureau**	• **Fleet Logistics – GMT Bureau**	• **Fleet Logistics – GMT Bureau**

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
a) A 24/7 Call-in centre is operational to report unacceptable driver behaviour and/or misuse of vehicles	a) A 24/7 Call-in centre is operational to report unacceptable driver behaviour and/or misuse of vehicles	a) A 24/7 Call-in centre is operational to report unacceptable driver behaviour and/or misuse of vehicles
• **Fleet Risk Management – Whistle blowing**	• **Fleet Risk Management – Whistle blowing**	• **Fleet Risk Management – Whistle blowing**
a) A departmental Whistle Blowers Policy is implemented within GMT	a) A departmental Whistle Blowers Policy is implemented within GMT	a) A departmental Whistle Blowers Policy is implemented within GMT

2.3 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, Organisational Development (Department of the Premier) commenced with their investigation into the organisation and establishment. It is planned to finalise the investigation and to issue a report before the end of the 2014/15 financial year. A 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 continued with the co-sourcing approach as the change management strategy to ensure that the financial statements for 2013/14 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.

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 2015.

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.

There were no resignations on Management level in GMT.

There were no strikes during 2013/14.

GMT's FleetMan ERP system 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.

There were no cases of fraud and corruption.

2.4 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.

3. STRATEGIC OUTCOME ORIENTATED 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 2013/14 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 2013/14 financial year, linked to each strategic goal of GMT and to the Provincial Government and parent department, are outlined in the **Table** below.

Table 3.1: Key areas of delivery

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

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	Arrange for the servicing and maintenance of the fleet. Perform regular inspection of vehicles and repair work to ensure value for money. Carry out inspections of merchants. Maintain and update the asset register.

Links	Western Cape Provincial Government Strategic Agenda 2009: Deliver clean, efficient, cost effective, transparent and responsive public administration. Departmental Goal 1: Promote good governance and an effective and efficient department.

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	Fit all vehicles with tracking and control devices. Facilitate forums and on-site visits to determine and address client's requirements. Issue policy and guidelines to clients. Measure client satisfaction levels and address short comings
Links	Western Cape Provincial Government Strategic Agenda 2009: Deliver clean, efficient, cost effective, transparent and responsive public administration. Departmental Goal 1: Promote good governance and an effective and efficient department.

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	Implement and enhance a GAAP compliant financial system to meet the regulatory requirement of Treasury Regulations. Strengthen the financial management capacity. Document and update all business processes.
Links	Western Cape Provincial Government Strategic Agenda 2009: Deliver clean, efficient, cost effective, transparent and responsive public administration. Departmental Goal 1: Promote good governance and an effective and efficient department.

Strategic Goal 5	A healthy operational environment.
Goal statement	Provide departmental transport officers with guidance and policy directives through training sessions. Log and follow up on misuse complaints and traffic violation incidents. Process 3rd 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	Western Cape Provincial Government: Deliver clean, efficient, cost effective, transparent and responsive public administration. Departmental Goal 1: Promote good governance and an effective and efficient department.

Strategic Goal 6	Effective operational systems.
Goal statement	To enhance operational activities through technologically advanced fleet management systems such as the "Electronic Highway".
Key focus areas and deliverables	Register and manage system users.
Links	Western Cape Provincial Government: Deliver clean, efficient, cost effective, transparent and responsive public administration. Departmental Goal 1: Promote good governance and an effective and efficient department.

4. 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.

Strategic objectives, performance indicators planned targets and actual achievements

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

Table 4.1: Strategic objectives, performance indicators planned targets and actual achievements

Strategic Objective	Performance Indicator	Actual Achieve-ment 2012/13	Planned Target 2013/14	Actual Achieve-ment 2013/14	Deviation from planned target to Actual Achievement for 2013/14	Comment on deviations
A fit for purpose vehicle fleet	No. of replacement vehicles acquired (ordered)	1 549	1 100	529	-571	More trucks and busses reached the end of their economic life cycles and were replaced as part of the programme to expedite the renewal of the fleet. These vehicles were more expensive per unit than sedans thus allowing fewer units to be acquired. The budget was fully spent.
	No. of vehicles added to the fleet	152	120	31	-89	This is a demand driven indicator and client departments had less requirements for additional vehicles than what was originally forecasted.
An effective utilised vehicle fleet	No. of vehicles serviced and maintained	6 471	4 500	9 097	+4 597	This is a demand driven indicator and depends on the kilometres travelled by clients.
	No. of vehicle inspections carried out	6 999	5 800	5 275	-525	This is a demand driven indicator and the Entity is satisfied that adequate inspections were carried out to achieve the set service delivery standards.
	No. of merchant inspections carried out	70	50	8	-42	This is a demand driven indicator and the Entity is satisfied that adequate inspections were carried out to achieve the set service delivery standards.
	No. of updates of the asset register	4	4	4	0	The target was met
Excellent client satisfaction rating	No. of tracking units provided	5 166	4 723	4 746	+23	The target was met
	No. of eFuel units provided	4 710	4 642	4 634	-8	The target was met.
	No. of client forums maintained	6	6	6	0	The target was met

Strategic Objective	Performance Indicator	Actual Achieve-ment 2012/13	Planned Target 2013/14	Actual Achieve-ment 2013/14	Deviation from planned target to Actual Achievement for 2013/14	Comment on deviations
	No. of policy and guideline circulars issued by GMT	28	25	27	+2	The target was met.
Improved financial manage-ment capability	Debt outstanding for all previous financial years		R20 mil	R21 mil	+R1 mil	The Entity is satisfied that adequate progress was made with follow-up actions to ensure a healthy cash flow to achieve the set service delivery standards.
	Debt outstanding for current financial year		R65 mil	R44 mil	+R21 mil	More dedicated attention was given to follow-up and clearing of old debt.
	No. of business processes documented	32	32	22	-10	This is a demand driven indicator. No requirements for further business processes.
	No. of documented business processes reviewed	34	30	34	+4	More resource time could be allocated to the reviewing of business processes than originally planned.
Improved operational capability	No. of transport officers trained (operational)	227	120	172	+52	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)	43	40	174	+134	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	291	300	255	-45	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.

Strategic Objective	Performance Indicator	Actual Achieve-ment 2012/13	Planned Target 2013/14	Actual Achieve-ment 2013/14	Deviation from planned target to Actual Achievement for 2013/14	Comment on deviations
Improved operational capability	No. of traffic violations processed	5 016	5 300	6 698	+1 398	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 3rd party claims processed	77	85	84	-1	The target was met
	No. of accident and losses incidents processed	2 601	2 800	2 808	+8	The target was met
An effective fleet manage-ment system	No. of registered FleetMan users	382	420	488	+68	This is a demand driven indicator.

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 forecasted. All indicators were suitably developed during the strategic planning process and included in the APP to portray all facets of GMT's activities.

<u>Strategy to overcome areas of under performance</u>

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

<u>Changes to planned targets</u>

The changes to planned targets are explained in the column **"Comments on Deviation"** in the above **Table**.

<u>Linking performance with budgets</u>

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.

Table 4.2: Expenditure versus budget

2012/13			2013/14		
Final Budget R'000	Actual Expenditure R'000	Under Expenditure R'000	Final Budget R'000	Actual Expenditure R'000	Under Expenditure R'000
359 201	351 633	7 568	422 128	385 854	36 274

5. TRANSFER PAYMENTS

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

6. CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid

GMT did not make any conditional grants.

6.2 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.

7. DONOR FUNDS

GMT does not make use of donor funds.

8. CAPITAL INVESTMENTS

8.1 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 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.

PART C: GOVERNANCE

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 Accounting Officer (AO) for the Department of Transport and Public Works takes responsibility for implementing Enterprise Risk Management (ERM) in accordance with the National Treasury Public Sector Risk Management Framework (PSRMF) and the Directorate Enterprise Risk Management (D:ERM) in the Department of the Premier (DotP) provides a centralised strategic support service to the Department.

In compliance with the National Treasury Public Sector Risk Management Framework (PSRMF) and to further embed risk management within the Department, the Western Cape Government (WCG) has adopted an ERM Policy which sets out the WCG's overall intention with regard to ERM.

An Annual ERM Implementation Strategy has been developed in order to give effect to the WCG ERM policy and to attain the Annual Enterprise Risk Management Implementation Plan and the risk management priorities of the Department of Transport and Public Works. This enables the Department to deliver on its Departmental goals, objectives and key performance 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 Enterprise Risk Management Committee (ERMCO) provides governance oversight over the entire system of risk management of the Department and furnishes the Accounting Officer with the requisite reports in respect of performance of risk management. The Audit Committee provides the independent oversight of the Department's system of risk management. The Audit Committee is furnished with Quarterly ERM progress reports and departmental risk profiles and registers to execute their independent oversight role. The Audit Committee's evaluation of the risk management process is in relation to the progress of implementation of the Departments Annual ERM Implementation Plan and significant/strategic risks faced by the Department and their relevant risk response/treatment strategies.

Enterprise Risk Management Committee

The Department of Transport and Public Works has established an Enterprise Risk Management Committee (ERMCO) to assist the Accounting Officer in executing her respective responsibilities concerned with risk management. The committee operates under a terms of reference approved by the Accounting Officer. The Committee comprises of select members of the Department's senior management team. As per its terms of reference the Committee should meet four (4) times a year (Quarterly). The Committee meetings during the financial year under review were attended as follows:

Member	Position	Scheduled Meetings	Attended
Mr. Johan Fourie (Q1 and Q2)	Accounting Officer	4	2
Ms. Jacqui Gooch (Q3 and Q4)	Accounting Officer		1
Ms. Jacqui Gooch (Q1 and Q2)	Executive Manager (EM): Strategy, Planning and Coordination	2	2
Mr. Cedric Ismay	Chief Financial Officer	4	4
Mr. Hannes Mouton (Resigned)	EM: Provincial Roads and Transport Management	1	1
Mr. Lenn Fourie	Assistant Executive Manager (AEM): Provincial Roads Network management	4	4
Mr. Darryl Jacobs	AEM: Transport Operations	4	4
Mr. Yasir Ahmed	AEM: Transport Regulations	4	4
Mr. Gary Fisher	EM: Provincial Public Works	4	4
Mr. Shaheen Adams	AEM: Provincial Property Management	4	2
Mr. Joey Pillay	AEM: Public-Private Partnerships (PPP)	4	3
Mr. Thando Mguli (Q1 & Q2 only)	AEM: Provincial Facilities Management	4	2
Mr. Richard Petersen	EAM: Expanded Public Works Programme	4	2
Mr Jan Du Plessis	EAM: Strategic Management and Operational Support	4	3
Ms. Chantal Smith	Senior Manager: Supply Chain Management	4	4
Mr. Johan Koegelenberg	Senior Manager: Government Motor Transport	4	3
Mr. Carl Marx	Manager: Operational Support	4	3
Mr. Dirk Needham	Manager: Financial Control	4	4

Risk management process

During the period under review, Department of Transport and Public Works assessed its risks relative to its strategic and annual performance plan. Risk assessments are conducted on a strategic level on an annual basis and updated quarterly. At a programme level the risk assessments are conducted on a quarterly basis in order to review and update the existing risks and to identify emerging risks. Significant risks relevant to objectives were assessed in terms of its likelihood and impact; risk treatment plans are developed and managed by allocated risk owners. Programme risk registers are approved by the respective programme manager.

The Enterprise Risk Management Committee ratifies, prioritises and further recommends to the Accounting Officer, which significant risks are mitigated with an appropriate risk response/treatment in order to meet the departmental strategic objectives.

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 has an approved Fraud Prevention Plan and a Fraud Prevention Implementation plan which gives effect to the Fraud Prevention Plan.

Various channels for reporting allegations of fraud and corruption exist and these are described in detail in the Provincial Anti-Corruption Strategy and the Departmental Fraud

Prevention Plan. Each allegation received by the Forensic Investigation 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 and generating statistics for the Province and Department. We protect employees who blow the whistle on suspicions of fraud, corruption and theft 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 at the South African Police Services.

During this financial year, 28 investigations were completed by the Forensic Investigation Unit whilst 6 matters were referred to the Department for an internal investigation. 6 investigations confirmed Fraud or Corruption, 2 investigations confirmed Irregularities and/or Non-Compliance, 1 investigation indicated that there was no Fraud, Corruption or Irregularity and in 19 instances the preliminary investigation did not confirm the allegation of Fraud, Theft or Corruption. At the end of the financial year, 17 matters remained on the case list of the Department.

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. PORTFOLIO COMMITTEES

GMT met with the Standing Committee on Finance and Economic Development on 13 November 2013 regarding the Annual Report 2012/13. The Committee congratulated Government Motor Transport on its overall good performance.

8. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS

The following Report was received from SCOPA dated 25 March 2014 for the financial year ending 31 March 2013:

The Committee noted the Auditor-General's audit opinion regarding the Entity's Annual Financial Statements receiving and unqualified opinion with no findings, and that this represented an improvement from the 2011/12 unqualified audit opinion with findings.

The Committee congratulated the Entity on the progress it has made in this regard, towards its commitment of achieving a clean audit in 2014 and beyond. To achieve this commitment and to avoid a regression in the audit outcome, the Entity should urgently and sustainably address all matters raised by the Auditor-General, the Audit Committee and this Committee.

The views and resolutions of the Committee are laid out in the **Table** below:

Resolution No.	Subject	Details	Response by the Trading Entity	Resolved (Yes or No)
6.4.1.1	The Committee thanked the Entity for publishing its resolutions, and actions taken in this regard, in its Annual Report, but noted that this was not an accurate reflection of the oversight role exercised by the Committee, in the year under review.	The Entity should publish the Committee's opening comments specific to this Department, this table of resolutions and the list of information requested by the committee, in all future Annual Reports.	Noted. Finance Instruction 8 of 2014 was issued.	Yes
6.4.1.2	The Committee noted that the	The Entity should brief the	Briefing session to be	No

Resolu-tion No.	Subject	Details	Response by the Trading Entity	Resol-ved (Yes or No)
	Entity restated the correct balance of Unspent Grants at 31 March 2013.	Committee on its 3 year analysis pattern relating to the unspent Grants.	scheduled with SCOPA	

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

The Trading Entity did not receive a modification of its audit reports for the past three years.

10. INTERNAL CONTROL UNIT

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

- Continuous reviewing of the financial delegations, the implementation, training and monitoring thereof,
- Development, review, training and implementing of various Standing Operating Procedures to enhance governance,
- Management of Forensic Investigation reports
- Facilitate the external audit process and internal audit process.
- Maintenance of the electronic Financial Manuel.
- Monitor, report and update the Supplier Invoice Tracking System
- Retention of all financial information
- Reporting and monitoring:
  - Scopa resolutions
  - Financial Misconduct
  - Departmental Corporate Governance Implementation Plan
- Supply Chain Management performed the following inspections:
  - EPSI system
  - Assets
- Ad-hoc inspection
- Investigate and report on Irregular, fruitless and wasteful and unauthorised expenditure

The Department maintains systems of internal control to safeguard its assets against unauthorised acquisition, use or disposition, and to ensure that proper accounting records are maintained.

These systems, inter alia, include documented organisational structures; a clear delineation of responsibilities, including the devolution of authority, as appropriate; established policies and procedures. Such systems are designed to provide reasonable assurance to all in particular, to the Audit Committee and the Auditor-General regarding the integrity and reliability of financial information, the protection of the department 's assets, and the efficient and effective use of its resources.

Although GMT does not have its own Internal Control unit, it made a recommendation to include such a function in the new proposed establishment and to create the required post(s) to perform the function. In the interim a resource has been appointed on a contract basis additional to the approved establishment to carry out this duty.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit provides management with independent, objective assurance and consulting services designed to add value and to continuously improve the operations of the Government Motor Transport (GMT). It should assist the GMT to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Governance, Risk Management and Control processes. The following key activities are performed in this regard:

- Assess and make appropriate recommendations for the improving the governance processes in achieving the GMT's objectives;
- Evaluate the adequacy and effectiveness and contribute to the improvement of the risk management process;
- Assist the Accounting Officer in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.

Internal Audit completed 1 (one) assurance engagement during the year under review for the GMT. This engagement is included in the Audit Committee report.

The Audit Committee is established as an oversight body, providing independent oversight over governance, risk management and control processes within the GMT, which includes responsibilities relating to:

- Internal Audit function;
- External Audit function (Auditor-General of South Africa - AGSA);
- Accounting and reporting;
- Accounting Policies;
- AGSA management and audit report;
- In year Monitoring (IYM) reports;
- Risk Management;
- Internal Control;
- Pre-determined objectives; and
- Ethics and Forensic Investigations.

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Mr Ameen Amod	MBA (Cum Laude); Master of Arts (MA); BComm; CIA	External	N/a	01 January 2010	N/a	8
Mr Wessel Pieters	M Comm (ACC)(Pret); CA (SA) (Retired)	External	N/a	01 January 2010	N/a	8
Mr Christiaan Snyman	BComm Accounting; BComm Accounting Honours; CA(SA)	External	N/a	01 January 2013	N/a	8
Mr Sedick Steenkamp	Higher Diploma Accounting; CA (SA)	External	N/a	01 January 2013	N/a	8
Mr Francois Barnard	MComm (Tax); CA(SA);Postgrad Diploma in Auditing; CTA BCompt (Honours); BProc	External	N/a	01 January 2013	N/a	8

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2014.

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 Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all of its responsibilities as contained therein.

The Effectiveness of Internal Control
In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with 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.

The following internal audit work was completed during the year under review:
- Revenue Management

From our review of the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa (AGSA), the Committee notes the continued progress applied by the GMT in improving the effectiveness of the system of internal control.

Corrective actions have been agreed upon by Management and are being monitored by the Audit Committee.

In-Year Management and Monthly/Quarterly Report
The Audit Committee is satisfied with the content and quality of the quarterly in-year management and performance reports issued during the year under review by the Accounting Officer of the GMT in terms of the National Treasury Regulations and the Division of Revenue Act.

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 changes to accounting policies 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;
- reviewed material adjustments resulting from the audit of the GMT;
- reviewed, and where appropriate, recommended changes to the interim financial statements as presented by the GMT for the six months ending 30 September 2013.

Report of the Auditor-General South Africa
We have on a quarterly basis reviewed the GMT's implementation plan for audit issues raised in the prior year. 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 continue to be monitored by the Audit Committee on a quarterly basis.

The Audit Committee concurs and accepts the Auditor-General of South Africa's opinion regarding the Annual Financial Statements, and proposes that these Audited Annual Financial Statements be accepted and read together with their report.

The Audit Committee commends the GMT on maintaining a Clean Audit Status.

Mr Ameen Amod
Chairperson of the Audit Committee
Government Motor Transport
08 August 2014

PART D: HUMAN RESOURCE MANAGEMENT

1. LEGISLATION THAT GOVERN HR MANAGEMENT

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

In addition to the Public Service Regulations, 2001 (as amended on 30 July 2012), the following prescripts direct Human Resource Management within the Public Service:

- **Public Service Act 1994, as amended by Act 30 of 2007,**

  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 1 of 1999,**

  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 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 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 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 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 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 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 2 of 2000**

  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 (PAJA) of 2000**

  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 HR MATTERS AT THE DEPARTMENT

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 HR 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 Organisational 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;
- 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.
- 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.

c. 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.

d. Employee Wellness

The WCG's 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).

3. HUMAN RESOURCE OVERSIGHT STATISTICS

3.1 Personnel related expenditure

The following tables summarise final audited expenditure by programme (Table 3.1.1) and by salary bands (Table 3.1.2). In particular, it provides an indication of the amount spent on personnel in terms of each of the programmes or salary bands within the Department.

The figures in Table 3.1.1 are drawn from the Basic Accounting System and the figures in Table 3.1.2 are drawn from the PERSAL [Personnel Salary] system. The two systems are not synchronised for salary refunds in respect of staff appointments and resignations and/or transfers to and from other departments. This means there may be a difference in total expenditure reflected on these systems.

The key in the table below is a description of the Programme's within the Department. Programmes will be referred to by their number from here on out.

Programme	Programme Designation
Programme 7	Government Motor Transport

Table 3.1.1: Personnel expenditure by programme, 2013/14

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
Programme	385 854	27 349	746	357 759	7.1	185	148
Total	**385 854**	**27 349**	**746**	**357 759**	**7.1**	**185**	**148**

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

Table 3.1.2: Personnel expenditure by salary bands, 2013/14

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)	875	3.2	46	19
Skilled (Levels 3-5)	11 812	43.9	139	85
Highly skilled production (Levels 6-8)	10 084	37.4	273	37
Highly skilled supervision (Levels 9-12)	3 238	12.0	540	6
Senior management (Levels 13-16)	918	3.4	918	1
Total	**26 927**	**100.0**	**182**	**148**

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

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, 2013/14

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
GMT	19 029	70.7	527	2.0	830	3.1	1 398	5.2
Total	**19 029**	**70.7**	**527**	**2.0**	**830**	**3.1**	**1 398**	**5.2**

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. Furthermore, the table does not make provision for other expenditure such as Pensions, Bonus and other allowances which make up the total personnel expenditure. Therefore, Salaries, Overtime, Housing Allowance and Medical Assistance amount to 80.9% of the total personnel expenditure.*

The totals of table 3.1.3 and 3.1.4 do balance, however, due to the fact that the data is grouped by either programme or salary band and that it is rounded off to thousands they reflect differently.

Table 3.1.4: Salaries, Overtime, Housing Allowance and Medical Assistance by salary bands, 2013/14

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)	710	2.6	20	0.1	22	0.1	35	0.1
Skilled (Levels 3-5)	8 035	29.8	307	1.1	489	1.8	840	3.1
Highly skilled production (Levels 6-8)	7 377	27.4	137	0.5	304	1.1	454	1.7
Highly skilled supervision (Levels 9-12)	2 300	8.5	62	0.2	11	0.0	50	0.2
Senior management (Levels 13-16)	608	2.3	0	0.0	4	0.0	19	0.1
Total	**19 030**	**70.7**	**526**	**2.0**	**830**	**3.1**	**1 398**	**5.2**

Note: *The totals of table 3.1.3 and 3.1.4 do balance, however, due to the fact that the data is grouped by either programme or salary band and that it is rounded off to thousands they reflect differently.*

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, as at 31 March 2014

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
Programme 7	111	96	13.5	29	0.0
Total	**111**	**96**	**13.5**	**29**	**0.0**

Table 3.2.2: Employment and vacancies by salary bands, as at 31 March 2014

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)	14	14	0.0	2	0.0
Skilled (Levels 3-5)	54	54	0.0	22	0.0
Highly skilled production (Levels 6-8)	23	22	4.3	4	0.0
Highly skilled supervision (Levels 9-12)	5	5	0.0	1	0.0
Senior management (Levels 13-16)	1	1	0.0	0	0.0
Total	**97**	**96**	**1.0**	**29**	**0.0**

***Note:** The information in each case reflects the situation as at 31 March 2014. 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, as at 31 March 2014

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
None					
Total					

3.3 JOB EVALUATION

The Public Service Regulations, 2001 as amended, introduced post 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, 1 April 2013 to 31 March 2014

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)	14	0	0.0	0	0.0	0	0.0
Skilled (Levels 3-5)	54	0	0.0	0	0.0	0	0.0
Highly skilled production (Levels 6-8)	23	0	0.0	0	0.0	0	0.0
Highly skilled supervision (Levels 9-12)	5	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
Total	**97**	**0**	**0.0**	**0**	**0.0**	**0**	**0.0**

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

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

Table 3.3.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2013 to 31 March 2014

Beneficiaries	African	Indian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**
Employees with a disability					**0**

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 who have been granted higher salaries than those determined by job evaluation per race group, 1 April 2013 to 31 March 2014

Major Occupation	Number of employees	Job evaluation level	Remuneration on a higher salary level	Remuneration on a higher notch of the same salary level	Reason for deviation
None					

Table 3.3.4: Employees who have been granted higher salaries than those determined by job evaluation per race group, 1 April 2013 to 31 March 2014

Beneficiaries	African	Indian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**
Employees with a disability				**0**	

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, 1 April 2013 to 31 March 2014

Salary Band	Number of employees as at 31 March 2013	Turnover rate 2012/13	Appointments into the department	Transfers into the department	Terminations out of the department	Transfers out of the department	Turnover rate 2013/14
Lower skilled (Levels 1-2)	7	25.0	2	0	0	0	0.0
Skilled (Levels 3-5)	63	3.6	30	0	15	2	27.0
Highly skilled production (Levels 6-8)	29	5.4	3	0	2	0	6.9
Highly skilled supervision (Levels 9-12)	6	16.7	0	0	0	0	0.0
Senior Management Service Band A (Level 13)	1	0.0	0	0	0	0	0.0
Senior Management Service Band B (Level 14)	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
Senior Management Service Band D (Level 16)	0	0.0	0	0	0	0	0.0
Total	106	5.8	35	0	17	2	**17.9**
			35		**19**		

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, 1 April 2013 to 31 March 2014

Critical Occupation	Number of employees as at 31 March 2013	Turnover rate 2012/13	Appointments into the department	Transfers into the department	Terminations out of the department	Transfers out of the department	Turnover rate 2013/14
None							

Table 3.4.3: Staff leaving the employ of the department, 1 April 2013 to 31 March 2014

Exit Category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2013
Death	0	0.0	0.0
Resignation*	7	36.8	6.6
Expiry of contract	9	47.4	8.5
Dismissal – operational changes	0	0.0	0.0
Dismissal – misconduct	1	5.3	0.9

Dismissal – inefficiency	0	0.0	0.0
Discharged due to ill-health	0	0.0	0.0
Retirement	0	0.0	0.0
Employee initiated severance package	0	0.0	0.0
Transfers to Statutory	0	0.0	0.0
Transfers to other Public Service departments	2	10.5	1.9
Total	**19**	**100.0**	**17.9**

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

** Resignations are further discussed in tables 3.4.4 and 3.4.5.*

Table 3.4.4: Reasons why staff resigned, 1 April 2013 to 31 March 2014

Resignation Reasons	Number	% of total resignations
HEALTH REASONS	1	14.2
BETTER REMUNERATION	3	42.9
NO REASON	3	42.9
Total	**7**	**100**

Table 3.4.5: Different age groups of staff who resigned, 1 April 2013 to 31 March 2014

Age group	Number	% of total resignations
Ages <19	0	0.0
Ages 20 to 24	2	28.6
Ages 25 to 29	1	14.3
Ages 30 to 34	1	14.3
Ages 35 to 39	3	42.9
Ages 40 to 44	0	0.0
Ages 45 to 49	0	0.0
Ages 50 to 54	0	0.0
Ages 55 to 59	0	0.0
Ages 60 to 64	0	0.0
Ages 65 >	0	0.0
Total	**7**	**100.0**

Table 3.4.6: Employee initiated severance packages.

Total number of employee initiated severance packages in 2013/ 2014	**None**

Table 3.4.7: Promotions by salary band, 1 April 2013 to 31 March 2014

Salary Band	Employees as at 31 March 2013	Promotions to another salary level	Promotions as a % of employees	Progressions to another notch within a salary level	Notch progressions as a % of employees
Lower skilled (Levels 1-2)	3	0	0.0	3	100.0
Skilled (Levels 3-5)	59	1	1.6	42	71.7
Highly skilled production (Levels 6-8)	37	0	0.0	30	81.1
Highly skilled supervision (Levels 9-12)	6	0	0.0	5	83.3
Senior management (Levels 13-16)	1	0	0.0	1	100.0
Total	**106**	**1**	**0.9**	**81**	**76.4**

Table 3.4.8: Promotions by critical occupation, 1 April 2013 to 31 March 2014

Critical Occupation	Employees as at 31 March 2013	Promotions to another salary level	Promotions as a % of employees	Progressions to another notch within a salary level	Notch progressions as a % of employees
None	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

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, as at 31 March 2014

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
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	21	0	5	0	2	0	0	38
Semi-skilled and discretionary decision making *(Levels 3-5)*	7	27	0	2	7	31	0	1	0	0	75
Unskilled and defined decision making *(Levels 1-2)*	1	2	0	1	1	0	0	0	0	0	5
Total	**9**	**40**	**0**	**27**	**8**	**36**	**0**	**5**	**0**	**0**	**125**
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	**9**	**40**	**0**	**27**	**8**	**36**	**0**	**5**	**0**	**0**	**125**

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.*

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, as at 31 March 2014

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
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, 1 April 2013 to 31 March 2014

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	2	0	1	0	0	0	0	0	0	3
Semi-skilled and discretionary decision making *(Levels 3-5)*	2	6	0	0	5	17	0	0	0	0	30
Unskilled and defined decision making *(Levels 1-2)*	1	1	0	0	0	0	0	0	0	0	2
Total	**3**	**9**	**0**	**1**	**5**	**17**	**0**	**0**	**0**	**0**	**35**
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	**3**	**9**	**0**	**1**	**5**	**17**	**0**	**0**	**0**	**0**	**35**

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, 1 April 2013 to 31 March 2014

Occupational Levels	Male				Female				Foreign Nationals		
	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	0	0	0	0	0	0
Semi-skilled and discretionary decision making *(Levels 3-5)*	0	0	0	0	0	1	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**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**1**
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**1**

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, 1 April 2013 to 31 March 2014

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	2	0	0	0	0	0	0	0	0	2
Semi-skilled and discretionary decision making *(Levels 3-5)*	2	5	0	1	5	4	0	0	0	0	17
Unskilled and defined decision making *(Levels 1-2)*	0	0	0	0	0	0	0	0	0	0	0
Total	**2**	**7**	**0**	**1**	**5**	**4**	**0**	**0**	**0**	**0**	**19**
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	**2**	**7**	**0**	**1**	**5**	**4**	**0**	**0**	**0**	**0**	**19**

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, 1 April 2013 to 31 March 2014

Disciplinary actions	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Suspension without pay	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, 1 April 2013 to 31 March 2014

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	2	0	1	0	0	1	1	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents *(Levels 6-8)*	1	5	0	7	0	4	0	2	19
Semi-skilled and discretionary decision making *(Levels 3-5)*	4	12	0	1	3	16	0	1	37
Unskilled and defined decision making (Levels 1-2)	3	4	0	0	1	1	0	0	9
Total	8	23	0	9	4	21	1	4	70
Temporary employees	0	0	0	0	0	0	0	0	0
Grand total	8	23	0	9	4	21	1	4	70

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 2013

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
Director-General/ Head of Department	0	0	0	0
Salary level 16, but not HOD	0	0	0	0
Salary Level 15	0	0	0	0
Salary Level 14	0	0	0	0
Salary Level 13	1	1	1	100.0
Total	**1**	**1**	**1**	**100.0**

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 3.8.5.*

Table 3.6.2: Reasons for not having concluded Performance Agreements with all SMS on 31 May 2013

Reasons for not concluding Performance Agreements with all SMS
N/A

Table 3.6.3: Disciplinary steps taken against SMS Members for not having concluded Performance Agreements on 31 May 2013

Disciplinary steps taken against SMS Members for not having concluded Performance Agreements
N/A

3.7. FILLING OF SMS POSTS

Table 3.7.1: SMS posts information, as at 30 September 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
Director-General/ Head of Department	0	0	0.00	0	0.00
Salary level 16, but not HOD	0	0	0.00	0	0.00
Salary Level 15	0	0	0.00	0	0.00
Salary Level 14	0	0	0.00	0	0.00
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 2014

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
Director-General/ Head of Department	0	0	0.00	0	0.00
Salary level 16, but not HOD	0	0	0.00	0	0.00
Salary Level 15	0	0	0.00	0	0.00
Salary Level 14	0	0	0.00	0	0.00
Salary Level 13	1	1	100.00	0	0.00
Total	**1**	**1**	**100.00**	**0**	**0.00**

Table 3.7.3: Advertising and Filling of SMS posts, as at 31 March 2014

	Advertising	Filling of Posts	
SMS Level	Number of Vacancies per Level Advertised in 6 Months of becoming Vacant	Number of Vacancies per Level Filled in 6 Months after becoming Vacant	Number of Vacancies per Level not Filled in 6 Months but Filled in 12 Months
N/A			

Table 3.7.4: Reasons for not having complied with the filling of funded vacant SMS posts – Advertised within 6 months and filled within 12 months after becoming vacant

SMS Level	Reasons for non-compliance
Director-General/ Head of Department	N/A
Salary level 16, but not HOD	N/A
Salary Level 15	N/A
Salary Level 14	N/A
Salary Level 13	N/A

Table 3.7.5: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months

Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months
None Required

3.8. EMPLOYEE PERFORMANCE

Table 3.8.1: Notch progressions by salary band, 1 April 2013 to 31 March 2014

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)	3	3	100.0
Skilled (Levels 3-5)	59	42	71.1
Highly skilled production (Levels 6-8)	37	30	81.1
Highly skilled supervision (Levels 9-12)	6	5	83.3
Senior management (Levels 13-16)	1	1	100.0
Total	**106**	**81**	**76.4**

Table 3.8.2: Notch progressions by critical occupation, 1 April 2013 to 31 March 2014

Critical Occupations	Employees as at 31 March 2013	Progressions to another notch within a salary level	Notch progressions as a % of employees by critical occupation
N/A			

To encourage good performance, the Department has granted the following performance rewards allocated to personnel for the performance period 2011/12, but paid in the financial year 2013/14. The information is presented in terms of race, gender, and disability (Table 3.8.3), salary bands (Table 3.8.4 and Table 3.8.5) and critical occupations (Table 3.8.6).

Table 3.8.3: Performance rewards by race, gender, and disability, 1 April 2013 to 31 March 2014

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 (R)
African	**3**	**14**	**21.4**	**18**	**6 149**
Male	3	6	50.0	18	6 149
Female	0	8	0.0	0	0
Coloured	**21**	**59**	**35.6**	**159**	**7 572**
Male	10	38	26.3	89	8 882
Female	11	21	52.4	70	6 380
Indian	**0**	**0**	**0.0**	**0**	**0**
Male	0	0	0.0	0	0
Female	0	0	0.0	0	0
White	**10**	**29**	**34.5**	**135**	**13 503**
Male	6	24	25.0	80	13 406
Female	4	5	80.0	55	13 649
Employees with a disability	**2**	**4**	**50.0**	**55**	**27 274**
Total	**36**	**106**	**34.0**	**367**	**10 195**

Note: *The above table relates to performance rewards for the performance year 2012/13 and payment effected in the 2013/14 reporting period.*

Table 3.8.4: Performance rewards by salary bands for personnel below Senior Management Service level, 1 April 2013 to 31 March 2014

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 (R)	Cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	0	7	0.0	0	0	0.0
Skilled (Levels 3-5)	21	63	33.3	117	5 571	0.4
Highly skilled production (Levels 6-8)	9	29	31.0	80	8 898	0.3
Highly skilled supervision (Levels 9-12)	5	6	83.3	121	24 265	0.5
Total	**35**	**105**	**33.3**	**318**	**9 097**	**1.2**

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 3.8.5: Performance rewards (cash bonus), by salary band, for Senior Management Service level, 01 April 2013 to 31 March 2014

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 (R)	Cost as a % of the total personnel expenditure
Senior Management Service Band A (Level 13)	1	1	100.0	49	48 639	5.3
Senior Management Service Band B (Level 14)	0	0	0.0	0	0	0.0
Senior Management Service Band C (Level 15)	0	0	0.0	0	0	0.0
Senior Management Service Band D (Level 16)	0	0	0.0	0	0	0.0
Total	**1**	**1**	**100.0**	**49**	**48 639**	**5.3**

Note: *The cost is calculated as a percentage of the total personnel expenditure for salary levels 13-16, reflected in Table 3.1.2.*

Table 3.8.6: Performance rewards by critical occupations, 1 April 2013 to 31 March 2014

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 (R)	Cost as a % of total personnel expenditure
None						

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, 1 April 2013 to 31 March 2014

Salary Band	1 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% change
None						

Note: *The table above excludes non- citizens with permanent residence in the Republic of South Africa.*

Table 3.9.2: Foreign Workers by major occupation, 1 April 2013 to 31 March 2014

Major Occupation	1 April 2013		31 March 2014		Change	
	Number	% of total	Number	% of total	Number	% change
None						

Note: *The table above excludes non- citizens with permanent residence in the Republic of South Africa.*

3.10. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2013 TO 31 DECEMBER 2013

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 2013 to 31 December 2013

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	Total number of employ ees	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	56	100.0	3	5	60.0	19	16
Skilled Levels 3-5)	665	79.1	73	85	85.9	9	274
Highly skilled production (Levels 6-8)	362	82.9	32	37	86.5	11	273
Highly skilled supervision (Levels 9-12)	52	92.3	5	6	83.3	10	80
Senior management (Levels 13-16)	5	80.0	1	1	100.0	5	11
Total	**1140**	**81.9**	**114**	**134**	**85.1**	**10**	**654**

Note: *The three-year sick leave cycle started in January 2013. 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 2013 to 31 December 2013

Salary Band	Total days	% days with medical certification	Number of Employees using incapacity leave	Total number of employ ees	% of total employees using incapacity leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0.0	0	5	0.0	0	0
Skilled Levels 3-5)	12	100.0	2	85	2.4	6	5
Highly skilled production (Levels 6-8)	28	100.0	1	37	2.7	28	25
Highly skilled supervision (Levels 9-12)	0	0.0	0	6	0.0	0	0
Senior management (Levels 13-16)	0	0.0	0	1	0.0	0	0
Total	**40**	**100.0**	**3**	**134**	**2.2**	**13**	**30**

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 2013 to 31 December 2013

Salary Band	Total days taken	Total number employees using annual leave	Average days per employee
Lower skilled (Levels 1-2)	76	5	15
Skilled (Levels 3-5)	1713	86	20
Highly skilled production (Levels 6-8)	925	37	25
Highly skilled supervision (Levels 9-12)	186	6	31
Senior management (Levels 13-16)	36	1	36
Total	**2936**	**135**	**22**

Table 3.10.4: Capped leave, 1 January 2013 to 31 December 2013

Salary Band	Total capped leave available as at 31 Dec 2012	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Number of employees with capped leave as at 31 Dec 2013	Total capped leave available as at 31 Dec 2013
Lower skilled (Levels 1-2)	45	0	0	0	0	0
Skilled (Levels 3-5)	890	14	2	7	22	820
Highly skilled production (Levels 6-8)	1 126	8	2	4	27	1 100
Highly skilled supervision (Levels 9-12)	169	0	0	0	5	169
Senior management (Levels 13-16)	100	0	0	0	1	100
Total	**2 330**	**22**	**4**	**6**	**55**	**2 189**

Note: *It is possible for the total number of capped leave days to increase as employees who were promoted or transferred into the Department, retain their capped leave credits, which form part of that specific salary band and ultimately the departmental total.*

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, 1 April 2013 to 31 March 2014

Reason	Total Amount (R'000)	Average payment per incident	Number of incidents per employee	Cost
Leave pay-outs for 2013/14 due to non-utilisation of leave for the previous cycle	0	0	0	0

Capped leave pay-outs on termination of service for 2013/14	0	0	0	0
Current leave pay-outs on termination of service 2013/14	0	0	0	0
Total	**0**	**0**	**0**	**0.00**
Total number of employees who received payments	0			

3.11. HIV AND AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.11.1: Steps taken to reduce the risk of occupational exposure, 1 April 2013 to 31 March 2014

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	HIV/AIDS Counselling and Testing [HCT] and Wellness screenings sessions were conducted in general. The outsourced Health and Wellness contract (Employee Health and Wellness Programme [EHWP]) provides employees with their immediate family members [it means the spouse or partner of an employee or children living with an employee] are provided with a range of services. These services include the following: ▪ 24/7/365 Telephone counselling; ▪ Face to face counselling (6 + 2 session model); ▪ Trauma and critical incident counselling; ▪ Advocacy on HIV&AIDS awareness, including online E-Care services and ▪ Training, coaching and targeted Interventions where these were required.

Table 3.11.2: Details of Health Promotion and HIV and AIDS Programmes, 1 April 2013 to 31 March 2014

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.	√		Ms Reygana Shade is the Director: Organisational Behaviour, (Department of the Premier). She fulfilled this role due to the corporatisation of the Employee Health and Wellness function,
1. 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.	√		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 Premier. 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. The unit consists of a Deputy Director, three (3) Assistant Directors and four (4) Wellness Practitioners. Budget : R2 m

Question	Yes	No	Details, if yes
2. Has the department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/services of this Programme.	√		The Department has entered into a service level agreement with **ICAS** [Service Provider] to render an Employee Health and Wellness Service to the eleven client departments of the Corporate Services Centre [CSC]. The department conducted interventions namely, Management Consultancy, Employee Induction, Stress Management, Abuse and Sexual Health Awareness, Work Life Balance, Employee Advocacy Awareness, Personal Finance, Managerial Referral, Substance Abuse, Financial Wellbeing, Juicy Parenting, Re-Strung 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 2013/14**.** The reports were based on the utilisation of the EHW services and management information in order to target appropriate interventions to address these trends. 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, managers and supervisors as well as executive coaching for SMS members. The department also provided information sessions, as requested by various departments in the Western Cape Government [WCG] to inform employees of the EHW service, how to access the Employee Health and Wellness Programme [EHWP]. Promotional material such as pamphlets, posters and brochures were distributed.

<table>
<tr><th>Question</th><th>Yes</th><th>No</th><th>Details, if yes</th></tr>
<tr><td>3. 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.</td><td>√</td><td></td><td>A new Health and Wellness Steering Committee has been established with members nominated by each department.

Committee members are:
▪ Agriculture: M Ferreira and H Jordaan (DJ);
▪ Community Safety: A Brink; Simon Sekwadi & C Coetzee;
▪ Cultural Affairs: S Julies & D Flandorp;
▪ Economic Development & Tourism: C Julies & P Martin;
▪ Environmental Affairs & Development Planning: M Kroese & P Cloete;
▪ Health: S Newman & C Van Willing;
▪ Human Settlements: J Roberts & LL Groenewald
▪ Local Government: F Matthee & K Adams
▪ Department of the Premier: R Shade & N Norushe
▪ Provincial Treasury: D Sass & S Sixubane;
▪ Social Development: T Mtheku; & M Robinson
▪ Transport & Public Works: C Marx & Zinnia De Monk; and
▪ Western Cape Education: M Cronje and C. le Roux.</td></tr>
</table>

Question	Yes	No	Details, if yes
4. 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.	√		The Transversal Management Framework for Employee Health and Wellness Programmes in the Western Cape 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 2007/8 that govern Employee Health and Wellness [EHW] in the Public Service and that coordinate the programmes and services in a uniform manner. 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. 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.

Question	Yes	No	Details, if yes
5. 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.	√		The Department implemented the Provincial Strategic Plan on HIV/AIDS, STIs and TB 2012 - 2016 to mainstream HIV and TB and its gender and rights-based dimensions into the core mandates to reduce HIV-related stigma. The overarching aim of the said Provincial Strategic Plan 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: ▪ Zero new HIV, STI and TB infections ▪ Zero deaths associated with HIV and TB ▪ Zero discrimination Also, the department is conducting the HCT and Wellness screening sessions to ensure that every employee in the CSC Departments of the Western Cape Government is tested for HIV and screened for TB, at least annually, The aim was to: ▪ 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. ▪ 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
6. Does the department encourage its employees to undergo voluntary counselling and testing (VCT)? If so, list the results that you have you achieved.	√		**HCT SESSIONS:** The following screening sessions were conducted: Blood pressure, Glucose, Cholesterol, TB, BMI [body mass index] and spot talks. The Department of Transport and Public Works participated in **21** HCT and Wellness screening sessions. **620** Employees were tested and counselled for HIV, Tuberculosis and Sexually Transmitted Infections (STI's). There were **10** 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 2013 – 2014. 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, 1 April 2013 to 31 March 2014

Total collective agreements	None

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, 1 April 2013 to 31 March 2014

Outcomes of disciplinary hearings	Number	% of total
Final written warning	1	50.0
Suspension without pay	1	50.0
Total	**2**	**100.0**
Percentage of total employment		**1.4**

Note: *Outcomes of disciplinary hearings refer to formal cases only.*
1 employee absconded during the period under review and was automatically classified as a case of desertion. A formal disciplinary hearing was not required.

Table 3.12.3: Types of misconduct addressed at disciplinary hearings, 1 April 2013 to 31 March 2014

Type of misconduct	Number	% of total
Misuse of GG Vehicle	1	100.0
Total	**1**	**100.0**

Table 3.12.4: Grievances lodged, 1 April 2013 to 31 March 2014

Grievances lodged	Number	% of total
Number of grievances resolved	0	0.0
Number of grievances not resolved	2	100.0
Total number of grievances lodged	**2**	**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, 1 April 2013 to 31 March 2014

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, 1 April 2013 to 31 March 2014

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, 1 April 2013 to 31 March 2014

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 reflect the training needs as at the beginning of the period under review, and Table 3.13.2 the actual training provided.

Table 3.13.1: Training needs identified, 1 April 2013 to 31 March 2014

Occupational Categories	Gender	Number of employees as at 1 April 2013	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	11	0	11
	Male	1	0	0	0	0
Technicians and associate professionals	Female	4	0	12	0	12
	Male	11	0	28	0	28
Clerks	Female	42	0	154	0	154
	Male	38	0	114	0	114
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	12	0	12
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	7	0	6	0	6
Elementary occupations	Female	1	0	0	0	0
	Male	6	0	5	0	5
Sub Total	**Female**	**48**	**0**	**177**	**0**	**177**
	Male	**77**	**0**	**166**	**0**	**166**
Total		**125**	**0**	**343**	**0**	**343**
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, 1 April 2013 to 31 March 2014

Occupational Categories	Gender	Number of employees as at 31 March 2014	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	0	0	4	0	**4**
	Male	1	0	4	0	**4**
Technicians and associate professionals	Female	23	0	10	0	**10**
	Male	30	0	25	0	**25**
Clerks	Female	26	0	52	0	**52**
	Male	19	0	44	0	**44**
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	8	0	0	0	**0**
Elementary occupations	Female	1	0	3	0	**3**
	Male	7	0	14	0	**14**
Sub Total	**Female**	**50**	**0**	**69**	**0**	**69**
	Male	**79**	**0**	**87**	**0**	**87**
Total		**129**	**0**	**156**	**0**	**156**
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 4.14.1 provides basic information on injury on duty.

Table 3.14.1: Injury on duty, 1 April 2013 to 31 March 2014

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0.0
Temporary disablement	2	100.0
Permanent disablement	0	0.0
Fatal	0	0.0
Total	**2**	**100.0**
Percentage of total employment		**1.6**

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 BBBEE GROUP	% MANAGEMENT BY BBBEE GROUPS	NUMBER OF CONSULTANTS FROM BBBEE GROUP THAT WORK ON THE PROJECT	BBBEE VALUE IN RAND
Electronic systems implementation, development, configuration and maintenance services	33	6 738	R 38 989 805*	1	100	100	10	R 10 226 438
Accounting services	5	208	R 2 439 206	1	0	0	0	R0
Total	**38**	**6 946**	**R 41 429 011**	**2**	**100**	**100**	**10**	**R 10 226 438**

** This amount includes capitalised costs*

NOTES:

PART E: FINANCIAL INFORMATION

1. REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON THE GOVERNMENT MOTOR TRANSPORT TRADING ENTITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Government Motor Transport Trading Entity set out on pages 80 to 155, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, as well as 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 the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the of the Public Management Finance 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 the Government Motor Transport Trading Entity as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP 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 38 and 39 to the financial statements, the corresponding figures for 31 March 2013 have been restated as a result of a change in accounting policy as well as errors discovered during the 2013-14 financial year in the financial statements of the Government Motor Transport Trading Entity at, and for the year ended, 31 March 2013.

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 on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the trading entity for the year ended 31 March 2014:

- Objective 1: A fit for purpose vehicle fleet on page 33
- Objective 2: An effective utilised vehicle fleet on page 33

11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information*.

13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

Additional matter

15. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected objectives, I draw attention to the following matter:

Achievement of planned targets

16. Refer to the annual performance report on page 32 for information on the achievement of the planned targets for the year.

<u>Compliance with legislation</u>

17. I performed procedures to obtain evidence that the trading entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

<u>Internal control</u>

18. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor-General

Cape Town

30 July 2014

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

2. ANNUAL FINANCIAL STATEMENTS

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Notes	2013/14 R'000	Restated 2012/13 R'000
EQUITY AND LIABILITIES			
Net Assets			
Retained Earnings		1 542 007	1 348 761
Total equity		**1 542 007**	**1 348 761**
Non-current liabilities			
Employee Benefit Liability	**2**	753	638
Provisions	**3**	1 624	1 619
Total Non-current liabilities		**2 377**	**2 257**
Current liabilities			
Payables from Exchange Transactions	**4**	15 472	4 626
Payables from Non-exchange Transactions	**5**	4 115	2 643
Unspent Conditional Grants and Receipts	**6**	28 568	28 516
Provisions	**7**	491	383
Finance lease payables	**1**	-	32
Total current liabilities		**48 646**	**36 200**
Total liabilities		**51 023**	**38 457**
Total equity and liabilities		**1 593 030**	**1 387 217**
ASSETS			
Non-current Assets			
Property, Plant and Equipment	**8**	181 020	161 198
Intangible Assets	**9**	66 726	57 041
Heritage Assets	**10**	140	140
Finance Lease Receivables	**11**	615 560	544 641
Total Non-current assets		**863 446**	**763 020**
Current Assets			
Inventory	**12**	3	47
Receivables from Exchange Transactions	**13**	38 576	43 545
Cash and Cash Equivalents	**14**	611 191	502 917
Finance Lease Receivables	**11**	75 960	72 820
Non-current Assets Held for Sale	**15**	3 853	4 868
Total current assets		**729 584**	**624 197**
Total Assets		**1 593 030**	**1 387 217**

GOVERNMENT MOTOR TRANSPORT

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2013/14 R'000	2012/13 R'000
REVENUE			
Revenue from Exchange Transactions			
Revenue	**16**	531 081	460 354
Other Income	**17**	13 431	16 009
Interest Earned	**18**	24 561	23 927
Government Grants and Subsidies Received	**19**	8 335	55 195
Revenue from Non-exchange Transactions			
Other grants and subsidies received	**19**	1 691	1 211
Total Revenue		**579 100**	**556 695**
EXPENDITURE			
Administrative expenses	**20**	(20 495)	(21 078)
Staff costs	**21**	(27 349)	(23 754)
Operating expenditure	**22**	(302 212)	(270 832)
Depreciation	**23**	(12 087)	(15 948)
Amortisation	**24**	(6 574)	(4 531)
Finance costs	**25**	(2)	(19)
Accidents and impairment losses	**26**	(2 066)	(1 267)
Operating leases	**33**	(15 069)	(14 204)
Total Expenditure		**(385 854)**	**(351 633)**
PROFIT FOR THE YEAR		**193 246**	**205 062**

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2014

Description	Retained earnings	Total equity
	R'000	R'000
Balance at 31 March 2012	**1 156 011**	**1 156 011**
Change in accounting policy (Note 38)	(403)	(403)
Correction of errors (Note 39)	(19 169)	(19 169)
Restated balance	**1 136 439**	**1 136 439**
Changes in net assets for the year ended 31 March 2013		
Correction of errors	7 260	7 260
Profit for the year ended 31 March 2013	205 062	205 062
Balance at 31 March 2013	**1 348 761**	**1 348 761**
Changes in net assets for the year ended 31 March 2014		
Profit for the year ended 31 March 2014	193 246	193 246
Balance at 31 March 2014	**1 542 007**	**1 542 007**

GOVERNMENT MOTOR TRANSPORT

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2013/14	2012/13
		R'000	R'000
Cash receipts from customers		549 481	488 773
Cash paid to suppliers and employees		(345 052)	(333 169)
Cash generated from operations	**27**	**204 428**	**155 605**
Interest received		24 561	23 927
Interest paid		(2)	(19)
NET CASH FROM OPERATING ACTIVITIES		**228 988**	**179 513**
CASH FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		64 913	41 579
Acquisition of Property, Plant and Equipment		(95 277)	(110 640)
Intangible assets - development cost capitalised		(16 259)	(29 440)
Investment in finance lease receivables		(74 060)	(102 917)
NET CASH FROM INVESTING ACTIVITIES		**(120 683)**	**(201 418)**
CASH FROM FINANCING ACTIVITIES			
Finance lease repayments		(32)	(267)
NET CASH FROM FINANCING ACTIVITIES		**(32)**	**(267)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**108 274**	**(22 171)**
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR		**502 917**	**525 088**
CASH AND CASH EQUIVALENTS - END OF THE YEAR	**14**	**611 191**	**502 917**

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2014

31 March 2014

Description	Original Total Budget	Budget commitments from PY	Budget Adjustments	Final Adjustments Budget	Additional Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
FINANCIAL POSITION												
Current Assets												
Inventories	-	-	-	-	-	-	-	3	-	3	-	-
Receivables from Exchange Transactions	-	-	-	-	-	-	-	38 576	-	38 576	-	-
Cash and Cash Equivalents	-	-	-	-	-	-	-	611 191	-	611 191	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	75 960	-	75 960	-	-
Non-current Assets Held-for-Sale	-	-	-	-	-	-	-	3 853	-	3 853	-	-
Non-Current Assets			-			-						
Property, Plant and Equipment	205 416	160 798	-	366 214	42 553	(24 794)	383 973	181 020	-	(202 953)	47	88
Intangible Assets	10 994	792	-	11 786	-	15 648	27 434	66 726	-	39 293	243	607
Heritage Assets	-	-	-	-	-	-	-	140	-	140	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	615 560	-	615 560	-	-
Total Assets	**216 410**	**161 590**	**-**	**378 000**	**42 553**	**(9 146)**	**411 407**	**1 593 029**	**-**	**1 181 623**	**387**	**736**
Current Liabilities												
Payables from Exchange Transactions	-	-	-	-	-	-	-	15 472	-	15 472	-	-
Payables from Non-exchange Transactions	-	-	-	-	-	-	-	4 115	-	4 115	-	-
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	28 568	-	28 568	-	-
Provisions	-	-	-	-	-	-	-	491	-	491	-	-
Finance lease payables	-	-	-	-	-	-	-	-	-	-	-	-
Non-Current Liabilities												
Employee Benefit Liability	-	-	-	-	-	-	-	753	-	753	-	-
Provisions	-	-	-	-	-	-	-	1 624	-	1 624	-	-
Total Liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**51 023**	**-**	**51 023**	-	-
Total Assets and Liabilities	**216 410**	**161 590**	**-**	**378 000**	**42 553**	**(9 146)**	**411 407**	**1 542 006**	**-**	**1 130 600**	**387**	**736**
Net Assets (Equity)												
Accumulated Surplus / (Deficit)	-	-	-	-		-	-	1 542 007	-	1 542 007	-	-
Total Net Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 542 007**	**-**	**1 542 007**	-	-

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2014

31 March 2014

Description	Original Total Budget	Budget commitments from PY	Budget Adjustments	Final Adjustments Budget	Additional Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
FINANCIAL PERFORMANCE												
Revenue from Exchange Transactions												
Revenue	496 340	-	-	496 340	-	(178 697)	317 643	531 081	-	213 438	167	107
Other Income	18 286	-	-	18 286	-	15 200	33 486	13 431	-	(20 055)	40	73
Interest Earned	11 192	-	-	11 192	-	177 524	188 716	24 561	-	(164 155)	13	219
Government Grants and Subsidies Received	27 653	-	-	27 653	-	(14 028)	13 625	8 335	-	(5 290)	61	30
Revenue from Non-exchange Transactions												
Other grants and subsidies received	-	-	-	-	-	-	-	1 691	-	1 691	-	-
Financing of capital budget	74 796	-	-	74 796	-	-	74 796	-	-	(74 796)	-	-
Total Revenue	**628 267**	**-**	**-**	**628 267**	**-**	**-**	**628 267**	**579 100**	**-**	**(49 167)**	**92**	**92**
Expenditure												
Administrative expenses	(21 070)	(138)	-	(21 208)	-	(2 695)	(23 904)	(20 495)	-	3 408	86	97
Staff costs	(30 944)	-	-	(30 944)	-	-	(30 944)	(27 349)	-	3 595	88	88
Operating expenditure	(243 379)	(899)	-	(244 278)	-	(58 166)	(302 444)	(302 212)	-	232	100	124
Depreciation	(72 191)	-	-	(72 191)	-	31 065	(41 126)	(12 087)	-	29 039	29	17
Amortisation	(4 800)	-	-	(4 800)	-	(1 774)	(6 574)	(6 574)	-	-	100	137
Finance costs	-	-	-	-	-	(2)	(2)	(2)	-	-	-	-
Accidents and impairment losses	(3 643)	-	-	(3 643)	-	1 577	(2 066)	(2 066)	-	-	100	57
Operating leases	(35 830)	(88)	-	(35 918)	-	20 848	(15 069)	(15 069)	-	-	100	42
Total Expenditure	**(411 857)**	**(1 125)**	**-**	**(412 982)**	**-**	**(9 146)**	**(422 128)**	**(385 854)**	**-**	**36 274**	**91**	**94**
Surplus/(Deficit) for the Year	**-**	**(1 125)**	**-**	**215 285**	**-**	**(9 146)**	**206 139**	**193 246**	**-**	**(12 893)**	**94**	**-**

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2014

31 March 2014

Financial Performance: Explanation of Variances between the Approved budget and the Final budget
Reasons for Variances greater than 10% between Approved Budget and Final Budget on the various items disclosed in the Statement of Financial Performance are explained below:

FINANCIAL PERFORMANCE
REVENUE
Revenue from Exchange Transactions

Revenue

Virements of R178,697k between the Approved and Final budget was made to accommodate accounting adjustments made to revenue during the 2013/14 financial year. The accounting adjustments were made to revenue for the capital and finance components of the daily tariffs received on GG vehicles which were classified as finance lease receivables.

Other Income

Virements of R15,200k between the Approved and Final budget was made to accommodate accounting adjustments made to Other Income during the 2013/14 financial year. The accounting adjustments were made to Other Income for vehicles sold on auctions which were classified as PPE and Finance Lease Receivables. The profits on these vehicles could only be determined when the auctions occurred and depended on current market conditions which were not known when the budgets were set.

Interest Earned

Virements of R177,524k between the Approved and Final budget was made to accommodate accounting adjustments made to Interest Earned during the 2013/14 financial year. The accounting adjustments were made to revenue for interest charges received received on daily tariffs charged on GG vehicles which were classified as finance lease receivables.

Government Grants and Subsidies Received

Virements of R14,028k between the Approved and Final budget was made to accommodate accounting adjustments made to Government Grants and Subsidies Received during the 2013/14 financial year. The accounting adjustments were made due to the number of vehicles allocated which were less during the 2013/14 financial year than that allocated during the 2012/13 financial year and the estimation for budget purposes were done.

EXPENDITURE

Administrative expenses

Budget commitments of R138k between the Approved and Final Adjusted budget was made as well as virements of R2,695k from Final Adjusted budget and Final budget to accommodate accounting adjustments made to Administrative expenditure during the 2013/14 financial year. The budget was originally based on prior year actuals adjusted for MTEF increases as well as changes in the entity. The actual software support fees and hosting fees increased with a lower percentage than the increase in the MTEF guideline.

Operating expenditure

Budget commitments of R899k between the Approved and Final Adjusted budget was made as well as virements of R58,166k from Final Adjusted budget and Final budget to accommodate operating expenditure incurred during the 2013/14 financial year. The budget was originally based on prior year actuals adjusted for MTEF increases as well as changes in the entity. The actual expenditure incurred on fuel was higher than expected due to significant increases in fuel costs per unit.

Depreciation

Virements of R31,065k from the Approved budget to the Final budget to accommodate the depreciation decrease during the 2013/14 financial year. The budget was originally based on the total vehicle fleet which includes the vehicles classified as finance lease receivables and classified as Property, Plant and Equipment. The actual depreciation reflected in GMT's Annual Financial Statements is for the vehicles classified as Property, Plant and Equipment. Thus the adjustment in the budget amount.

Amortisation

Virements of R1,774k from the Approved budget to the Final budget to accommodate the amortisation increase during the 2013/14 financial year. GMT is in the process of developing its Oracle EBS system to accommodate the repairs and maintenance function. This resulted in an increase in the development costs capitalised during the year under review and related increase in the amortisation expense in excess of that which was initially anticipated.

Finance costs

Virements of R2k from the Approved budget to the Final budget to accommodate the finance costs increase during the 2013/14 financial year. GMT incurred actual expenditure as the entity entered into these agreements. No budget was raised for the finance costs as no history on these items could be used to determine a finance cost expense during the year under review.

Accidents and Impairment losses

Virements of R1,577k from the Approved budget to the Final budget to accommodate the decrease in the Accidents and Impairment losses during the 2013/14 financial year. The budget was based on past history and cases under consideration during the budget process. The value of the accidents and impairments decreased based on the type of claims and incidents which occurred and with lower financial outflow of resources than that which was anticipated.

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2014

31 March 2014

Operating leases

Budget commitments of R88k between the Approved and Final Adjusted budget was made as well as virements of R20,848k from Final Adjusted budget and Final budget to accommodate the decrease in the operating lease expenditure incurred during the 2013/14 financial year. The budget was originally based on prior year actuals adjusted for MTEF increases as well as changes in the entity. The actual expenditure incurred was lower as certain of the contracts ended and some conttracts did not have escalation clauses attached.

FINANCIAL POSITION

Non-current assets

Property, Plant and Equipment

Budget commitments of R160,798k between the Approved and Final Adjusted budget was made as well as virements and other adjustments of R17,759k from Final Adjusted budget and Final budget to accommodate the increase in the Property, Plant and Equipment incurred during the 2013/14 financial year. This was due to vehicles which were going to be purchased during the 2012/13 financial year but the actual purchases only occurred during the 2013/14 financial year. Other reasons for the increase in the budget is the creation of the Client Care Centre, upgrading of the conference facilities at Paarden Eiland and to adjust the location for the development team to be on-site for the development for the insourcing of the repairs and maintenance function.

Intangible assets

Budget commitments of R792k between the Approved and Final Adjusted budget was made as well as virements of R15,648k from Final Adjusted budget and Final budget to accommodate the increase in the Intangible assets during the 2013/14 financial year. The increase was due to the development of Oracle EBS system to perform the repairs and maintenance function by GMT.

Financial Performance: Explanation of Variances between the Final Budget and the Actual

Reasons for Variances greater than 10% between Final Budget and Actual on the various items disclosed in the Statement of Financial Performance are explained below:

FINANCIAL PERFORMANCE

REVENUE

Revenue from Exchange Transactions

Revenue

The variance of R213,438k over budget between the Final Budget and the Actual is due to the renewal of the vehicle fleet. The related finance interest earned on these finance lease receivables increased as the outstanding capital of the new vehicles purchased was higher than that of what was expected.

Other Income

The variance of R20,055k under budget between the Final Budget and the Actual is due to the profits on these vehicles sold on auctions could only be determined when the auctions occurred. The profits depended on current market conditions which were not known when the budgets were set.

Interest Earned

The variance of R164,155k under budget between the Final Budget and the Actual is due to the interest earned on finance lease vehicles which is budgeted on this line. The actual interest earned on the bank balances and outstanding debtors are accrued on this line.

Government Grants and Subsidies Received

The variance of R5,290k under budget between the Final Budget and the Actual is due to fewer number of vehicles allocated to departments than anticipated during the budget process.

Revenue from Non-exchange Transactions

Other grants and subsidies received

The variance of R1,691k under budget between the Final Budget and the Actual is due to vehicles which were transferred from the National Department of Agriculture to GMT. The vehicles were transferred to the Provincial Department of Agriculture. This could not have been anticipated when the budgets were compiled.

Financing of capital budget

The variance of R74,796k under budget between the Final Budget and the Actual is due the correction of the budget which is required to let the budget break even between expenditure and income.

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2014

31 March 2014

EXPENDITURE

Administrative expenses

The variance of R3,408k under budget between the Final Budget and the Actual is due to lower costs spent on software support fees for Oracle EBS due to a variation of the support package. The hosting and housing fees also decreased due to combined services which were obtained and included in the charges of the related services. These increases in the support costs and other services are lower than that of MTEF guideline

Staff costs

The variance of R3,595k under budget between the Final Budget and the Actual is due to GMT having a number of staff vacancies.

Operating expenditure

The variance of R232k under budget is due to budget movements made.

Depreciation

The variance of R29,039k under budget as the depreciation was originally based on the total vehicle fleet which includes the vehicles classified as finance lease receivables and classified as Property, Plant and Equipment. The actual depreciation reflected in GMT's Annual Financial Statements are just for the vehicles classified as Property, Plant and Equipment.

FINANCIAL POSITION

Current Assets

Inventories

The variance of R3k over budget is due to the budget being prepared on the cash basis. The expense is budgeted for under Administrative Expenditure and thus not budgeted under this item.

Receivables from Exchange Transactions

The variance of R38,576k over budget is due to the budget being prepared on the cash basis. The revenue is budgeted for under Revenue and thus not budgeted under this item. .

Cash and Cash Equivalents

The variance of R611,191k over budget is due to the budget being prepared on the cash basis. The net effect of this account is that of the Operations reflected under revenue and expenditure and thus not budgeted

Finance Lease Receivables

The variance of R75,960k over budget is due to the budget being prepared on the cash basis. The revenue is budgeted for under Revenue and thus not budgeted under this item.

Non-current Assets Held-for-Sale

The variance of R3,853k over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted for under the capital expenditure and revenue under Other Income and thus not budgeted under this item.

Non-Current Assets

Property, Plant and Equipment

The variance of R202,953k under budget is due to the budget being prepared on the cash basis. The expenditure is budgeted for under the capital expenditure and revenue under Other Income. Although Budget commitments of R160,798k were made as well as virements and other adjustments of R17,759k to accommodate the increase in the Property, Plant and Equipment incurred during the 2013/14 financial year. This was due to vehicles which were going to be purchased during the 2012/13 financial year but the actual purchase only occurred during the 2013/14 financial year. Other reasons for the increase in the budget is the creation of the Client Care Centre, upgrading of the conference facilities at Paarden Eiland and to adjust the location for the development team to be on-site for the development of the insourcing of the repairs and maintenance function. All anticipated expenditure have not been incurred at 31 March 2014 thus the under expenditure to the budget.

Intangible Assets

The variance of R39,293k over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted for under the capital expenditure. The increase was due to the development of Oracle EBS system to allow GMT perform the repairs and maintenance function.

Heritage Assets

The variance of R140k over budget is due to the budget being prepared on the cash basis. The expenditure on this item is required in terms of the GRAP standard. Thus this was not budgeted for on the cash basis.

Finance Lease Receivables

The variance of R615,560k over budget is due to the budget being prepared on the cash basis. The revenue is budgeted for under Revenue.

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2014

31 March 2014

Current Liabilities

Payables from Exchange Transactions

The variance of R15,472k over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted for under the relevant expenditure items and thus not budgeted under this item.

Payables from Non-exchange Transactions

The variance of R4,115k over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted for under the relevant expenditure items and thus not budgeted under this item.

Unspent Conditional Grants and Receipts

The variance of R28,568k over budget is due to the budget being prepared on the cash basis. The revenue is budgeted for under the relevant revenue items and thus not budgeted under this item.

Provisions

The variance of R491k over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted for under the relevant expenditure items and thus not budgeted under this item.

Non-current Liabilities

Employee Benefit Liability

The variance of R753k over budget is due to the budget being prepared on the cash basis. The expenditure on this item is required in terms of the GRAP standard. Thus this was not budgeted for on the cash basis.

Provisions

The variance of R1,624k over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted for under the Staff costs and thus not budgeted under this item.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

	2013/14 R'000	2012/13 R'000
1 FINANCE LEASE PAYABLES		
Finance Lease Payables	-	32
Sub-total	-	32
Less: Current portion transferred to Current Liabilities:	-	32
Finance Lease Payables	-	32
Total Finance Lease Payables	**-**	**-**

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 Total Non-current liabilities

GMT as Lessee:
Finance Leases relate to vehicle tracking units with lease terms of 5 years (2013: 5 years). The effective annual interest rate on Finance Leases is 22.93% (2013 between 19.53% 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.
The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2013/14 R'000	2012/13 R'000	2013/14 R'000	2012/13 R'000
Amounts payable under finance leases:				
Within one year	-	34	-	32
In the second to fifth years, inclusive	-	-	-	-
Over five years	-	-	-	-
	-	34	-	32
Less: Future Finance Obligations	-	2	-	-
Present Value of Minimum Lease Obligations	**-**	**32**	**-**	**32**
Less: Amounts due for settlement within 12 months (Current Portion)			-	32
Finance Lease payables due for settlement after 12 months (Non-current portion)			**-**	**-**

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:

	2013/14	2012/13
(i) Digicore Vehicle Tracking Units Batch no. 30		
- Instalments are payable monthly in advance		
- Average effective interest rate	22.93%	
- Average monthly instalment (Rands only)	R 2 615	
- Annual escalation	10.00%	
(ii) Digicore Vehicle Tracking Units Batch no. 31		
- Instalments are payable monthly in advance		
- Average effective interest rate	22.93%	
- Average monthly instalment (Rands only)	R 3 269	
- Annual escalation	10.00%	
(iii) Digicore Vehicle Tracking Units Batch no. 28		
- Instalments are payable monthly in advance		
- Average effective interest rate		19.53%
- Average monthly instalment (Rands only)		R 16 700
- Annual escalation		10.00%
(iv) Digicore Vehicle Tracking Units Batch no. 29		
- Instalments are payable monthly in advance		
- Average effective interest rate		19.53%
- Average monthly instalment (Rands only)		R 5 769
- Annual escalation		10.00%

1.2 Breach of loan agreement

GMT did not default on any payment of its Finance Lease Payables. No terms for payment have been re-negotiated by GMT.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

			2013/14 R'000	2012/13 R'000
2	**EMPLOYEE BENEFIT LIABILITY**			
	Provision for Long Service Awards		**753**	**638**
	The movement in Non-current Provisions are reconciled as follows:			
	Balance at beginning of year	-	660	539
	Contributions to provision	-	93	121
		-	753	660
	Transfer to current provisions	-	-	(23)
	Balance at end of year	**-**	**753**	**638**

Government Motor Transport operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service benefits are awarded to employees in the form of leave days or a fixed cash amount after 20, 30 or 40 years of continuous service. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out at 31 March 2014 by Mr N Fourie, Fellow Member of the Actuarial Society of South Africa . The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

As at the valuation date, the long service leave award liability of GMT was unfunded, i.e. no dedicated assets have been set aside to meet the liability. Therefore no assets were valued as part of the valuation.

At year end, 97 (2013: 88) employees were eligible for Long-service bonuses.

The Current-service Cost for the year ending 31 March 2014 is estimated to be R33,000, whereas the cost for the ensuing year is estimated to be R37,000 (31 March 2013: R27,000 and R33,000 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2013/14	2012/13
Discount Rate	8.18%	7.37%
CPI (Consumer Price Inflation)	6.36%	5.62%
Normal Salary Increase Rate	6.36%	5.62%
Net Effective Discount Rate	1.71%	1.66%
Expected Retirement Age - Females	65	65
Expected Retirement Age - Males	65	65

Mortality rates:

Pre-Retirement	SA 85 - 90 mortality tables

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2014 R'000	2013 R'000
2	**EMPLOYEE BENEFIT LIABILITY (continued)**		
	Movements in the present value of the Defined Benefit Obligation were as follows:		
	Balance at the beginning of the year	660	539
	Current service costs	33	27
	Interest cost	50	47
	Benefits paid	(23)	-
	Actuarial losses / (gains)	33	47
	Present Value of Fund Obligation at the end of the Year	**753**	**660**
	The amounts recognised in the Statement of Financial Position are as follows:		
	Present value of fund obligations	753	660
	Fair value of plan assets	-	-
	Total Benefit Liability	**753**	**660**
	The amounts recognised in the Statement of Financial Performance are as follows:		
	Current service cost	33	27
	Interest cost	50	47
	Actuarial losses / (gains)	33	47
	Total Post-retirement Benefit included in Staff Costs (Note 21)	**116**	**121**

The history of experienced adjustments is as follows:

	2014 R'000	2013 R'000	2012 R'000
Present Value of Defined Benefit Obligation	753	660	539
Fair Value of Plan Assets	-	-	-
Deficit	**753**	**660**	**539**

	2014 R'000	2013 R'000
The effect of a 1% p.a. change in the Normal Salary inflation assumption is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	108	90
Effect on the defined benefit obligation	809	713
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	93	76
Effect on the defined benefit obligation	701	612

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
3	**PROVISIONS**		
	Capped leave pay:		
	Opening balance	1 619	1 801
	Provisions made/(redeemed) during the year	86	(182)
	Less: Current portion transferred to current liabilities	(81)	-
		1 624	**1 619**

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.

		2013/14 R'000	2012/13 R'000
4	**PAYABLES FROM EXCHANGE TRANSACTIONS**		
	Trade creditors	15 156	4 172
	Sundry creditors	297	433
	Operating lease liability (See note 33)	20	20
		15 472	**4 626**

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.

No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that GMT deals with. GMT has policies and procedures in place to ensure that all payables are paid within the credit timeframe.

GMT considers that the carrying amount of creditors approximates their fair value.

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

	2013/14 R'000	2012/13 R'000
5 PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Staff Leave Accrued	698	808
Staff Bonuses	647	562
Other Creditors	2 771	1 222
Income received in advance	-	51
	4 115	**2 643**

Staff Leave accrues to the staff of the entity on an annual basis, subject to certain conditions. The liability is an estimate of the amount due at the reporting date.

Staff bonuses are 13th cheques which accrues to the staff of the entity on an annual basis. The liability is an estimate of the amount due at the reporting date.

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.

Other creditors include amounts refundable to departments, accruals for acting allowances and overtime payable to staff for the month of March in the relevant reporting year.

GMT did not default on any payment of its Creditors. No terms for payment have been re-negotiated by GMT.

The management of GMT is of the opinion that the carrying value of Creditors approximate their fair values.

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

	2013/14 R'000	2012/13 R'000
6 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Grants from Provincial Departments	27 635	27 901
Department of Agriculture	-	1 618
Department of Community Safety	2 073	3 929
Department of Cultural Affairs and Sport	-	74
Department of Economic Development and Tourism	2 342	41
Department of Environmental Affairs and Development Planning	-	18
Department of Health	21 788	20 536
Department of Human Settlements	24	251
Department of the Premier's Office	708	891
Department of Local Government	300	-
Department of Social Development	-	537
Department of Transport and Public Works	-	6
Department of Education	400	-
Grants from National Departments	935	615
Department of Justice	935	615
Total Conditional Grants and Receipts	**28 569**	**28 517**

GMT complied with the conditions attached to all grants received to the extent of revenue recognised.

6.1 *Grants from Provincial Departments:*

6.1.1 Department of Agriculture

	2013/14	2012/13
Balance unspent at beginning of year	1 618	3 096
Current year receipts	198	37
Conditions met - transferred to Revenue	(198)	(154)
Prior Year Recognition	(560)	(1 111)
Reversal	(1 040)	(250)
Unspent grants refunded to departments	(18)	-
	-	**1 618**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
6.1	**Grants from Provincial Departments (continued):**		
6.1.2	**Department of Community Safety**		
	Balance unspent at beginning of year	3 929	4 623
	Current year receipts	49	4 584
	Reversal from prior year	300	-
	Conditions met - transferred to Revenue	(2 057)	(5 157)
	Unspent grants refunded to departments	(148)	(120)
		2 073	**3 929**
6.1.3	**Department of Cultural Affairs and Sport**		
	Balance unspent at beginning of year	74	74
	Current year receipts	620	-
	Conditions met - transferred to Revenue	(620)	-
	Unspent grants refunded to departments	(74)	-
		-	**74**
6.1.4	**Department of Economic Development and Tourism**		
	Balance unspent at beginning of year	41	-
	Current year receipts	2 342	1 000
	Conditions met - transferred to Revenue	-	(959)
	Unspent grants refunded to departments	(41)	-
		2 342	**41**
6.1.5	**Department of Environmental Affairs and Development Planning**		
	Balance unspent at beginning of year	18	18
	Unspent grants refunded to departments	(18)	-
		-	**18**
6.1.6	**Department of Health**		
	Balance unspent at beginning of year	20 536	39 936
	Current year receipts	5 016	11 399
	Reversal from prior year	312	-
	Conditions met - transferred to Revenue	(2 797)	(29 427)
	Unspent grants refunded to departments	(17)	(1 371)
	Transfer to advance account	(967)	-
	Correction prior year	(295)	-
		21 788	**20 536**
6.1.7	**Department of Human Settlements**		
	Balance unspent at beginning of year	251	260
	Conditions met - transferred to Revenue	-	(9)
	Unspent grants refunded to departments	(227)	-
		24	**251**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
6.1	**Grants from Provincial Departments (continued):**		
6.1.8	**Department of the Premier**		
	Balance unspent at beginning of year	891	6 968
	Current year receipts	496	179
	Conditions met - transferred to Revenue	(628)	(6 257)
	Unspent grants refunded to departments	(50)	-
		708	**891**
6.1.9	**Department of Local Government**		
	Current year receipts	300	-
		300	**-**
6.1.10	**Department of Social Development**		
	Balance unspent at beginning of year	537	6 171
	Current year receipts	-	-
	Conditions met - transferred to Revenue	(2)	(5 634)
	Unspent grants refunded to departments	(534)	-
		-	**537**
6.1.11	**Department of Transport and Public Works**		
	Balance unspent at beginning of year	6	1 686
	Current year receipts	-	-
	Conditions met - transferred to Revenue	-	(1 680)
	Unspent grants refunded to departments	(6)	-
		-	**6**
6.1.12	**Western Cape Provincial Parliament**		
	Current year receipts	247	-
	Conditions met - transferred to Revenue	(247)	-
		-	**-**
6.1.13	**Department of Education**		
	Current year receipts	400	-
		400	**-**
6.1.14	**Cape Nature**		
	Current year receipts	7	-
	Conditions met - transferred to Revenue	(7)	-
		-	**-**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
6.2	**Grants from National Departments:**		
6.2.1	**Department of Justice**		
	Balance unspent at beginning of year	615	2 020
	Current year receipts	2 336	1 661
	Conditions met - transferred to Revenue	(1 778)	(3 066)
	Unspent grants refunded to departments	(239)	
		935	**615**
7	**PROVISIONS**		
	Personnel expense related commitments:		
	Performance bonuses	401	346
	20/30/40 year service	9	15
	Current portion of provisions	81	-
	Current Portion of Employee Benefit Liability	-	23
		491	**383**

Commitments

Commitments consist of amounts owing to staff in terms of performance bonuses. 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 20/30/40 year service bonus is paid only after the time period is reached as staff may still leave the service before they reach their 20/30/40 service dates. The timing of the outflow of these provisions is uncertain due to the nature of the specific provisions.

The movement on current provisions are reconciled as follows:

31 March 2013:	**Performance bonuses**	**20/30/40 year service**	**Non-current provisions**	**Total**
Balance at beginning of year	320	-	86	406
Contributions to provision	346	15	23	383
Transfer from non-current	-	-	-	-
Expenditure incurred	(320)	-	(86)	(406)
Balance at end of year	**346**	**15**	**23**	**383**

31 March 2014:	**Performance bonuses**	**20/30/40 year service**	**Non-current provisions**	**Total**
Balance at beginning of period	346	15	23	384
Contributions to provision	401	8	-	409
Transfer from non-current	-	-	81	81
Expenditure incurred	(346)	(15)	(23)	(384)
Balance at end of period	**401**	**8**	**81**	**491**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

8 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**	**106 768**	**108 572**
Cost	13 167	157 480	170 646
Accumulated depreciation	(11 407)	(48 777)	(60 184)
Correction of error (cost):	-	(1 376)	(1 376)
Correction of error (Acc depreciation)		154	154
Change in accounting policy (cost):	-	(10)	(10)
Change in accounting policy (accumulat	-	6	6
Accumulated impairment losses	-	(709)	(709)
Additions at cost	1 645	108 736	110 381
Take in assets	246	-	246
Depreciation:	(834)	(15 115)	(15 949)
Impairment losses	(13)	(121)	(135)
Stolen vehicles - recovered	-	15	15
Cost	-	15	15
Accumulated depreciation	-	-	-
Correction of cost & accumulated depreciat	-	-	-
Cost		(7)	(7)
Accumulated depreciation		7	7
Carrying value of disposals:	(25)	(16 190)	(16 215)
Cost	(30)	(47 018)	(47 048)
Accumulated depreciation	5	30 118	30 123
Accumulated impairment	-	709	709
Non-current Assets			
Alienated	-	(569)	(569)
Cost	-	(569)	(569)
Accumulated depreciation	-	-	-
Vehicles moved from Departments to GMT	-	14 247	14 247
Cc Total Non-current assets	-	34 335	34 335
Accumulated depreciation	-	(20 088)	(20 088)
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**	**158 436**	**161 198**
Cost	15 001	199 441	214 442
Accumulated depreciation:	(12 225)	(40 883)	(53 109)
Accumulated impairment losses	(13)	(121)	(135)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

8 PROPERTY, PLANT AND EQUIPMENT

31 March 2014
Reconciliation of Carrying Value

Description	Plant and equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2013	**2 762**	**158 436**	**161 198**
Cost	15 001	199 441	214 442
Accumulated depreciation:	(12 225)	(40 883)	(53 109)
Accumulated impairment losses	(13)	(121)	(135)
Additions at cost	1 788	93 385	95 173
Take in assets	1	103	104
Depreciation:	(1 153)	(10 934)	(12 087)
Impairment losses	10	(920)	(910)
Carrying value of disposals:	(84)	(8 807)	(8 892)
Cost	(358)	(21 675)	(22 032)
Accumulated depreciation	274	12 746	13 020
Accumulated impairment	-	121	121
Vehicles moved from Departments to GMT	-	11 217	11 217
Cost	-	24 612	24 612
Accumulated depreciation	-	(13 395)	(13 395)
Vehicles moved from GMT to Departments	-	(60 249)	(60 249)
Cost	-	(60 656)	(60 656)
Accumulated depreciation	-	408	408
Non-current assets held for sale	-	(4 535)	(4 536)
Cost	(160)	(11 458)	(11 619)
Accumulated depreciation	160	6 923	7 083
Net Carrying amount - 31 March 2014	**3 323**	**177 696**	**181 020**
Cost	16 272	223 752	240 023
Accumulated depreciation:	(12 945)	(45 135)	(58 080)
Accumulated impairment losses	(4)	(920)	(924)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	**2012/13 R'000**
8	**PROPERTY, PLANT AND EQUIPMENT (continued)**		

No restrictions are applicable on the property, plant and equipment and no assets have been pledged as security for liabilities. There are no contractual agreements for the acquisition of property, plant and equipment in the foreseeable future.

8.1 Audio Equipment

	2013/14 R'000	2012/13 R'000
Carrying amount at the beginning of the year	**4**	**1**
Cost	4	1
Accumulated depreciation	-	-
Accumulated impairment losses	-	-
Additions at cost	-	3
Depreciation	(2)	-
Carrying amount at the end of the year	**2**	**4**
Cost	4	4
Accumulated depreciation	(2)	-
Accumulated impairment losses	-	-

8.2 Computer Equipment

	2013/14 R'000	2012/13 R'000
Carrying amount at the beginning of the year	**1 783**	**410**
Non-current Assets	4 234	2 714
Accumulated depreciation	(2 449)	(2 258)
Accumulated depreciation (correction)	(2)	(45)
Additions at cost	1 339	1 487
Take in assets	-	50
Depreciation	(608)	(150)
Impairment losses	-	(2)
Impairment losses reversed	2	-
Carrying value of disposals:	(64)	(7)
Cost	(303)	(9)
Accumulated depreciation	238	2
Non-current assets held for sale	-	(6)
Cost	(102)	(8)
Accumulated depreciation	102	2
Carrying amount at the end of the year	**2 451**	**1 783**
Cost	5 169	4 234
Accumulated depreciation	(2 718)	(2 449)
Accumulated impairment losses	-	(2)

8.3 Telephone

	2013/14 R'000	2012/13 R'000
Carrying amount at the beginning of the year	**3**	**-**
Cost	5	-
Accumulated depreciation	(2)	-
Accumulated impairment losses	-	-
Additions at cost	2	-
Depreciation	(1)	(2)
Carrying amount at the end of the year	**4**	**3**
Cost	7	5
Accumulated depreciation	(3)	(2)
Accumulated impairment losses	-	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
8	**PROPERTY, PLANT AND EQUIPMENT (continued)**		
8.4	**Workshop Equipment**		
	Carrying amount at the beginning of the year	**41**	**47**
	Cost	88	74
	Accumulated depreciation	(42)	(27)
	Accumulated impairment losses	(5)	-
	Additions at cost	41	13
	Take in assets	1	5
	Depreciation	(22)	(16)
	Impairment losses	-	(5)
	Impairment losses reversed	4	-
	Non-current assets held for sale	-	(3)
	Cost	-	(4)
	Accumulated depreciation	-	1
	Carrying amount at the end of the year	**65**	**41**
	Cost	131	88
	Accumulated depreciation	(64)	(42)
	Accumulated impairment losses	(1)	(5)
8.5	**Office Furniture and Fittings**		
	Carrying amount at the beginning of the year	**504**	**394**
	Cost	1 516	1 274
	Accumulated depreciation	(1 007)	(880)
	Accumulated impairment losses	(5)	-
	Additions at cost	335	93
	Take in assets	-	184
	Depreciation	(260)	(137)
	Impairment losses	-	(5)
	Impairment losses reversed	4	-
	Carrying value of disposals:	(19)	(18)
	Cost	(53)	(21)
	Accumulated depreciation	34	3
	Non-current assets held for sale	-	(7)
	Cost	(57)	(14)
	Accumulated depreciation	57	7
	Carrying amount at the end of the year	**564**	**504**
	Cost	1 741	1 516
	Accumulated depreciation	(1 176)	(1 007)
	Accumulated impairment losses	(1)	(5)
8.6	**Office Equipment**		
	Carrying amount at the beginning of the year	**27**	**7**
	Cost	30	7
	Accumulated depreciation	(3)	-
	Additions at cost	48	21
	Take in assets	-	1
	Depreciation	(10)	(3)
	Carrying amount at the end of the year	**65**	**27**
	Cost	78	30
	Accumulated depreciation	(13)	(3)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
8	**PROPERTY, PLANT AND EQUIPMENT (continued)**		
8.7	**Domestic Equipment**		
	Carrying amount at the beginning of the year	**19**	**3**
	Cost	20	4
	Accumulated depreciation	(1)	(1)
	Additions at cost	-	17
	Depreciation	(5)	-
	Impairment losses	-	(1)
	Carrying amount at the end of the year	**14**	**19**
	Cost	20	20
	Accumulated depreciation	(6)	(1)
8.8	**Domestic Furniture**		
	Carrying amount at the beginning of the year	**1**	**-**
	Cost	1	-
	Accumulated depreciation	-	-
	Additions at cost	9	1
	Depreciation	(1)	-
	Carrying amount at the end of the year	**9**	**1**
	Cost	10	1
	Accumulated depreciation	(1)	-
8.9	**Kitchen Appliances**		
	Carrying amount at the beginning of the year	**1**	**-**
	Cost	1	-
	Accumulated depreciation	-	-
	Additions at cost	7	1
	Depreciation	(1)	-
	Carrying amount at the end of the year	**7**	**1**
	Cost	8	1
	Accumulated depreciation	(1)	-
8.10	**Photographic Equipment**		
	Carrying amount at the beginning of the year	**16**	**8**
	Cost	20	10
	Accumulated depreciation	(3)	(2)
	Accumulated impairment losses	(1)	-
	Additions at cost	2	9
	Take in assets	-	2
	Depreciation	(6)	(1)
	Impairment losses	-	(1)
	Carrying value of disposals:	-	-
	Cost	(2)	-
	Accumulated depreciation	2	-
	Non-current assets held for sale	-	-
	Cost	(1)	-
	Accumulated depreciation	1	-
	Carrying amount at the end of the year	**11**	**16**
	Cost	18	20
	Accumulated depreciation	(6)	(3)
	Accumulated impairment losses	(1)	(1)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

8 PROPERTY, PLANT AND EQUIPMENT (continued)

8.11 Crockery

	2013/14 R'000	2012/13 R'000
Carrying amount at the beginning of the year	**-**	**-**
Cost	-	-
Accumulated depreciation	-	-
Additions at cost	4	-
Depreciation	(1)	-
Carrying amount at the end of the year	**3**	**-**
Cost	4	-
Accumulated depreciation	(1)	-

8.12 Garden Equipment

	2013/14 R'000	2012/13 R'000
Carrying amount at the beginning of the year	**1**	**-**
Cost	1	-
Accumulated depreciation	-	-
Additions at cost	-	1
Carrying amount at the end of the year	**1**	**1**
Cost	1	1
Accumulated depreciation	-	-

8.13 Lease Tracking Units

	2013/14 R'000	2012/13 R'000
Carrying amount at the beginning of the year	**364**	**889**
Cost	9 083	9 083
Accumulated depreciation	(8 719)	(8 194)
Additions at cost	-	-
Depreciation	(236)	(526)
Carrying amount at the end of the year	**128**	**364**
Cost	9 083	9 083
Accumulated depreciation	(8 955)	(8 719)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
9	**INTANGIBLE ASSETS**		
	Net Carrying value at beginning of the year	**57 040**	**32 132**
	Cost	**70 657**	**41 217**
	Cost - Software Applications	25 645	4 248
	Cost - Software License Fees Capitalised	1 470	-
	Cost - Internal Development	43 541	36 969
	Accumulated Amortisation	**(13 617)**	**(9 085)**
	Accumulated Amortisation - Software Applications	(850)	(425)
	Accumulated Amortisation - Software Licence Fees	-	-
	Accumulated Amortisation - Internal Development	(12 767)	(8 660)
	Application Modules - Acquired during the year	-	24 645
	Software License Fees - Capitalised during the year	1 607	1 470
	Software Licence Fees - reclassified as expenditure	-	(3 248)
	Internal Development - Cost capitalised	14 653	6 572
	Amortisation during the year	(6 574)	(4 531)
	Software Applications	(1 359)	(425)
	Software License Fees	(134)	-
	Internal Development	(5 081)	(4 106)
	Net Carrying value at end of the year	**66 726**	**57 040**
	Cost	**86 917**	**70 656**
	Cost - Software Applications	25 645	25 645
	Cost - Software License Fees Capitalised	3 078	1 470
	Cost - Internal Development	58 194	43 541
	Accumulated Amortisation	**(20 191)**	**(13 617)**
	Accumulated Amortisation - Software Applications	(2 209)	(850)
	Accumulated Amortisation - Software License Fees	(134)	-
	Accumulated Amortisation - Internal Development	(17 848)	(12 767)

No Intangible assets have been pledged as security for any liabilities of GMT.

		2013/14 R'000	2012/13 R'000
9.1	***Breakdown between systems:***		
	FleetMan System:		
	Net Carrying amount at beginning of the year	**18 186**	**17 364**
	Cost	**28 530**	**24 967**
	Cost - Software Applications	-	-
	Cost - Software License Fees	-	-
	Cost - Internal Development	28 530	24 967
	Accumulated Amortisation	**(10 345)**	**(7 602)**
	Accumulated Amortisation - Software Applications	-	-
	Accumulated Amortisation - Software License Fees	-	-
	Accumulated Amortisation - Internal Development	(10 344)	(7 602)
	Application Modules - Acquired during the year	-	-
	Software License Fees - Capitalised during the year	-	-
	Internal Development - Cost capitalised	3 728	3 564
	Amortisation during the year	(3 399)	(2 742)
	Software Applications	-	-
	Software License Fees	-	-
	Internal Development	(3 399)	(2 742)
	Net Carrying amount at end of the year	**18 516**	**18 186**
	Cost	**32 258**	**28 530**
	Cost - Software Applications	-	-
	Cost - Software License Fees Capitalised	-	-
	Cost - Internal Development	32 258	28 530
	Accumulated Amortisation	**(13 743)**	**(10 344)**
	Accumulated Amortisation - Software Applications	-	-
	Accumulated Amortisation - Software License Fees Capitalised	-	-
	Accumulated Amortisation - Internal Development	(13 743)	(10 344)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
9	**INTANGIBLE ASSETS (continued)**		
9.2	***Oracle Financial System:***		
	Net Carrying amount at beginning of the year	**38 855**	**14 768**
	Cost	**42 127**	**16 251**
	Cost - Software Applications	25 645	4 248
	Cost - Software License Fees	1 470	-
	Cost - Internal Development	15 011	12 002
	Accumulated Amortisation	**(3 272)**	**(1 483)**
	Accumulated Amortisation - Software Applications	(850)	(425)
	Accumulated Amortisation - Software License Fees	-	-
	Accumulated Amortisation - Internal Development	(2 422)	(1 058)
	Application Modules - Acquired during the year	-	24 645
	Software License Fees - Capitalised during the year	1 607	1 470
	Software Support Fees - reclassified as expenditure	-	(3 248)
	Internal Development	10 925	3 009
	Amortisation during the year	(3 175)	(1 789)
	Software Applications	(1 359)	(425)
	Software License Fees	(134)	-
	Internal Development	(1 682)	(1 364)
	Net Carrying amount at end of the year	**48 211**	**38 855**
	Cost	**54 659**	**42 127**
	Cost - Software Applications	25 645	25 645
	Cost - Software License Fees Capitalised	3 078	1 470
	Cost - Internal Development	25 936	15 011
	Accumulated Amortisation	**(6 448)**	**(3 272)**
	Accumulated Amortisation - Software Applications	(2 209)	(850)
	Accumulated Amortisation - Software License Fees	(134)	-
	Accumulated Amortisation - Internal Development	(4 105)	(2 422)

Intangible assets comprise of computer software in the following categories:
Fleetman is an internally developed Oracle based fleet management system. This system is used for the operational functionality of GMT's fleet and Oracle E-Business Suite modules are used for the financial management within GMT.
The amortisation expense has been included in Amortisation in the Statement of Financial Performance (refer to Note 24). Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives. All intangible assets have finite useful lives.
No fully amortised intangible assets exist and is still in use on the reporting date.
Intangible assets have not been pledged as security for liabilities.
GMT ERP is not transferable.

9.3 Impairment of Intangible Assets

No impairment losses have been recognised on GMT's Intangible Assets at the reporting date or for the comparative year.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
10	**HERITAGE ASSETS**		
	Gross carrying amount	**140**	**140**
	The movement in Heritage Assets is reconciled as follows:		
	Gross carrying amount	**140**	**140**
	Cost	146	146
	Accumulated Impairment losses	(6)	(6)
	Acquisitions	-	-
	Impairment Losses recognised	-	-
	Gross carrying amount	**140**	**140**
	Cost	146	146
	Accumulated Impairment losses	(6)	(6)

Heritage assets consist of an antique vehicle (GVY444G - 1942 Ford Ambulance) which is protected, cared for and preserved for the benefit of present and future generations.

No heritage assets have been pledged as security for any liabilities of GMT. There are no restrictions on title and the disposal of the heritage asset.

There are no contractual commitments for the acquisition, maintenance and restoration of the heritage asset as at the reporting date.

No amounts are included in the Statement of Financial Performance at the reporting date for compensation received from third parties as none were impaired, lost or given up.

		2013/14 R'000	2012/13 R'000
11	**FINANCE LEASE RECEIVABLES**		
	Finance Lease Receivables	691 520	617 460
	Sub-total	691 520	617 460
	Less: Current Portion transferred to Current Assets:-	75 961	72 820
	Finance Lease Receivables	75 961	72 820
	Total Long-term portion of Finance Lease Receivables	**615 559**	**544 641**

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.

11.1 ***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 16 years as at 31 March 2014 (31 March 2013: 1 and 17 years). GDC634G and GCC394G, both Toyota Hino trucks, have remaining lease terms of 13 and 16 years respectively as at 31 March 2014. If these vehicles are excluded, the remaining lease terms are between 1 and 10 years. The effective annual interest rate on new vehicles purchased and permanently allocated to departments during the year under review is between 0,87% and 80,34% (31 March 2013: 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 affect 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	
	2013/14 R'000	2012/13 R'000	2013/14 R'000	2012/13 R'000
Amounts receivable under finance leases:				
Within one year	284 494	248 972	75 961	72 820
In the second to fifth years, inclusive	992 599	805 755	436 052	361 229
Over five years	234 955	239 158	179 507	183 411
	1 512 048	1 293 885	691 520	617 460
Less: Unearned Future Finance Income	820 528	676 425	-	-
Present Value of Minimum Lease Receivables	**691 520**	**617 460**	**691 520**	**617 460**
Less: Amounts due for settlement within 12 months (Current Portion)			75 961	72 820
Finance lease receivables due for settlement after 12 months (non-current portion)			**615 559**	**544 641**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
11	**FINANCE LEASE RECEIVABLES (continued)**		
	GMT has finance lease agreements for the following significant classes of assets:		
	- Vehicles		
	Unguaranteed residual values	290 422	261 099
	Included in these classes are the following significant leases:		
	i) GCG574G		
	- Instalments are payable monthly in arrears		
	- Average effective interest rate	31.35%	
	- Average monthly instalment (Rands only)	R 6 367	
	- Annual escalation	5.37%	
	ii) GCF402G		
	- Instalments are payable monthly in arrears		
	- Average effective interest rate	24.09%	
	- Average monthly instalment (Rands only)	R 9 098	
	- Annual escalation	5.37%	
	iii) GBJ049G		
	- Instalments are payable monthly in arrears		
	- Average effective interest rate		20.13%
	- Average monthly instalment (Rands only)		R 6 513
	- Annual escalation		4.93%
	iv) GBJ479G		
	- Instalments are payable monthly in arrears		
	- Average effective interest rate		39.42%
	- Average monthly instalment (Rands only)		R 14 843
	- Annual escalation		4.93%
12	**INVENTORY**		
	Consumables store	3	47
	Total Inventory	**3**	**47**

Inventories are held for own use and measured at the lower of Cost and Net realisable value. No write downs of Inventory to Net Realisable Value were required.

The cost of inventories recognised as an expense for the year amounted to R186,990 (2012/13: R245,306).

No Inventories have been pledged as collateral for liabilities of the Entity.

		2013/14 R'000	2012/13 R'000
13	**RECEIVABLES FROM EXCHANGE TRANSACTIONS**		
	Accounts receivable	38 576	61 742
	Less: Provision for impairment	-	(18 197)
	Total receivables from Exchange Transactions	**38 576**	**43 545**
	Included in the provision for impairment is the following:		
	1) An amount of R17.9m represents inter governmental debt which GMT was written off as bad debts due to lost documentation.	-	17 922
	2) Prescribed debt	-	275
		-	**18 197**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

	2013/14 R'000	2012/13 R'000
13 RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
13.1 Ageing of Receivables from Exchange Transactions		
Current: 0 - 30 days	40 321	62 192
Gross Balances	40 321	62 192
Less: Provision for Impairment	-	-
More than 30 days and not more than 60 days	1 518	386
Gross Balances	1 518	386
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	342	563
Gross Balances	342	563
Less: Provision for Impairment	-	-
More than 90 days	23 703	8 434
Gross Balances	23 703	26 631
Less: Provision for Impairment	-	(18 197)
Adjustment for daily tariffs included in the finance lease receivables	(27 308)	(28 031)
Net Balances	**38 576**	**43 545**

As at 31 March 2014 Receivables of R25,759k (31 March 2013: R27,528k were past due but not impaired. The age analysis of these receivables are as follows:

	2013/14 R'000	2012/13 R'000
More than 30 days and not more than 60 days	1 518	386
Gross Balances	1 518	386
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	342	563
Gross Balances	342	563
Less: Provision for Impairment	-	-
More than 90 days	23 703	8 434
Gross Balances	23 703	26 631
Less: Provision for Impairment	-	(18 197)
Net Balances	**25 564**	**9 383**

13.2 Summary of Receivables from Exchange Transactions by Customer Classification

	National and Provincial Government R'000	Other R'000
As at 31 March 2014		
Current:		
0 - 30 days	12 904	108
Past Due:		
More than 30 days and not more than 60 days	1 499	18
More than 60 days and not more than 90 days	342	-
More than 90 days	23 158	546
Sub-total	**37 904**	**672**
Less: Provision for Impairment	-	-
Total Trade Receivables by Customer Classification	**37 904**	**672**
As at 31 March 2013		
Current:		
0 - 30 days	15 921	43
Past Due:		
More than 30 days and not more than 60 days	385	1
More than 60 days and not more than 90 days	563	-
More than 90 days	44 287	542
Sub-total	**61 156**	**586**
Less: Provision for Impairment	18 197	-
Total Trade Receivables by Customer Classification	**42 959**	**586**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
13	**RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)**		
13.3	**Reconciliation of the Provision for Impairment**		
	Balance at beginning of year	(18 197)	(18 197)
	Provision impairment losses recognised	-	-
	Provision impairment losses reversed	-	-
	Amounts written off as uncollectable	18 197	-
	Amounts recovered	-	-
	Balance at end of year	**-**	**(18 197)**

14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and short-term, highly liquid investments that are held with a registered banking institution 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.

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand and Cash in the Bank.

		2013/14 R'000	2012/13 R'000
14.1	**Bank Accounts**		
	Nedfleet bank account		
	Nedbank Account		
	Cash book balance at the beginning of the year	4 491	1 898
	Cash book balance at the end of the year	**969**	**4 491**
	Nedbank Account Number: 1452 049 831		
	Bank statement balance at the beginning of the year	4 491	1 898
	Bank statement balance at the end of the year	969	4 491
	Primary bank account		
	Nedbank Account		
	Cash book balance at the beginning of the year	498 422	523 185
	Cash book balance at the end of the year	**610 217**	**498 422**
	Nedbank Account Number: 1452 056 226		
	Bank statement balance at the beginning of the year	498 422	523 208
	Bank statement balance at the end of the year	610 223	498 422
14.2	**Cash-on-hand**		
	Cash float	**5**	**5**
	Total cash and cash equivalents	**611 191**	**502 917**

GMT does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

The entity did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on GMT in terms of the utilisation of its Cash and Cash Equivalents.

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.

The management of the entity is of the opinion that the carrying value of Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the entity and financial institutions.

15 NON-CURRENT ASSETS HELD FOR SALE

	2013/14 R'000	2012/13 R'000
GMT Vehicles at carrying value	4 536	5 969
Plant and equipment at carrying value	3	16
	4 539	5 984
Impairment loss	(686)	(1 116)
	3 853	**4 868**

During the year under review, management made a resolution to dispose property, plant and equipment. The disposal decision was based on the ageing of the assets/economic viability of the assets. To ensure transparency and fairness on the process an independent auctioneer will be appointed to dispose of the vehicles. The scheduled dates for vehicle disposals are on 8 April 2014 and 20 May 2014.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
16	**REVENUE**		
	An analysis of the entity's revenue is as follows:		
	Rendering of services:		
	National Departments	46 326	41 676
	Provincial Departments	271 317	247 830
	Interest earned:		
	Finance Lease Receivables	213 438	170 848
		531 081	**460 354**
	An analysis of the entity's revenue as per:		
	Kilometre tariffs	267 379	257 462
	Daily tariffs	50 264	32 044
	Interest earned	213 438	170 848
		531 081	**460 354**

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.

		2013/14 R'000	2012/13 R'000
17	**OTHER INCOME**		
	Profit on sale of vehicles	3 151	7 894
	Profit on sale of vehicles (held under finance lease receivables)	942	1 193
	Reimbursive income	9 338	6 922
	Total Other Income	**13 431**	**16 009**
18	**INTEREST EARNED**		
	Bank accounts:		
	- Interest earned	23 751	22 889
	Outstanding Debtors:		
	- Interest earned	811	1 038
	Total Interest Earned	**24 561**	**23 927**

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.

		2013/14 R'000	2012/13 R'000
19	**GOVERNMENT GRANTS AND SUBSIDIES RECEIVED**		
	Conditional Grants		
	Grants from Provincial Departments	6 557	52 128
	Department of Agriculture	198	1 515
	Department of Community Safety	2 057	5 277
	Department of Cultural Affairs and Sport	620	-
	Department of Economic Development and Tourism	-	959
	Department of Environmental Affairs and Development Planning	-	-
	Department of Health	2 797	30 798
	Department of Human Settlements	-	9
	Department of the Premier's Office	628	6 257
	Department of Local Government	-	-
	Department of Social Development	2	5 634
	Department of Transport and Public Works	-	1 680
	Western Cape Provincial Parliament	247	-
	Department of Education	-	
	Cape Nature	7	
	Grants from National Departments	1 778	3 066
	Department of Justice	1 778	3 066
	Government Grants and Subsidies from exchange transactions	8 335	55 195
	Government Grants and Subsidies from non-exchange transactions		
	Other grants and subsidies received	1 691	1 211
		10 026	**56 406**

Refer to note 6 for the reconciliation of the movements in Unspent Government Grants and Receipts. GMT complied with the conditions attached to all grants received to the extent of revenue recognised. Other grants and subsidies received comprise of vehicles donated to GMT and stolen vehicles recovered.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
20	**ADMINISTRATIVE EXPENSES**		
	Bank charges	5 262	4 562
	Fees for services		
	- Housing and Hosting	4 979	6 380
	Legal fees	52	18
	Software support fees	7 566	7 946
	Other administrative expenses	1 062	946
	Stationery and printing	718	631
	Training and staff development	746	525
	Travel and subsistence	110	69
		20 495	**21 078**

The amounts disclosed above for Administrative Expenses are in respect of costs incurred in the general management of GMT and not directly attributable to a specific service or class of expense.

		2013/14 R'000	2012/13 R'000
21	**STAFF COSTS**		
	Salaries and Wages		
	Basic salaries	17 960	16 176
	Performance awards	1 090	608
	Periodic payments	1 144	972
	Other non-pensionable allowance	3 105	1 943
	Leave payments	-	219
	Overtime and long service awards	543	529
	Social contributions (employer's contributions)		
	Medical	1 411	1 421
	Official unions and associations	8	6
	Pension	1 972	1 759
	Defined Benefit Plan Expense (see note 2):		
	Current Service Cost	33	27
	Interest Cost	50	47
	Net Actuarial (gains) / losses recognised	33	47
	Total Staff costs	**27 349**	**23 754**

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 2014

21 STAFF COSTS (continued)

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 2014							
Senior Manager	771	49	19	79	-	-	**918**
Manager: Fleet Finance	505	34	-	53	-	-	**592**
Manager: Fleet Logistics	432	32	26	50	-	-	**540**
Manager: Fleet Operations	490	34	6	53	-	-	**583**
Manager: Fleet Risk Management	445	31	-	49	-	-	**525**
Manager: Financial Support Services	595	-	-	-	-	-	**595**
TOTAL	**3 238**	**180**	**51**	**284**	**-**	**-**	**3 753**

	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**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
22	**OPERATING EXPENDITURE**		
	Consultant, contractors and special services	32 821	29 520
	- Audit fees	3 387	4 649
	- Computers and systems service providers	23 971	16 681
	- Consultant fees - Contracted Accountants	2 401	4 081
	- Consultant fees - Project Management	2 894	3 997
	- Contractors' services - wash bay and removal services	169	113
	Maintenance, repairs and running costs	204 525	186 921
	- Property and Buildings	7	47
	- Machinery, equipment and vehicles	204 518	186 874
	Loss on sale of vehicles	1 027	2 989
	Loss on finance lease receivables	27 415	21 059
	Loss on sale of PPE	2	92
	Tracking costs	34 541	28 121
	Third party claims	937	979
	Stores and Consumables	224	503
	Communication costs	648	609
	Courier and delivery charges	13	24
	Municipal services	59	13
		302 212	**270 832**
23	**DEPRECIATION**		
	Plant and equipment	1 153	834
	Vehicles	10 934	15 115
		12 087	**15 948**
24	**AMORTISATION**		
	Intangible asset - FleetMan	3 399	2 742
	Intangible asset - Oracle Financial System	3 175	1 789
		6 574	**4 531**
25	**FINANCE COSTS**		
	Finance leases	2	19
		2	**19**
26	**ACCIDENTS AND IMPAIRMENT LOSSES**		
26.1	**Impairment losses on fixed assets**		
	Impairment losses recognised:		
	Property, Plant and Equipment	910	134
	- Vehicles	910	121
	- Plant and equipment	-	13
	Non-current assets held for sale	686	1 116
26.2	**Other**		
	Accidents and losses incurred	470	17
		2 066	**1 267**
27	**RECONCILIATION OF CASH GENERATED FROM OPERATIONS**		
	Profit for the year	193 246	205 062
	Adjustment for:		
	- Correction prior year adjustment	-	45
	- Correction to Income received in advance	-	7 260
	Depreciation - Property, plant and equipment	12 087	15 948
	Amortisation - Intangible assets	6 574	4 531
	Interest received	(24 561)	(23 927)
	Impairment losses	1 596	1 250
	Net (profit)/loss on disposal of Property, plant & equipment	(2 122)	(4 813)
	Increase in Provisions	633	(673)
	Interest paid	2	19
	Operating cash flows before working capital changes	**187 454**	**204 703**
	Working capital changes	16 974	(49 098)
	(Increase)/Decrease in Inventories	45	(7)
	(Increase)/Decrease in Receivables	4 969	3 939
	Increase/(Decrease) in payables from non exchange transactions	1 472	(12 801)
	Increase/(Decrease) in payables from exchange transactions	10 843	(3 305)
	Increase/(Decrease) in Unspent Grants	52	(36 336)
	Cash payments made against Provisions	(406)	(588)
	Cash generated from operations	**204 428**	**155 605**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		2013/14 R'000	2012/13 R'000
28	**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	611 191	502 917
		611 191	**502 917**

29 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).

30 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 R117,493 for the period (2012/13: R47,198) in respect of claims made against GMT as at 31 March 2014 and paid during the next period has been raised as a payable in the financial statements. The total amount of unpaid claims made against GMT as at 31 March 2014 amounts to R2,891,080. Therefore, a contingent liability of R2,773,587, 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.

31 COMMITMENTS FOR EXPENDITURE

31.1 Capital commitments

	2013/14 R'000	2012/13 R'000
Commitments for the acquisition of:		
- Property, plant and equipment ordered, but not delivered by the reporting date.	132 493	162 715
	132 493	**162 715**

31.2 Lease commitments

Non-cancellable operating lease commitments are disclosed in note 33.

32 EVENTS AFTER THE REPORTING DATE

Non-adjusting events

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

9 (Nine) cases with an estimated claim value of R143 977 was issued to GMT after 31 March 2014.

Damages/Losses - government vehicles

357 cases were registered after 31 March 2014 with a probable loss amount of R1,658,730.

Adjusting events

Cases settled (in terms of agreed payment) after the reporting period but before the financial statements were issued amounts to R117,493 (31 March 2013: R47,198).

Irregular expenditure condoned

Irregular expenditure of R75,900 was condoned after 31 March 2014 and before the Annual Financial Statements were approved. These cases were under investigation on 31 March 2014.

Irregular determined to be invalid

Alleged Irregular expenditure was determined to be invalid on 23 May 2014. This expenditure relates to emergency equipment on vehicles.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

33 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 GRAP 13:

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

GMT as Lessee:

Leasing arrangements:
Operating leases relate to office equipment 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:

	2013/14 R'000	2012/13 R'000
Up to 1 year	7 777	14 575
2 to 5 years	644	7 455
More than 5 years	-	-
Total Operating Lease Arrangements	**8 422**	**22 030**

The following payments have been recognised as an expense in the Statement of Financial Performance:

	2013/14 R'000	2012/13 R'000
Minimum lease payments	15 069	14 196
Contingent rentals	-	8
Total Operating Lease Expenses - as Lessee	**15 069**	**14 204**

In respect of non-cancellable Operating Leases the following liability has been recognised:

	2013/14 R'000	2012/13 R'000
Operating lease liability as at reporting date:		
Balance at beginning of year	20	11
Operating expenses recorded	15 069	14 204
Operating lease payments effected	(15 069)	(14 195)
Total Operating Lease Liabilities	**20**	**20**

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 2014

34 RELATED PARTY TRANSACTIONS

34.1 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.

34.1.1 The following related party transaction was not concluded at arm's length during the period 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. Parking space is also provided for government officials at an approved fee that is not market related. The details of the properties are as follows:

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.

The following related party transactions with the Department of Transport and Public Works were made on terms equivalent to those that prevail in arm's length transactions:

	2013/14 R'000	2012/13 R'000
Revenue		
Transport claims	10 988	10 540
Reimbursive income	276	142
Interest received on Finance lease receivables	5 808	4 348
Interest received on Accounts receivable	1	9
	17 072	15 039
Expenditure		
License fees	4 027	3 728
The amount of outstanding balances as at reporting date		
Finance lease receivables	14 585	14 858
Accounts receivable	1 129	1 067
	15 714	15 925

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

34 RELATED PARTY TRANSACTIONS (continued)

34.2 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 Operations
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 remuneration is disclosed in note 21 to the Annual 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	193 669
Kathy Proctor Fourie - Manager: Fleet Finance	Mr. JC Fourie (Fleet Control Assistant Manager)	Husband	326 877

34.3 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 (transversal)
d) Human Resource Management
e) Enterprise Risk Management
f) Internal Audit
g) Forensic Investigations
h) Legal Services
i) Corporate Communication

34.4 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 2014

35 FINANCIAL INSTRUMENTS

35.1 Classification of financial instruments

Financial Assets:
In accordance with GRAP 104.13 the financial assets of the GMT are classified as follows:

Financial Assets:	Classification	2013/14 R'000	2012/13 R'000
Finance lease receivables (long-term portion)	Financial Assets at Amortised Cost	615 560	544 641
Receivables from Exchange Transactions			
Receivables from Exchange Transactions	Financial Assets at Amortised Cost	38 576	43 545
Cash and cash equivalents			
Cash and cash equivalents	Financial Assets at Amortised Cost	611 191	502 917
Finance lease receivables (short-term portion)	Financial Assets at Amortised Cost	75 960	72 820
Total financial assets		**1 341 287**	**1 163 922**

Summary of financial assets:

	2013/14 R'000	2012/13 R'000
Financial Assets at Amortised Cost:		
Finance lease receivables (non-current portion)	615 560	544 641
Finance lease receivables (current portion)	75 960	72 820
Receivables from Exchange Transactions	38 576	43 545
Cash and cash equivalents	611 191	502 917
	1 341 287	**1 163 922**
Total Financial Assets	**1 341 287**	**1 163 922**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

35 FINANCIAL INSTRUMENTS (continued)

Financial Liabilities:
In accordance with GRAP 104.13 the Financial Liabilities of the entity are classified as follows (FLAC = Financial Liabilities at Amortised Cost):

Financial Liabilities	Classification	2013/14 R'000	2012/13 R'000
Current portion of long-term liabilities			
Finance Lease Liabilities	FLAC	-	32
Payables from Exchange Transactions			
Trade creditors	FLAC	15 156	4 172
Sundry creditors	FLAC	297	433
Operating lease liability	FLAC	20	20
Payables from Non-Exchange Transactions	FLAC	4 115	2 643
Total financial liabilities		**19 588**	**7 300**

Summary of financial liabilities:

	2013/14 R'000	2012/13 R'000
Financial Liabilities at Amortised Cost (FLAC)		
Finance lease payables	-	32
Trade creditors	15 156	4 172
Sundry creditors	297	433
Operating lease liability	20	20
Payables from Non-Exchange Transactions	4 115	2 643
	19 588	**7 300**
Total Financial Liabilities	**19 588**	**7 300**

35.2 Capital Risk Management
GMT manages its capital to ensure that the entity will be able to continue as a going concern while delivering sustainable services to its client departments through the optimisation of the debt and equity balance.

Gearing ratio

The gearing ratio at the year-end was as follows:

	2013/14	2012/13
Debt	51 023	38 456
Equity	1 542 007	1 348 761
Debt to equity ratio	3%	3%

Debt is defined as current- and non-current liabilities.

Equity consists of reserves of GMT, disclosed as Net Assets in the Statement of Financial Position.

35.3 Financial Risk Management Objectives
GMT 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.

35.4 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 2014

35 FINANCIAL INSTRUMENTS (continued)

35.5 Interest rate management

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result in market interest changes.

GMT limits its counterparty exposures from its investment operations by only dealing with Nedbank which has a BBB rating according to Fitch.

GMT is not exposed to interest rate risk on its consumer debtors as the rates applicable are fixed interest rates as determined by the Minister of Finance.

GMT limits its interest rate risk relating to finance lease receivables by ensuring that the costs (including extras) of the permanently allocated vehicles subject to finance lease is recovered through the daily tariffs and the residual values at the end of the useful lives.

35.6 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	**2013/14 R'000**	**2012/13 R'000**
Finance lease receivables (non-current portion)	615 560	544 641
Cash and cash equivalents	611 191	502 917
Receivables from Exchange Transactions	38 576	43 545
Finance lease receivables (current portion)	75 960	72 820
	1 341 287	**1 163 922**

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	**2013/14 R'000**	**2012/13 R'000**
Accounts Receivable:		
More than 30 days and not more than 60 days	1 518	386
More than 60 days and not more than 90 days	342	563
More than 90 days and not more than 120 days	23 703	26 631
Total	**25 564**	**27 580**

35.7 Liquidity risk management

The entity manages liquidity risk through Provincial Treasury by reviewing its tariff structure on an annual basis.

The entity manages liquidity risk by 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 2014

35 FINANCIAL INSTRUMENTS (continued)

35.7 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 and capital 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:			
Fixed Interest Rate Instruments:			
Finance lease payables	32	-	-
Non-interest Bearing:			
Payables from Non-exchange Transactions	2 643	-	-
Unspent Grants	28 516	-	-
Variable Interest Rate Instruments:			
Payables from Exchange Transactions	4 626	-	-
	35 817	**-**	**-**
2013/14:			
Fixed Interest Rate Instruments:			
Finance lease payables	-	-	-
Non-interest Bearing:			
Payables from Non-exchange Transactions	4 115	-	-
Unspent Grants	28 568	-	-
Variable Interest Rate Instruments:			
Payables from Exchange Transactions	15 472	-	-
	48 156	**-**	**-**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

35 FINANCIAL INSTRUMENTS (continued)

35.8 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.

36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

36.1 Unauthorised Expenditure

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

36.2 Fruitless and Wasteful Expenditure

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

36.3 Irregular Expenditure

36.3.1 Refinement Study consultants and hardware purchased

Additional alleged irregular expenditure was incurred during the 2013/14 financial year. Some balances carried forward from the previous financial year has not yet been condoned on 31 March 2014. Details of this expenditure are described below.

Goods and services 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 amount of the expenditure relating to the purchase of emergency equipment is not quantified during the 2012/13 financial year as this amount was to be determined due to the various number of vehicles which this is equipment was installed.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

36 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (continued)

36.3.2 Irregular Expenditure (continued)

	2013/14 R'000	2012/13 R'000
Reconciliation of Irregular Expenditure:		
Opening balance	567	-
Irregular Expenditure current year - under Investigation	-	4 707
Expenditure condoned or written off	(567)	(4 140)
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Irregular Expenditure awaiting condonement	**-**	**567**

Incident	R'000	Disciplinary Steps / Criminal Proceedings / Actions taken
2012/13		
Irregular expenditure incurred		
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	*The case was referred to Labour Relations*
	4 707	
2013/14		
Irregular expenditure condoned		
Scanning hardware purchased	491	*The case was referred to Labour Relations*
Procurement of hardware	47	*Issue cautionary letter to officials*
Refinement study consultants	29	*The case was referred to Labour Relations*
	567	
Irregular expenditure incurred		
None	-	
	-	

37 GOING CONCERN

Management considered the following matters relating to the going concern:

(i) On 14 March 2013 the budget was tabled and accepted. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of services to clients.

(ii) The entity's budget is subjected to an assessment process. The budget is cash backed.

(iii) Strict daily cash management processes are embedded in the entity's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the budget. The cash management processes is complemented monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

(iv) As the entity has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of services. Certain key financial ratios, such as liquidity and solvency are closely monitored and the necessary corrective actions instituted.

Taking the aforementioned into account, management has prepared the financial statements on the going concern basis.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

38 CHANGE IN ACCOUNTING POLICY

Government Motor Transport adopted the Standards of Generally Recognised Accounting Practice (GRAP) for the first time during the 2013/14 financial year as disclosed in the Accounting Policies. The following standards have been implemented as at 31 March 2012 as set out in directive 5 (as applicable):

Standard / Reference	Topic
GRAP 1	Presentation of Financial Statements (as revised in 2010)
GRAP 2	Cash Flow Statements (as revised in 2010)
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010)
GRAP 4	The Effects of Changes in Foreign Exchange Rates (as revised in 2010)
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions (as revised in 2010)
GRAP 10	Financial Reporting in Hyperinflationary Economies (as revised in 2010)
GRAP 11	Construction Contracts (as revised in 2010)
GRAP 12	Inventories (as revised in 2012)
GRAP 13	Leases (as revised in 2010)
GRAP 14	Events After the Reporting Date (as revised in 2010)
GRAP 16	Investment Property (as revised in 2010)
GRAP 17	Property, Plant and Equipment (as revised in 2010)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010)
GRAP 21	Impairment of Non-cash-generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations (as revised in 2010)
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

Directives issued and effective that entities are required to apply:

Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2	Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
Directive 3	Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities
Directive 4	Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Collected by SARS
Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP
Directive 8	Transitional Provisions for Parliament and the Provincial Legislatures
Directive 9	The Application of the Standards of GRAP by Trading Entities

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

38 CHANGE IN ACCOUNTING POLICY (continued)

Interpretations of the Standards of GRAP approved that entities are required to apply:

IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty Programmes
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distributions of Non-cash Assets to Owners
IGRAP 10	Assets Received from Customers
IGRAP 13	Operating Leases – Incentives
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services

Approved guideline of Standards of GRAP that entities are required to apply:

Guide 1	Guideline on Accounting for Public Private Partnerships

Effective accrual based IPSAS that entities are required to apply

IPSAS 20	Related Party Disclosures

Effective IFRSs and IFRICs that entities are required to apply:

IFRS 4	Insurance Contracts
IFRS 6	Exploration for and Evaluation of Mineral Resources
IAS 12	Income Taxes
SIC – 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC – 29	Service Concession Arrangements – Disclosures
IFRIC 12	Service Concession Arrangements
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

Standards of GRAP that may be used in developing an accounting policy

GRAP 105	Transfers of Functions Between Entities Under Common Control
GRAP 106	Transfers of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

Standards of GRAP that an entity may use to disclose information in its financial statements:

GRAP 20	Related Party Disclosures

Approved Standards of GRAP that entities are not required to apply:

GRAP 18	Segment Reporting

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

38 CHANGE IN ACCOUNTING POLICY (continued)

38.1 Allocation correction of prior year balances

The disclosure of balances in the Statement of Financial Position and Statement of Financial Performance had been restated to comply with the disclosure requirements in terms of changes in the accounting framework.

The allocation corrections exclude other accounting policy changes (note 38) and correction of errors (note 39) adjustments as depicted below. The effect of the changes are as follows:

	Previously reported 2013 R'000	Allocation corrections 2013 R'000	Restated 2013 R'000
Statement of Financial Position:			
Net Assets			
Retained Earnings	**1 350 014**	-	**1 350 014**
Non-current liabilities			
Finance lease payables	-		
Provisions	1 619	-	1 619
Total Non-current liabilities	**1 619**		**1 619**
Current liabilities			
Payables from Exchange Transactions	-	4 306	4 306
Payables from Non-exchange Transactions	-	1 151	1 151
Unspent Conditional Grants and Receipts	30 592	-	30 592
Provisions	1 851	-	1 851
Trade and other payables	4 306	(4 306)	-
Finance lease payables	85	-	85
Income received in advance	1 151	(1 151)	-
Total Current liabilities	**37 985**		**37 985**
Total equity and liabilities	**1 389 619**		**1 389 619**
Non-Current Assets			
Property, Plant and Equipment	164 590	-	164 590
Intangible Assets	60 289	-	60 289
Heritage Assets	-	-	-
Finance Lease Receivables	541 245	-	541 245
Total Non-Current Assets	**766 125**		**766 125**
Current Assets			
Inventory	47	-	47
Accounts receivable	43 545	(43 545)	-
Receivables from Exchange Transactions		43 545	43 545
Cash and Cash Equivalents	502 917	-	502 917
Finance Lease Receivables	72 117	-	72 117
Non-current Assets Held for Sale	4 868	-	4 868
Total Current Assets	**623 494**		**623 494**
Total Assets	**1 389 619**	-	**1 389 619**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

	Previously reported 2013 R'000	Allocation corrections 2013 R'000	Restated 2013 R'000
38 CHANGE IN ACCOUNTING POLICY (continued)			
Statement of Financial Performance:			
REVENUE			
Revenue from exchange transactions			
Revenue	460 683	-	460 683
Other income	50 175	(34 166)	16 009
Interest Earned	23 927	-	23 927
Government Grants & Subsidies	-	32 955	32 955
Revenue from non-exchange transactions			
Government Grants & Subsidies	-	1 211	1 211
Total Revenue	**534 785**	**-**	**534 785**
EXPENDITURE			
Administrative expenses	(17 830)	-	(17 830)
Staff costs	(23 633)	-	(23 633)
Operating expenditure	(269 861)	-	(269 861)
Depreciation	(16 681)	-	(16 681)
Amortisation	(4 530)	-	(4 530)
Finance costs	(35)	-	(35)
Accidents and impairment losses	(1 267)	-	(1 267)
Operating leases	(14 204)	-	(14 204)
Total Expenditure	**(348 041)**	**-**	**(348 041)**
PROFIT FOR THE YEAR	**186 743**	**-**	**186 743**

38.1.1 ***GRAP 103 - Heritage Assets***

During the period GRAP 103 - Heritage assets was adopted, requiring retrospective adjustment of affected balances and transactions. The effects are as follows:

Reclassification of Property, Plant and Equipment and Heritage Assets

The prior year figures of Property, Plant and Equipment and Heritage Assets have been restated to correctly disclose the assets held by the entity in terms of GRAP 103.

Effect on Property, Plant and Equipment - vehicles as at 31 March 2012

Balance previously reported:	107 993
Adjusted for:	
Detail	
The carrying value of Property, Plant and Equipment - vehicles as at 31 March 2012 has been restated due to a vehicle (GVY444G - 1942 Ford ambulance) which was reclassified as a heritage asset.	(4)
Restated balance at 31 March 2012	**107 989**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

38 CHANGE IN ACCOUNTING POLICY (continued)

38.1.2 Effect on Heritage Assets as at 31 March 2012

	DR/(CR) R'000
Balance previously reported:	
Adjusted for:	
Detail	
The carrying value of property plant and equipment - vehicles as at 31 March 2012 has been restated due to a vehicle (GVY444G - 1942 Ford ambulance) which was reclassified as a heritage asset.	4
Fair value adjustment against accumulated surplus as 31 March 2012	136
Restated balance at 31 March 2012	**140**

38.1.3 Effect on Employee Benefit Liability as at 31 March 2012

Balance previously reported:	-
Adjusted for:	
Detail	
The carrying value of Employee Benefit Liability as at 31 March 2012 has been restated due to the adoption of GRAP 25.	(539)
Restated balance at 31 March 2012	**(539)**

Effect on Staff costs (refer to note 21)	**(121)**
Balance previously reported	23 633
Restated balance	23 754

Accounting for Defined Benefit Plan expenses for the year ended 31 March 2013 due to the adoption of GRAP 25.

39 CORRECTION OF ERROR

39.1 Effect on accumulated surplus as at 31 March 2012

Accumulated surplus as at 31 March 2012 has been restated due to certain errors that were corrected during the current financial year.

Balance previously reported:	**1 156 011**
Adjusted for:	
Detail	
Accumulated surplus has been restated due to the recognition of revenue from grants received.	618
Accumulated surplus has been restated due to the recognition of 5 vehicles as finance lease receivables as at 31 March 2012 and allocated to the department of Health (previously classified as operating leases).	(64)
Accumulated surplus has been restated due to the correction of extras and conversions capitalised against finance lease receivables as at 31 March 2012.	271
Accumulated surplus has been restated due to the correction of extras and conversions against GMT vehicles as at 31 March 2012.	(21)
Accumulated surplus has been restated due to the correction of unspent grants as at 31 March 2012.	(19 973)
	1 136 842

Reconciliation of retained earnings as at 31 March 2012	
Balance previously reported in 2013 Annual Financial Statements	**1 156 011**
Changes in accounting policies	(403)
Correction of errors	(19 169)
Restated balance as at 31 March 2012	**1 136 439**

Accumulated surplus adjustment due to changes in accounting policies:	(403)
- Employee benefit liability	(539)
- Heritage assets	136

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

		DR/(CR) R'000
39	**CORRECTION OF ERROR (continued)**	
39.2	**Effect on profit for the year ended 31 March 2013**	
	Profit for the year ended 31 March 2013 has been restated due to certain errors that were corrected during the current financial year.	
	Balance previously reported:	**186 743**
	Adjustments against:	
a)	**Revenue (refer to note 16)**	(329)
	Balance previously reported	460 683
	Restated balance	460 354
	Correction for vehicle GCF221G of lease period affecting Interest received for the year ended 31 March 2013 & Finance Lease receivable as at 31 March 2013 and correction of 9 vehicles permanently allocated to the department of Health and reclassified as finance lease receivables as at 31 March 2013. Correction of extras and conversions capitalised against finance lease receivables and affecting interest earned on finance lease receivables.	
b)	**Other income (refer to note 17)**	22 240
	Balance previously reported:	50 175
	Restated balance	72 415
	Other Income	16 009
	Government Grants and Subsidies Received	56 406
	Other income has been restated due to an increase in revenue from Grants received.	
c)	**Loss on sale of vehicles (refer to note 22)**	(694)
	Balance previously reported:	23 354
	Restated balance	24 048
	Loss on sale of vehicles	2 989
	Loss on finance lease receivables	21 059
	Operating expenditure has been restated due to a vehicle which had been incorrectly capitalised in the Asset register.	
d)	**Administrative expenses (refer to note 20)**	(3 248)
	Balance previously reported:	17 830
	Restated balance	21 078
	Administration expenditure has been restated due to support fees which were incorrectly capitalised as intangible assets.	
e)	**Tracking cost (refer to note 22)**	37
	Balance previously reported:	28 158
	Restated balance	28 121
	Adjustment of tracking costs due to corrections made to the lease register.	
f)	**Depreciation (refer to note 23)**	733
	Balance previously reported:	16 681
	Restated balance	15 948
	The balance has been restated due to the reclassification of 9 vehicles as finance lease receivables which are permanently allocated to the department of Health and the correction of extras and conversions allocated to GMT vehicles (previously classified as operating leases).	
g)	**Operating expenditure - repairs and maintenance (refer to note 22)**	(314)
	Balance previously reported:	186 560
	Restated balance	186 874
	The balance has been restated to account for extras and conversions capitalised as finance lease receivables.	
h)	**Finance costs (Refer to note 25)**	16
	Balance previously reported:	35
	Restated balance	19
	Finance cost has been corrected for finance lease liabilities of which the lease agreements have expired.	
		204 450
	Reconciliation of profit for the year ended 31 March 2013:	
	Balance previously reported:	**186 743**
	Change in accounting policies	(121)
	Correction of errors	18 440
	Restated balance for the year ended 31 March 2013	**205 063**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

R'000
DR/(CR)

39 CORRECTION OF ERROR (continued)

39.3 Unspent Conditional Grants and Receipts (refer to note 6)

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

Balance as at 31 March 2013
Balance previously reported: **30 592**
Adjusted for:

Component	Detail	R'000 DR/(CR)
Unspent Conditional Grants and Receipts: Balance as at 31 March 2012	Restatement of correct balance of Unspent Conditional Grants and Receipts as at 31 March 2012 to agree with the revised Unspent grant register.	19 973
Unspent Conditional Grants and Receipts: Balance as at 31 March 2013	Restatement of correct balance of Unspent Conditional Grants and Receipts as at 31 March 2013 to agree with the revised Unspent grant register.	(22 049)

Restated balance at 31 March 2013 **28 516**

39.4 Payables from Exchange Transactions (refer to note 4)

Payables from Exchange Transactions have been restated due to certain errors that were corrected during the current financial year.

Balance as at 31 March 2013
Balance previously reported: **4 306**

Adjusted for:

Component	Detail	R'000 DR/(CR)
Payables from Exchange Transactions: Balance as at 31 March 2013	The balance of Property, Plant and Equipment - vehicles at 31 March 2013 have been restated due to a vehicle which was delivered at 31 March 2013 but not capitalised and accrued for at year-end.	320

Restated balance as at 31 March 2013 **4 626**

39.5 Payables from Non-Exchange Transactions (refer to note 5)

Payables from Non-Exchange Transactions have been restated due to certain errors that were corrected during the current financial year.

Balance as at 31 March 2013
Balance previously reported: **1 151**

Adjusted for:

Component	Detail	R'000 DR/(CR)
Payables from Non-Exchange Transactions: Balance as at 31 March 2013	Overtime was reclassified from provisions to payables from Non-exchange transactions.	121
Payables from Non-Exchange Transactions: Balance as at 31 March 2013	Annual bonuses were reclassified from provisions to payables from Non-exchange transactions.	561
Payables from Non-Exchange Transactions: Balance as at 31 March 2013	Annual leave was reclassified from provisions to payables from Non-exchange transactions.	808

Restated balance as at 31 March 2013 **2 643**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

R'000
DR/(CR)

39 CORRECTION OF ERROR (continued)

39.6 Provisions (refer to note 7)

Provisions has been restated due to certain errors that were corrected during the current financial year.

Balance as at 31 March 2013

Balance previously reported:	1 851

Adjusted for:

Component	Detail	R'000 DR/(CR)
Provisions: Balance as at 31 March 2013	Overtime was reclassified from provisions to payables from Non-exchange transactions.	(121)
Provisions: Balance as at 31 March 2013	Annual bonuses were reclassified from provisions to payables from Non-exchange transactions.	(561)
Provisions: Balance as at 31 March 2013	Annual leave was reclassified from provisions to payables from Non-exchange transactions.	(808)

Restated balance as at 31 March 2013	**361**

Change in accounting policy

Provisions: Balance as at 31 March 2013	Transfer from current portion of Employee Benefit Liabilities	23

Restated balance as at 31 March 2013	**383**

39.7 Finance lease payables (refer to note 1)

Finance lease payables have been restated due to certain errors that were corrected during the current financial year.

Balance as at 31 March 2013

Balance previously reported:	85

Adjusted for:

Component	Detail	R'000 DR/(CR)
Finance lease payables: Balance as at 31 March 2013	Finance lease payables have been restated as lease contracts were incorrectly included in the prior year finance lease payable register.	(53)

Restated balance as at 31 March 2013	**32**

39.8 Property, Plant and Equipment (refer to note 8)

Property, plant and equipment - Vehicles

Property, Plant and Equipment have been restated due to certain errors that were corrected during the current financial year.

a) Net carrying amount as at 31 March 2013

Balance previously reported:	**161 828**
Adjustment for heritage assets (refer to note 38.1.1 above)	(4)
	161 824

Adjusted for:

Component	Detail	R'000 DR/(CR)
Property, Plant and Equipment - vehicles: Carrying amount as at 31 March 2013	The balance of property plant and equipment - vehicles as at 31 March 2012 has been restated due to a vehicle which was delivered as at 31 March 2013 but not capitalised and accrued for at year-end and a vehicle incorrectly capitalised on the asset register.	(500)
Property, Plant and Equipment - vehicles: Carrying amount as at 31 March 2013	Correction of 3 vehicles allocated to the department of Local Government incorrectly allocated to GMT as at 31 March 2013.	(327)
Property, Plant and Equipment - vehicles: Carrying amount as at 31 March 2013	Correction of 9 vehicles permanently allocated to the department of Health and reclassified as finance lease receivables as at 31 March 2013 (previously classified as operating leases).	(2 565)
Property, Plant and Equipment - vehicles: Carrying amount as at 31 March 2013	Correction of extras and conversions against GMT vehicles as at 31 March 2013.	4

Restated balance as at 31 March 2013	**158 436**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

R'000
DR/(CR)

39.9 Intangible Assets (refer to note 9)

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) Gross carrying amount as at 31 March 2013

Balance previously reported: 60 289

Adjusted for:

Component	Detail	R'000 DR/(CR)
Intangible assets: Gross Carrying amount as at 31 March 2013	Restatement of support fees which were incorrectly capitalised during the prior year.	(3 248)

Restated balance as at 31 March 2013 **57 041**

39.10 Finance lease receivables (non-current portion) (refer to note 11)

The non-current portion of Finance lease receivables as at 31 March 2013 has been restated due to certain errors that were corrected during the current financial year.

Balance as at 31 March 2013

Balance previously reported: **541 245**

Adjusted for:

Component	Detail	R'000 DR/(CR)
Finance lease receivable: adjustment of lease period as at 31 March 2013	The non-current portion of Finance lease receivables as at 31 March 2013 has been restated due to the correction of the lease period of a permanently allocated vehicle subject to finance leases allocated to the Department of the Premier.	138
Finance lease receivable: accounting for finance lease receivables as at 31 March 2013.	Correction of 3 vehicles allocated to the department of Local Government incorrectly allocated to GMT as at 31 March 2013.	252
Finance lease receivable: accounting for finance lease receivables as at 31 March 2013.	Correction of 9 vehicles permanently allocated to the department of Health and reclassified as finance lease receivables as at 31 March 2013 incorrectly classified as operating leases.	2 518
Finance lease receivable: accounting for finance lease receivables as at 31 March 2013.	Correction of extras and conversions capitalised as finance lease receivables as at 31 March 2013.	487

Restated balance as at 31 March 2013 **544 640**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

R'000
DR/(CR)

39 CORRECTION OF ERROR (continued)

39.11 Finance lease receivables (current portion) (refer to note 11)

The current portion of Finance lease receivables as at 31 March 2013 has been restated due to certain errors that were corrected during the current financial year.

Balance as at 31 March 2013

	R'000 DR/(CR)
Balance previously reported:	**72 117**

Adjusted for:

Component	Detail	R'000 DR/(CR)
Finance lease receivable: adjustment of lease period as at 31 March 2013	The current portion of Finance lease receivables as at 31 March 2013 has been restated due to the correction of the lease period of a permanently allocated vehicle subject to finance leases allocated to the Department of the Premier.	(68)
Finance lease receivable: accounting for finance lease receivables as at 31 March 2013.	Correction of 3 vehicles allocated to the department of Local Government incorrectly allocated to GMT as at 31 March 2013.	200
Finance lease receivable: accounting for finance lease receivables as at 31 March 2013.	Correction of 9 vehicles permanently allocated to the department of Health and reclassified as finance lease receivables as at 31 March 2013 incorrectly classified as operating leases.	413
Finance lease receivable: accounting for finance lease receivables as at 31 March 2013.	Correction of extras and conversions capitalised as finance lease receivables as at 31 March 2013	157

Restated balance as at 31 March 2013	**72 820**

40 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.

Depreciation expense:

Increase in the depreciation expense for the period ended 31 March 2014	(329)
Increase in the depreciation expense for future periods	(3 135)
	(3 464)

Residual values and useful lives of vehicles are annually reassessed and future lease instalments are annually increased according to tariff increases as recorded in the Medium Term Expenditure Framework (MTEF guidelines). The impact on interest earned on finance lease receivables and amounts receivable under finance leases in the current year and future periods is as follows.

Revenue

Increase in interest earned on finance lease receivables for the year ended 31 March 2014	9 205
Increase in interest earned on finance lease receivables for future periods	50 378
	59 583

Amounts receivable under finance leases

Decrease in the present value of finance lease receivables for the year ended 31 March 2014	(9 902)
Increase in the present value of finance lease receivables for future periods	9 902
	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

41 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

GMT makes provision for post-retirement benefits to eligible employees who belong to the Government Employees Pension Fund.

This fund does not fall under the ambit of the Pension Funds Act (1956) since it is governed by its own statute.

The Government Employee Pension Fund is a multi-employer plan and is subject to actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension fund due to the following reasons.

(i) The assets of the fund are held in one portfolio and are not notionally allocated to each of the participating employers.

(ii) One set of financial statements are compiled for the fund and financial statements are not drafted for each participating employer.

(iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that the fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of GMT with respect to the pension fund is to make the specified contributions. Where employees leave the plan prior to full vesting of the contributions, the contributions payable by GMT are reduced by the amount of forfeited contributions.

The Pension Funds have been valued by making use of the Discounted Cash Flow method of valuation.

The last statutory valuation was performed as at 31 March 2010 and revealed that the Fund was 100% funded. The contribution rate paid by the members (7,5% of pensionable salary) and GMT (13,00%) is sufficient to fund the benefits accruing from the fund in the future.

The net assets available for benefits amounted to R 801,004 million as at 31 March 2010.

As reported by the Actuaries, in terms of the fund's own Funding Level Policy, the fund was considered to be financially sound as at 31 March 2010 in that the assets were equal to accrued liabilities and contingency reserves (at 19% of the desired level) on a best estimate basis.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

42 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE AND ADOPTED

The following GRAP standards have been issued but are not yet effective and have not been early adopted by GMT:

GRAP 18 Segment Reporting - issued March 2005
GRAP 20 Related Party Disclosures (Revised)
GRAP 32 Service Concession Arrangement Grantor
GRAP 105 Transfers between entities under common control - issued November 2010
GRAP 106 Transfers between entities not under common control - issued November 2010
GRAP 107 Mergers - issued November 2010
GRAP 108 Statutory Receivables

The Minister of Finance announced that the application of GRAP 25 for period starting after 1 April 2013. All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5 paragraph 29 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in he standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

42 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE AND ADOPTED (continued)

Standard	Summary of standard	Annual periods beginning on or after
GRAP 18 - Segment Reporting	Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management. Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.	Not yet determined
	Requires additional disclosures on the various segments of the business in a manner that is consistent with the information reported internally to management of the entity. The precise impact of this on the financial statements of the entity is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting.	
GRAP 20 – Related party disclosures	The effective date of the standard has not been determined yet. The standard of GRAP on related parties will replace the IPSAS 20 standard on related party disclosure currently used. No significant impact on the financial statements of the entity is expected.	Not yet determined

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

42 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE AND ADOPTED (continued)

Standard	Summary of standard	Annual periods beginning on or after
GRAP 105 – Transfer of Function Between Entities Under common Control	This standard provides the accounting treatment for transfers of functions between entities under common control. However the impact on the entity's financial statements is not expected to be significant due to the fact that the entity rarely enters into such transactions. The standard is only expected to have an impact on the entity in respect of any future transfers of functions.	Not yet determined
GRAP 106 – Transfer of Function Between Entities Not Under common Control	This standard deals with other transfers of functions (i.e. between entities not under common control) and requires the entity to measure transferred assets and liabilities at fair value. It is unlikely that the entity will enter into any such transactions in the near future.	Not yet determined
GRAP 107 – Mergers	This standard deals with requirements for accounting for a merger between two or more entities, and is unlikely to have an impact on the financial statements of the entity in the foreseeable future.	Not yet determined

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

	2013/14 R'000	2012/13 R'000
43 RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE		
Reconciliation between budget surplus with the surplus in the statement of financial performance.		
Profit per the statement of financial performance	**193 246**	**205 063**
Over budgeted income and expenses		
Over budgeted deprecation for permanently allocated vehicles subject to finance leases	(29 038)	(38 181)
Over budgeted revenue from daily tariffs for permanently allocated vehicles subject to finance leases.	-	153 248
Unbudgeted revenue on interest from finance lease receivables	(35 914)	(170 848)
Unbudgeted loss on finance lease receivables	-	21 059
Unbudgeted profit on finance lease receivables	-	(1 193)
Financing of capital budget	74 796	-
Over/under spending of approved budget:		
Revenue		
Under budgeted revenue	-	-
Under budgeted interest income from bank accounts	(13 369)	(14 327)
Over (under) budgeted grants and subsidies received	3 599	(30 145)
Over/(under) budgeted other income	20 055	(1 454)
Expenditure		
Under/(over) budgeted administrative expenses	(3 409)	2 633
Over budgeted staff cost expenses	(3 595)	113
Under budgeted operating expenditure	(232)	16 025
Under/(over) budgeted amortization	-	(73)
Under budgeted finance costs	-	19
(Over)/under budgeted accident and impairment losses	-	1 250
Over budgeted operating lease expenses	-	(10 412)
Profit per approved budget	**206 139**	**132 777**

Refer to the statement of comparison between budget and actual amounts for explanations of variances between budget and actual amounts.

Accounting Policies
for the year ended 31 March 2014

1. Basis of preparation

The financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Public Finance Management 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:

1.1 Changes in the accounting policy and comparability

Accounting policies have been consistently applied, except where otherwise indicated below:

For the period commencing 1 April 2013 the entity has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The entity changes an accounting policy only in the following instances:

(a) is required by a Standard of GRAP; or
(b) results in the financial statements providing more relevant information about the effects of transactions, other events or conditions on the entity's statement of financial position, financial performance, cash flow, changes in net assets, notes and accounting policies.

1.2 Critical judgements, estimations and assumptions

In the application of the entity's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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:

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- **Useful lives and residual values of Property, Plant and Equipment (PPE)**

  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 Property, Plant and Equipment, Intangible assets, Heritage assets and Inventories**

  Accounting policy 11.1 & 11.2 on PPE - Impairment of cash generating & non-cash generating assets, 9.2 on Intangible assets - Subsequent Measurement, Amortisation and Impairment and 14.2 on Inventory - Subsequent measurement and 10 on Heritage assets - Impairment of non-cash generating assets describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the entity. Significant estimates and judgements are made relating to PPE impairment testing, intangible assets impairment testing and write down of Inventories to the lowest of cost and net realisable values.

- **Impairment of financial assets**

  Accounting policy 15.6 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, the management of the entity considered the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments 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. The management of the entity is satisfied that the impairment of financial assets recorded during the year is appropriate.

- **Revenue recognition**

  Accounting policy 5.2 on Revenue from Exchange Transactions and 5.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the entity.

  In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from non-exchange transactions. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the entity is satisfied that recognition of the revenue in the current year is appropriate.

- **Financial assets and liabilities**

  The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting policy 15.2 on Financial Assets Classification and Financial Liabilities Classification describe the factors and criteria considered by the management of the entity in the classification of financial assets and liabilities.

  In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in GRAP 104: Financial Instruments.

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- **Provisions and contingent liabilities**

Provisions for capped leave

The entity has an obligation to pay capped leave in terms of instructions of the Provincial Bargaining Council's Resolution 7 of 2000. Provision is made for this obligation based on the cost.

Contingent liabilities

Claims are instituted against GMT by third parties who are party to a motor vehicle accident involving a government vehicle. The existence of this obligation will only be acknowledged by the future payment of these claims.

- **Budget information**

Deviations between budget and actual amounts are regarded as material differences when a 10% deviation exists. All material differences are explained in the budget vs. actual statement which is included in the financial statements.

- **Defined benefit plan liabilities**

As described in Accounting Policy 6.3, the entity obtains an actuarial valuation of its defined benefit plan liability. The defined benefit obligation of the entity that is identified is Long-service Allowances. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liability and the key assumptions made by the actuaries in estimating the liability are provided in Note 2 to the Annual Financial Statements.

2. Currency

These financial statements are presented in South African Rand, as that is the currency in which the entity's transactions are denominated.

3. Going concern

The financial statements have been prepared on a going concern basis.

4. Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

5. Revenue recognition

5.1. General

Revenue is derived from a variety of sources which include daily and kilometre tariffs, interest earned on finance lease receivables, bank accounts and accounts receivable; grants received, profit on sale of vehicles and reimbursive income. Revenue is recognised when it is probable that

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future economic benefits or service potential will flow to the entity and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the entity's activities. Revenue is shown net of returns, rebates and discounts.

The entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the revenue have been resolved. The entity bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

5.2. Revenue from Exchange Transactions

5.2.1 Daily and kilometre tariffs

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.

5.2.2 Interest earned

Interest earned on investments is recognised in the statement of financial performance on the time proportionate basis that takes into account the effective yield on the investment.
Interest earned on the following investments is recognised in the statement of financial performance:

- interest earned on finance lease receivables;
- interest earned on bank accounts; and
- interest earned on accounts receivable.

5.2.3 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been met:

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- The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

5.2.4 Government Grants and Receipts

Income received from conditional grants and funding is 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.

5.3. Revenue from Non-exchange Transactions

An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

5.3.1 Government Grants and Receipts

Government grants and subsidies from non-exchange transactions comprise of vehicles donated to the entity and stolen vehicles recovered.

Income received from donations (take-in vehicles) is recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement.

6. Employee benefits

6.1 Short-term employee benefits

Remuneration to employees is recognised in the statement of financial performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The entity treats its balance for leave pay as a trade payable.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at the end of the period. The entity recognises the expected cost of performance bonuses only when the entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

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

6.2 Defined contribution plan

A defined contribution plan is a plan under which the entity pays fixed contributions into a separate entity. The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The entity's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the statement of financial performance in the period in which the service is rendered by the relevant employees. The entity has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The entity contributes to a multi-employer pension fund on behalf of employees. This plan is a defined benefit plan but is accounted for as a defined contribution plan due to insufficient information being available to apply defined benefit plan accounting. 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 %.

The contributions to the above-mentioned fund obligation for the payment of the retirement benefit are charged against revenue in the year they become payable. This defined benefit fund is actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating entities and parties.

6.3 Long-service allowance

The entity has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the entity instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 20, 30 and 40 years of continued service. The entity's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

7. Unauthorised, Irregular, Fruitless and Wasteful expenditure

7.1 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for. All expenditure relating to unauthorised expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accor-

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dance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

7.2 Irregular 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.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Irregular expenditure is recorded in the notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine in which case reasons therefore is provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

7.3 Fruitless and Wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

8. Property, plant and equipment

Property, plant and equipment (excluding motor vehicles and finance lease assets)

8.1 Initial recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during for more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at its historical cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost.

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Where an asset is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

8.2 Subsequent measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. The cost model is used for subsequent measurement.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

8.3 Depreciation

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

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 equipment: 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 Financial Performance once they accrue to the entity.

The estimated useful lives are reviewed monthly. The assets' residual values, estimated useful lives and depreciation are adjusted prospectively if appropriate, at each reporting date.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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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 useful life of the assets. Depreciation is calculated after taking residual values into account.

The actual useful lives of motor vehicles are assessed monthly 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 and future periods will be restated.

Estimated useful lives:

- Vehicles: Straight line (4 - 15 years)

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

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.

8.4 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.
The gain or losses arising from derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the statement of financial performance as a gain or loss on disposal of property, plant and equipment.

8.5 Impairment

The impairment of cash generating and non-cash-generating assets are dealt with in paragraphs 11.1 and 11.2.

9. Intangible assets

9.1 Initial recognition

Identifiable non–monetary assets without physical substance are classified and recognised as intangible assets. The entity recognises an intangible asset in its statement of financial position only

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when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses.

9.2 Subsequent Measurement, Amortisation and Impairment

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. Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

FleetMan system:

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:

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.

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In terms of GRAP 31, intangible assets are distinguished between internally generated intangible assets and other intangible assets. Amortisation is charged on a straight-line basis over the intangible assets' useful lives (when the intangible asset is available for use), which are estimated to be between 9 to 15 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Intangible assets are subject to an annual impairment test. The useful lives per category of intangible assets are detailed below:

Estimated useful lives:

- FleetMan: Straight line (15 years)
- Oracle financial system: Straight line (9 years)

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

9.3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the statement of financial performance.

10. Heritage assets

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance, and is held and preserved indefinitely for the benefit of present and future generations.

10.1 Initial recognition

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and if the cost or fair value of the item can be measured reliably.
Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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10.2 Subsequent measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

10.3 Derecognition of heritage assets

The carrying amount of an item of heritage assets is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of heritage assets is included in the Statement of Financial Performance when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

11.1 Impairment of cash generating assets

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arm's length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

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- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

11.2 Impairment of non-cash generating assets

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

When the asset is disposed of, irrespective of manner thereof, the accumulated depreciation together with the accumulated impairment losses will be deducted from the cost price of the asset to obtain the net book value of the asset which will either generate a profit or loss on the disposal of the asset against any proceeds received, or will create a greater loss if there are costs attributable to the removal of the asset from GMT's premises.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.
An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for non-cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

12. Non-current assets held for sale

12.1 Initial recognition

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 (or disposal group) 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.

12.2 Subsequent measurement

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

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

The gain or loss on the eventual sale of non-current assets held for sale is included in the statement of financial performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held for sale is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset.

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.

13. 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.

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13.1 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 financial performance 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.

13.2 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 Financial Performance 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.

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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.

14. Inventories

14.1 Initial recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

The historical cost of inventory includes:

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

14.2 Subsequent measurement

Consumable stores and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

15. Financial instruments

The entity has various types of financial instruments and these can be broadly categorised as financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The entity only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

15.1 Initial recognition

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

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The entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

15.2 Classification

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

Financial Assets

In accordance with GRAP 104 the financial assets of the entity are classified into the following category allowed by this standard:

Financial asset at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Financial asset at amortised cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

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;
- Cash and cash equivalents; and
- Current portion of Finance Lease Receivables.

In accordance with GRAP 104 the *Financial Assets* of GMT are classified as follows into the following category allowed by this standard:

Type of Financial Asset	**Classification in terms of GRAP 104**
Finance Lease Receivables	Financial Assets at Amortised Cost
Cash and cash equivalents	Financial Assets at Amortised Cost
Accounts receivable	Financial Assets at Amortised Cost
Current portion of Finance Lease Receivables	Financial Assets at Amortised Cost

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The entity categorises cash and cash equivalents as financial assets: Financial asset at amortised cost.

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Financial Liabilities

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

- Finance lease payables;
- Trade and other payables; and
- Current portion of finance lease payables

Type of Financial Liabilities	Classification in terms of GRAP 104
Finance lease payables	Financial Liability at Amortised Cost
Trade and other payables	Financial Liability at Amortised Cost
Current portion of Finance lease payables	Financial Liability at Amortised Cost

15.3 Recognition

Financial assets measured at amortised cost:

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.

Financial asset at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the effective Interest Method less any impairment, with interest recognised on an effective yield basis.

Trade and other receivables, prepayments and operating lease receivables that have fixed and determinable payments that are not quoted in an active market are classified as financial assets at amortised cost.

***Financial liabilities measured at amortised cost*:**

Financial liabilities measured at amortised cost are initially measured at fair value, net of transaction costs. Trade and other payables, interest bearing debt including finance lease liabilities, non-interest bearing debt and bank borrowings are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in the Statement of Financial Performance by applying the effective interest rate.

15.4 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.

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- ***Financial liabilities***:

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

15.5 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 amortised cost.

15.6 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 GRAP 104.

Accounts receivable is stated at cost less a provision for bad debts. The provision is made in accordance with GRAP 104 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.

16. 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. Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

17. Comparative information

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

17.1 Prior year comparatives

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

17.2 Budget information

The budget figures have been included in the statement of comparison of budget and actual amounts. Explanatory comments are provided in the statement giving explanations for variances exceeding 10% between the adjusted budget and the actual amounts. Reconciliation in the adjusted budget and actual figures is included in note 43.

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18. Contingent assets and contingent liabilities

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

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.

19. Events after the reporting date

The Entity considers events that occur after the reporting date for inclusion in the financial statements. Events that occur between the reporting date (31 March 2014) and the date on which the financial statements were authorised for issue are considered for inclusion in the financial statements.

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.

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20. 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.

21. 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.

22. 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; and
- 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.

23. Changes in accounting policies, estimates and errors

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period specific effects or the cumulative effect of the change in policy. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 38 for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

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Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 39 to the financial statements for details of corrections of errors recorded during the period under review.

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