



**Western Cape
Government**

Transport and Public Works



Annual Report

2014/2015

Government Motor Transport

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PART A: GENERAL INFORMATION

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1. LIST OF ABBREVIATIONS/ACRONYMS

AARTO	Administrative Adjudication of Road Traffic Offences Act, 1998 (Act No. 46 of 1998)
ABET	Adult Basic Education and Training
AFS	Annual Financial Statements
AGSA	Auditor-General South Africa
AO	Accounting Officer
AOSCMS	Accounting Officer's Supply Chain Management System
APEX	Application Express
APP	Annual Performance Plan
BAS	Basic Accounting System
BBBEE	Broad-Based Black Economic Empowerment
BER	Bureau for Economic Research
BI	Business Intelligence
CBD	Central Business District
CCC	Client Care Centre
CCGMT	Co-ordinating Committee for Government Motor Transport
CFO	Chief Financial Officer
CIC	Charge Identification Code
CIO	Chief Information Officer
CoCT	City of Cape Town
CPI	Consumer Price Index
CR	Creditor
CSC	Corporate Service Centre
CTE	Cost to Employer
D: ERM	Directorate: Enterprise Risk Management
DCGIP	Departmental Corporate Governance Improvement Plan
DITCOM	Departmental Information Technology Committee
DoP	Department of the Premier
DPSA	Department of Public Service and Administration
DR	Debtor
DTPW	Department of Transport and Public Works
EAP	Employee Assistance Programme
e-Billing	Electronic Billing
EBS	E-Business Suite
ECM	Electronic Content Management
eFuel	Electronic Fuel Purchasing System
EMS	Emergency Medical Services
eNaTis	Electronic National Administration Traffic Information System
ERM	Enterprise Risk Management
ERMCO	Enterprise Risk Management Committee
ERP	Enterprise Resource Planning
FAR	Fixed Asset Register
FIFO	First-in-first-out
FleetMan	Fleet Management System
FPP	Fraud Prevention Plan
FPS	Forensic Pathology Service
GAAP	Generally Accepted Accounting Principles
Gb	Gigabyte
GMT	Government Motor Transport
GoFin	GMT Financial System
GRAP	General Recognised Accounting Practice
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICT	Information and Communication Technology
IDP	Individual Development Plan

IMF	International Monetary Fund
IMLC	Institutional Management Labour Committee
IT	Information Technology
Km/h	Kilometre per hour
LOGIS	Logistical Information System
LPG	Liquefied petroleum gas
M&E	Monitoring and Evaluation
MIB	Management Information Bureau
Mil.	Million
MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
No.	Number
NTPSRMF	National Treasury Public Sector Risk Management Framework
NTR	National Treasury Regulations
OBIEE	Oracle Business Intelligence
OD	Organisational Development
OHAS	Operational Health and Safety
PAA	Public Audit Act of South Africa, 2004 (Act no. 2 of 2004)
PAIA	Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
PAJA	Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)
PERMU	Provincial Enterprise Risk Management Unit
PERO	Provincial Economic Review Outlook
PERSAL	Personnel and Salary System
PESTEL	Political, Economic, Social, Technological, Environmental, Legal
PFMA	Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended)
PFS	Provincial Forensic Services
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 No. 25 of 2004)
PPE	Property, Plant and Equipment
PPP	Public Private Partnership
PPFA	Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
Prince2	Projects in Controlled Environments Project Management Methodology
PSG	Provincial Strategic Goals
PSO	Provincial Strategic Objective
PSRMF	Public Sector Risk Management Framework
PT	Provincial Treasury
PTI	Provincial Treasury Instructions
QPR	Quarterly Performance Report
RWOPS	Remuneration of Work outside the Public Service
SAPS	South African Police Services
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
SLA	Service Level Agreement
SMLD	Systems Maintenance Lifecycle Document
SOP	Standard Operating Procedure
SWOT	Strengths, Weaknesses, Opportunities, Threats

TCO	Transport Control Officer
TMT	Traffic Management Technologies
TO	Transport Officer
TR	Treasury Regulation
UPK	User Productivity Kit
UPS	Uninterrupted Power Supply
USA	United States of America
VCT	Voluntary Counselling and Testing
VDC	Virtual Data Centre
VIP	Very Important Person
WCBID	Western Cape Bids Documents
WCSD	Western Cape Supplier Database
WCG	Western Cape Government

2. FOREWORD BY THE MINISTER

MOVING FORWARD TO DELIVER EFFECTIVE FLEET MANAGEMENT SERVICES IN AN INNOVATIVE WAY

I am pleased to present the Annual Report for the period 1 April 2014 to 31 March 2015 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. GMT as the only Trading Entity in the Department of Transport and Public Works has adopted a brand signature called "**Moving Forward**". The premise upon which this brand signature was conceptualised was a need for GMT to deliver effective fleet management services in an Innovative way.

As a fleet management entity, GMT is vulnerable to the many challenges currently faced by the global and local economies including coping with the high cost of fuel (one of GMT's primary cost drivers). The need for cost cutting across all government departments requires GMT to ensure the cost effective and efficient use of vehicles in the fleet and the prevention of the sub-optimal use or abuse of fleet vehicles.

Over the last three years, GMT, in partnership with client departments, successfully implemented a number of initiatives aimed at bringing the age of its fleet to within the desired five-year band. In doing so, GMT has ensured that the Western Cape's fleet contributes towards reducing the province's carbon footprint. These initiatives have also indirectly contributed to client departments' service delivery goals particularly those departments who rely heavily on the fleet services provided by the entity.

In the year under review, GMT has managed to grow the fleet by 72 vehicles. A testament to the dedication and fantastic work ethic of the staff is the fact that despite the growth in fleet vehicles from 3 759 in 2005 to 5 371 in 2014, the staff establishment has remained unchanged since 1997. We have concluded an organisational development investigation in the year under review. After the implementation of the new organisational design, GMT, with increased capacity, will be better empowered to continue its drive towards operational excellence, innovation and effective business process optimisation. GMT will continue to deliver the world-class service that their clients have become accustomed to.

I wish to thank the management and staff of GMT and my department for their continued efforts and dedication in shaping GMT into a shining example of government service excellence.



D Grant
Minister of Transport and Public Works

Date: 31 August 2015

3. REPORT BY THE ACCOUNTING OFFICER

3.1 Overview of the operations

Fleet Logistics

Accommodation

The first phase of relocating designated GMT components from the current facilities in the Cape Town CBD to new premises at 3 Rusper Street, Maitland, is scheduled for June 2016. The aim of the relocation is to upgrade the GMT working environment and functionality, placing all related functions in one location. GMT's quest is to continuously improve efficiency and quality of execution, to enhance its client service and professionalism.

Vehicle Hiring

GMT is fully committed to contributing towards the slowdown in climate change and to reduce the amount of emissions of greenhouse gases (GHGs), which is a major contributing factor in this regard. As a collective participant in the reduction of the overall carbon footprint, GMT has therefore introduced the first low emission vehicles (105 grams per kilometre) to their general VIP Pool.

FleetBase events

A time and expenses management module was developed with Oracle Application Express (APEX) to replace the current legacy time management module and to improve the efficiency of project reporting and monitoring, as well as non-project incident reporting and monitoring. The system provides the functionality to;

- Provide the ability to manage independent contractor resources;
- Allow projects and non-project incidents to be registered, budgets loaded and assigning of resources;
- Provide for time entry against projects, maintenance and administrative tasks;
- Provide project and non-project expense tracking;
- Send alerts to users and managers, e.g. for time entry, approvals, budget alerts;
- Provide for automated workflows triggered by users or process flows; and
- Generate reports including timesheets and project financials.

GMT sets "Effective operational systems" as one of its strategic objectives in order to realise its vision to be "the leading government motor transport service". An internal audit finding revealed that the current Incident Open Source management system has shortcomings. The development of an ICT Incident, Service Request and Change Management solution has commenced and will be implemented to provide better access control and improve reporting and management oversight.

GMT is in the process of modernising its systems support operations through the implementation of a mixture of Oracle application modules and in-house developed custom systems. The end objective is the creation of FleetMan ERP, which is the collective name for all the integrated system components in use at GMT. The architecture selected for this solution is based on Oracle EBS applications running on Oracle databases middleware infrastructure. An overall migration from Oracle Forms and Reports to Oracle APEX was planned for the remaining modules in FleetBase, which were not replaced by the Oracle EBS software.

Over time, it has become necessary to redevelop the FleetBase system in a modern architecture that will extend its usable life expectancy and will allow seamless integration into the FleetMan ERP system. GMT selected the Oracle APEX development platform for the upgrade of FleetBase. In the process of upgrading the system, the opportunity will be used to update its functionality and develop new functionalities as required. The development approach will be modular in order to minimise risks and reduce the impact of such change on the users.

Website events

In an ongoing effort to provide a world class service to its clients, GMT has developed its own website. As a trading entity GMT's sole income is derived from charging departments daily and kilometre tariffs for using fleet and rental vehicles. The website will ensure that GMT's communication strategy is efficient and streamlined, allowing clients access to timeous information in a secured environment. This will assist faster turnaround of payment by departments, which in turn will enable GMT to deliver a more efficient and cost effective service that is transparent to its clients - thus becoming a virtual Portal into the GMT operations and systems.

FleetMan Client events

In an effort to improve service delivery and the dissemination of information in an efficient, secure and cost effective manner, GMT has implemented a technological solution. This solution was developed in line with the GMT Strategic Plan, consisting of strategic goals for reaching its vision of being "the leading government motor transport service".

As a trading entity it is imperative that GMT's communication strategy is efficient and streamlined to allow client's access to their information in a secure and timely fashion. This in turn enables GMT to deliver an efficient and cost effective service that is transparent to its clients.

Transport Officers and other users at client departments utilise *FleetMan Client* to capture, *inter alia*, vehicle kilometre readings, electronic log sheets, transferring of vehicles, obtaining vehicle information and printing various reports. These functionalities have now been incorporated into a new Graphical User Interface (GUI) in order to enhance the look-and-feel of the system, as well as to mitigate various support challenges experienced through the years. The implementation of the new GUI ensures a reduction in time and costs for clients to access their information, therefore reducing administration costs.

Client Transport Officers are currently being trained in the navigation of the new GUI, as well as standard FleetMan functionalities to ensure that information is disseminated to clients in an efficient and cost effective manner.

FleetCare Programme events

FleetCare (GMT's Transformational Programme) was initiated in order to replace the outsourced NedFleet repairs and maintenance management functionality with an in-house capability. The former will include a new Client Care Centre (CCC) with new business processes, staff to render the client care centre services and the implementation of Oracle Enterprise Business Suite (EBS) modules in addition to Oracle Financials (GOFIN) which was implemented in 2011. Phase 1 of GMT's FleetCare Programme has started with the aim to improve client service and operational efficiency as well as to reduce operational cost.

The system applications to be implemented will include Oracle EBS Enterprise Asset Management (EAM), Tele-services and enhancements to Procurement and Supplier Management modules. In addition, the financial analytics portion of the OBIEE applications was implemented at the end of 2014/2015. Procurement, Tele-services and Maintenance Management are currently being configured for implementation. A custom BI reporting suite will also be developed for the FleetMan system for in-house use by GMT.

Fleet Operations

The vehicle tracking system was enhanced to enable client departments to monitor and 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 has been completed and roll-out to client departments will commence in the third quarter of the 2015/16 financial year.

GMT continues to explore new technological enhancements to ease the tedious work processes for both clients and GMT by identifying drivers who commit traffic offences and forwarding details of such drivers to local municipalities. A pilot project also commenced with the City of Cape Town whereby GMT on a daily basis downloads an electronic file with the details of traffic offences committed by GG-vehicle drivers, which is then uploaded in FleetMan. The available driver details are then loaded against this file using the FleetMan Apex functionality and uploaded onto the City of Cape Town website for further processing. This enhancement speeds up the process and prevents traffic infringement cases from proceeding to the "summons" stage. Further work to enhance this technology will be done in the 2015/16 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 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 managed in hard copy and stored for record and audit purposes. Retrieving the closed case files at a later stage proved to be extremely challenging and a tedious task at the best of times. A project was therefore started in the GMT Scan Centre to scan all the closed case files, and then to upload the 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 by scanning the case file as it progresses through the business process steps until conclusion. It is envisaged that the fully-fledged system will be operational in 2015/16

3.2 Overview of the financial results

Statement of Financial Performance

Revenue increased by 2.7% to R 545.5 mil (2013/14: R 531.1 mil). This increase is a combined result of the annual tariff increase which was applied from 1 April 2014 and an increase in the interest earned on the finance lease receivables. The interest earned increased as a result of the higher capital outstanding on the finance lease receivables due to the renewal of the vehicle fleet.

Interest earned increased by 35.2% to R 33 mil (2013/14: R 24.4 mil). The increase is due to higher balances in funds held with financial institutions than that held during 2013/14. The higher balances were due to increased debt collections from clients while total revenue increased and total expenditure decreased during 2014/15 from the levels in the previous financial year.

Revenue from Government Grants and Subsidies Received increased by 91.2% to R 19.5 mil (2013/14: R 10.2 mil). This was due to the value of the vehicles allocated to provincial client departments having been higher than that allocated during 2013/14. Significant increases in the value of vehicles allocated to the Western Cape Provincial Departments of Health, Economic Development and Tourism, and Cultural Affairs and Sport occurred.

Total expenditure decreased by 0.2% to R 384.8 mil (2013/14: R 385.6 mil). This is due to lower expenditure incurred on operating expenditure, accidents and impairment losses, and operating leases. The distance travelled by the fleet during 2014/15 was lower than that of 2013/14. This combined with the lower average fuel price resulted in the operating expenditure decreasing from 2013/14 to 2014/15. The nature and value of the accidents and impairments losses incurred on the vehicle fleet was lower during 2014/15 than that of 2013/14. A new contract for the lease of tracking units was entered in November 2014. The pricing model resulted in lower costs incurred on the lease of the units than that incurred on the previous contract, thus the decrease in the expenditure incurred on the operating leases.

The administrative expenditure increased by 10% to R 19.8 mil (2013/14: R 18 mil). The increase is due to the additional costs of R 1 mil incurred during 2014/15 for software licenses and support fees as additional application modules were acquired during 2014/15. These modules are required for GMT to perform its functions.

The employee costs increased by 7.7% to R 29.4 mil (2013/14: R 27.3 mil). This increase is in line with the annual increase in cost to employer of 7.4% issued by DPSA, being effective from 1 April 2014.

Depreciation increased by 1.7% to R 12.2 mil (2013/14: R 12 mil). The increase is due to the increase in the acquisition of motor vehicles during 2014/15 (2014/15: R 135.3 mil, 2013/14: R 93.4 mil). The entity is currently in the process of renewing its vehicle fleet and this implies increased capital expenditure with increased depreciation expenditure.

Amortisation increased by 12.1% to R 7.4 mil (2013/14: R 6.6 mil). The increase is due to the acquisition of software application modules which were placed in the production environment. These modules are required for GMT to perform its functions.

The surplus for the year increased by 17.3% to R 227 mil (2013/14: R 193.5 mil). The increase is the result of expanded operations to generate revenue with effective and efficient expenditure management.

Statement of Financial Position

The entity has a strong asset base which is reflective of the operations. Significant asset classes include finance lease receivables, property, plant and equipment and cash funds. The liabilities are limited to staff related items and payables which arise from the entity's operations.

The carrying value non-current assets increased by 9.5% to R 950.5 mil (2013/14: R 868 mil). The increase of R 54.8 mil in property, plant and equipment to its carrying value of R 240.3 mil on 31 March 2015 is due to the capital acquisition of motor vehicles which the

entity has made as part of the fleet renewal process. The increase to R 622.6 mil in the non-current portion of the finance lease receivables is due to the higher carrying value outstanding on 31 March 2015 as the general new fleet would have a higher repayable value to GMT than vehicles which are at the end of their useful lives. This trend is also reflected in the current portion of the finance lease receivables.

The receivables from exchange transactions remained at the levels of that of 2013/14 with R38 mil receivable on 31 March 2015 (31 March 2014: R 37.3 mil). The debtor's days (the ratio indicating debt levels to revenue generated from such debtors) is 25.4 days on 31 March 2015 (31 March 2014: 25.6 days).

GMT was able to convert its debt receivable into cash and this is reflected in the increase of cash funds to R 739.9 mil (2013/14: R 611.2). This combined with effective and efficient expenditure management are the main contributing factors to the increase in the cash funds.

The Accumulated Surplus increased from R 1.536 billion on 31 March 2014 to R 1.763 billion on 31 March 2015.

Cash Flow Statement

The cash generated from operating activities increased to R 299.5 mil (2013/14: R 278.6 mil). This is due to the increase of R 8.6 mil in the interest earned on cash funds and a 1.4% increase in the cash receipts from customers. The cash paid to suppliers and employees decreased by 1.5%.

The cash generated from investing activities was at levels of R 480 000 higher than 2013/14. The proceeds on disposal of property, plant and equipment of R 16 mil (2013/14: R 15.9 mil) was due to an improvement in the market conditions and higher sales prices received for the vehicles. This is reflected in the residual value percentage increasing from 49.1% in 2013/14 to 50.7% in 2014/15.

Although the acquisition of property, plant and equipment increased to R 136.1 mil (31 March 2014: R 95.9 mil) due to the renewal of the fleet, the investment in finance lease receivables decreased to R 22.5 mil from R 74.1 mil in 2013/14. The number of allocated vehicles is demand driven and fluctuates depending on clients' expansion plans and programmes.

3.3 Receipts

GMT's main source of income is derived from the charging of daily and kilometre tariffs and claims instituted for the excess payments on accidents above R 10 000 in cases of gross negligence. This is supplemented with the income received through the sale of redundant vehicles at auction and claims instituted against private parties involving losses (mainly accident damage to government vehicles) to the state.

The results of the collections for 2014/15 and the comparative year are depicted in **Table 4.3.1** below.

Table 4.3.1: Revenue collected

Category of Revenue	2013/14 Estimate R'000	2013/14 Actual Amount (As per AFS) R'000	(Over)/ Under R'000	2014/15 Estimate R'000	2014/15 Actual Amount (As per AFS) R'000	(Over)/ Under R'000
Daily-, Kilometre tariffs and Interest earned on Finance Lease Receivables	490 681	531 081	(40 400)	750 250	545 497	204 753
Auctions – Profit on sale of vehicles	22 265	4 093	18 172	3 333	3 557	(224)
Other claims	7 012	5 128	1 884	7 415	7 413	(2)
Collections from 3 rd parties	4 210	4 210	-	13 465	2 911	10 554
Grants received (funding from clients for additional vehicles)	13 625	10 027	3 598	28 637	19 469	9 168
Interest earned	15 678	24 561	(8 883)	24 188	32 962	(8 774)
Total	553 471	579 100	(25 629)	827 288	611 809	215 479

The tariffs are the only category of income that is forecast per financial year. Tariffs claimed, but not paid by 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 2014/15 is shown in **Table 4.3.2** below.

Table 4.3.2: Claims and Accounts Receivable comparison

Type	2009/10 R'000	2010/11 R'000	2011/12 R'000	2012/13 R'000	2013/14 R'000	2014/15 R'000
Daily-, Kilometre tariffs and Interest earned on Finance Lease Receivables	342 310	340 422	437 559	460 354	531 081	545 497
Accumulative debt at year-end	55 100	54 767	64 659	71 031	65 620	53 857
% Debt at year-end to Daily-, Kilometre tariffs and Interest earned on Finance Lease Receivables	16	16	15	15	12	10

Table 4.3.3, below, reflects the outstanding debt per client.

Table 4.3.3: Outstanding debt per client as at 31 March 2014 and 31 March 2015

CLIENTS	OUTSTANDING BALANCE 2014 R'000	OUTSTANDING BALANCE 2015 R'000
Provincial	30 469	32 900
Department of Education	251	2 330
Cape Nature	1 942	2 114
Department of Transport and Public Works	1 129	4 168
Provincial Parliament	99	127
Department of Health	19 573	15 556
Department of Human Settlement	603	795
Provincial Treasury	182	213
Department of Social Development	3 252	3 525
Department of Environmental Affairs and Development Planning	299	633
Department of the Premier	830	767
Department of Agriculture	1 770	1 820
Department of Local Government	276	347
Department of Economic Development and Tourism	157	153
Western Cape Liquor Authority	106	119
Department of Community Safety	-	233

CLIENTS	OUTSTANDING BALANCE 2014 R'000	OUTSTANDING BALANCE 2015 R'000
National	34 744	20 189
Department of Justice and Constitutional Development	16 092	10 796
National Prosecuting Authority	175	151
Iziko Museums	-	11
Public Service Commission	18	14
Marine Living Resource Fund	4 511	5 128
Department of Agriculture	26	82
Department of Environmental Affairs and Tourism	49	-
Department of Home Affairs	1 564	1 356
Department of Public Works	43	-
Department of Mineral Resources	66	66
Government Communication Information Services	14	-
Department of Labour	131	132
Department of Rural Development and Land Reform	746	1 128
Department of Finance	100	106
South African Social Security Agency	1 091	15
Secretary of Parliament	34	168
Central Statistical Services	96	-
North West Provincial Government	19	20
Department of International Relations and Cooperation	-	33
Northern Cape Provincial Government	40	1
South African National Defence Force	8 008	-
Office of the Presidency	1 918	981
Free State Provincial Government	3	1
GRAND TOTAL	65 213	53 089

This table reflects the outstanding balance per client.

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 which interfaces 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 2015/16 on 1 April 2015.

Free services

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

Sales of capital assets

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

3.4 Expenditure

The expenditure versus the budget is depicted in **Table 4.4.1** below.

Table 4.4.1: Expenditure versus budget

2014/15			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
390 169	384 754	5 415	422 128	385 854	36 274

Unauthorised, Irregular, Fruitless and Wasteful expenditure

Two cases of alleged Irregular expenditure were investigated during the year under review. These relate to business class air tickets purchased and the procurement from a supplier which is not listed on the Western Cape Supplier Database.

Future plans of the Trading Entity

The Entity will continue to deliver vehicle fleet services to its 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, as well as the rollout of the electronic driver nomination functionality for Client Departments using the FleetMan Client module will both be key focus areas in the 2015/16 financial year.

Public Private Partnerships (PPP)

No PPP's were entered into.

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 function currently performed by a service provider. It is planned to commence with the implementation in October 2015 with the view of full take-on by 1 April 2016. The project will ensure full control over the function and ensure better spread and utilisation of vehicle related suppliers.

Supply Chain Management

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

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

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

Gifts and Donations received in kind from non-related parties

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

Exemptions and deviations received from the National Treasury

The Trading Entity received no exemption in terms of the PFMA or Treasury Regulations or deviation from the financial reporting requirements for the current and/or previous financial year.

Events after the reporting date

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

Adjusting events

Two cases settled (in terms of agreed payment) after the reporting period, but before the financial statements were issued amounted to R 58 185 (31 March 2014: R 117 493).

Irregular expenditure of R 19 468 was condoned by the Accounting Officer after 31 March 2015 and before the Annual Financial Statements were approved.

Non-adjusting events

Six third party claims with an estimated claim value of R 92 531 was issued to GMT after 31 March 2015 (31 March 2014: R 143 977).

278 cases of damages and losses of GG vehicles were registered after 31 March 2015 with a probable loss amount of R 1 545 467.

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 has maintained its financial reporting processes with adjustments made to accommodate the requirements of the changes in the GRAP reporting framework.

Conclusion

The fleet management environment remains challenging and GMT plans to maintain, amend and implement further business process improvements to ensure excellent service delivery in its environment.

The Annual Financial Statements set on pages 84 to 154 are hereby approved.



JT Gooch
Accounting Officer

Date: 28 May 2015

4. 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 officer is responsible for the preparation of the annual financial statements and for the judgments made in this information.

The accounting officer 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 my 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 2015.



JT Gooch
Accounting Officer

Date: 28 May 2015

5. STRATEGIC OVERVIEW

5.1 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.

5.2 Vision

From a service delivery perspective, the Western Cape Government's (WCG) vision, and therefore the vision applicable to the DTPW is:

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

GMT's vision is:

"The leading government motor transport service."

5.3 Mission

"To protect and promote rights and expand opportunities." (Western Cape Government)

"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." (Department).

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

"To be the leader in Government Motor Transport services by providing quality, integrated and cost effective motor transport to provincial and national client departments and to do so by creating a pleasant, safe and interactive environment where staff are offered the opportunity to develop and improve themselves."

5.4 Values

The core values of the Western Cape Government, to which the Department and GMT subscribes, are as follows:



Caring



Competence



Accountability



Integrity



Responsiveness

These values are all underpinned by team work and a detailed explanation of what each core value encapsulates is outlined below:

Table 5.4: Values

Value	Behavioural statement
Caring	<p>We will endeavour to understand people's needs and pay attention to them.</p> <p>We will show respect for others.</p> <p>We will treat staff members as more than just workers and value them as people.</p> <p>We will empathise with staff members.</p> <p>We will emphasise positive features of the workplace.</p> <p>We will provide constructive criticism when needed</p>
Competence	<p>We will endeavour to ensure that staff members are able to do the tasks they are appointed to do, that they internalise the DTPW's and GMT's values, and that they always strive for excellence.</p> <p>We will deliver on our outcomes and targets with quality work, within budget, and on time.</p> <p>We will strive to achieve the best results in the service of all the people of the Western Cape.</p> <p>We will work together to meet our constitutional and electoral mandate commitments.</p>
Accountability	<p>We fully understand our objectives, roles, delegations, and responsibilities.</p> <p>We are committed to delivering all agreed outputs on time.</p> <p>We will hold each other accountable in a spirit of mutual trust in honouring all our commitments.</p> <p>As individuals we will take responsibility for and ownership of our outcomes and accept the consequence of failure to do so.</p>
Integrity	<p>We will seek greater understanding of the truth in every situation and act with integrity at all times.</p> <p>We will be honest, show respect, and practise positive values.</p> <p>We will be reliable and trustworthy at all times, doing what we say we will.</p> <p>We will act with integrity at all times and in all instances, ensuring that we remain corruption free.</p>
Responsiveness	<p>We will take public opinion seriously, listening to and hearing the voice of the people (more listening and less talking).</p> <p>We will respond to all situations timeously, always asking ourselves if it is the right response, where we could be wrong, and how we can provide better service.</p> <p>We will engage collaboratively with each other, our stakeholders, and the media, providing full information.</p> <p>We will strive to achieve the best results for the people we serve and to act on their feedback.</p>

6. LEGISLATIVE AND OTHER MANDATES

In the main, the following national and provincial legislation guided the Department (inclusive of GMT) in the discharge of its responsibilities:

Table 6.1: National and Provincial legislation

Function	National and Provincial legislation
Public Works	Government Immovable Asset Management Act, 2007 (Act No. 19 of 2007) (GIAMA)
	National Building Regulations and Building Standards Act, 1977 (Act No. 103 of 1977)
	Western Cape Land Administration Act, 1998 (Act No. 6 of 1998)
	Western Cape Transport Infrastructure Act, 2013 (Act No. 1 of 2013)
Transport	Administrative Adjudication of Road Traffic Offences Act, 1998 (Act No. 46 of 1998)
	Advertising Along Roads and Ribbon Development Act, 1940 (Act No. 21 of 1940)
	Cape Roads Ordinance, 1976 (Ord. No. 19 of 1976)
	National Land Transport Act, 2009 (Act No. 5 of 2009) (NLTA)
	National Road Traffic Act, 1996 (Act No. 93 of 1996) (NRTA)
	Road Safety Act, 1972 (Act No. 9 of 1972)
	Road Traffic Act, 1989 (Act No. 29 of 1989)
	Road Traffic Management Corporation Act, 1999 (Act No. 20 of 1999)
	Road Transportation Act, 1977 (Act No. 74 of 1977)
	Radio Amendment Act, 1989 (Act No. 29 of 1989)
	Western Cape Provincial Road Traffic Administration Act, 2012 (Act No 6 of 2012)
	Western Cape Road Traffic Act, 1998 (Act No. 12 of 1998)
	Western Cape Toll Road Act, 1999 (Act No. 11 of 1999)

Function	Policies
Transversal	Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003), as amended
	Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
	Constitution of the Western Cape, 1998 (Act No. 1 of 1998)
	Construction Industry Development Board Act, 2000 (Act No. 38 of 2000)
	Construction Regulations R1010 of 2003
	Consumer Protection Act, 2008 (Act No. 68 of 2008)
	Division of Revenue Act (annual Act) (DORA)
	Employment Equity Act, 1998 (Act No. 55 of 1998) (EEA)
	Intergovernmental relations Framework Act, 2005 (Act No. 13 of 2005) (IRFA)
	Labour Relations Act, 1995 (Act No. 66 of 1995)
	Local Government Municipal Systems Act (Act No. 32 of 2000)
	National Environmental Management Act, 1998 (Act No. 107 of 1998)
	Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)
	Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) (PPPFA)
	Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004)
	Promotion of Access to Information Act, 2000 (Act No. 2 of 2000) (PAIA)
	Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) (PAJA)
	Provincial Archives and Records Service of the Western Cape Act, 2005 (Act No. 3 of 2005)
	Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA)
	Public Service Act, 1994 (Act No. 103 of 1994) (PSA)
	Skills Development Act, 1998 (Act No. 97 of 1998)
	Western Cape Adjustments Appropriation Act, 2013 (Act No. 11 of 2013)
	Western Cape Appropriation Act, 2013 (Act No. 5 of 2013)
	Western Cape Land Use Planning Ordinance, Amendment Act, 2009 (Act No. 8 of 2010)
	Western Cape Procurement Act, 2010 (Act No. 8 of 2010)

In the main GMT responded to the following departmental policies:

Table 6.2: Departmental policies

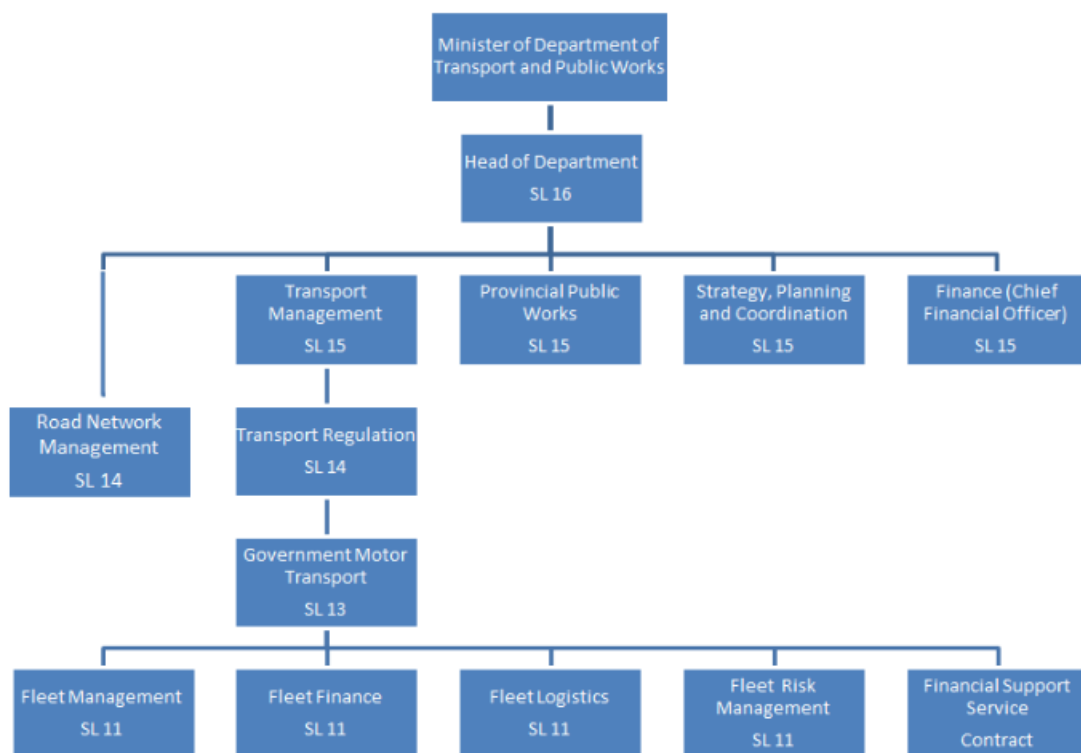
Function	Policies
Public Works and Property Management	Western Cape Parking Policy, 2000
	Western Cape Provincial Government White Paper on the Management of Provincial Property, 2004
Transport	National Freight Logistics Strategy, 2005
	National Public Transport Strategy, 2007
	National Road Safety Strategy, 2009 – 2015
	National Rural Transport Strategy, 2007
	National White Paper on Transport, 1996
	Provincial Land Transport Framework, 2011
	Provincial White Paper on Transport, 1997
	Road access guidelines
	Road Infrastructure Strategic Framework for South Africa (RISFSA)
	Road Safety Strategy for the Western Cape Province, 2005
	Western Cape Policy Statement with respect to Transport for Special Needs Passengers (SNP), 2009
Expanded Public Works Programme	Guidelines on the implementation of the Expanded Public Works Programme (EPWP)
	Guidelines on the implementation of the National Youth Service, 2013
Transversal	Accounting Officer's Supply Chain Management System
	Departmental Monitoring and Evaluation Framework and Manual, 2012
	Departmental Records Management Policy, 2011
	Draft Provincial Strategic Plan, 2014 (inclusive of Western Cape Government Strategic Goals)
	Western Cape E-Mobility Policy
	Western Cape Government Transversal Management System
	White Paper on Human Resource Management, 1997

GMT, as a trading entity operating within the administration of the DTPW, is responsible for the provision of vehicle fleet services to provincial and national clients. GMT is guided by all policies applicable to the DTPW, including provincial and departmental policies. In addition, transversal policies are developed and supported by the Coordinating Committee for GMT's (CCGMT) which is a sub-committee of the National Committee of Transport Officials (COTO). Furthermore, there are National Transport Circulars that guide GMT's operational activities. Finally, internal policy documents, frameworks and guidelines also govern the responsibilities and obligations of GMT.

7. ORGANISATIONAL STRUCTURE

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

Figure 5.1: Organisational structure



8. TRADING ENTITY REPORTING TO THE MINISTER

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

NOTES:

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 81 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. A large quantity of the new vehicles had to be converted (ambulances, forensic pathology and mobile clinics) before the old vehicles could be withdrawn from service. As these conversions are of a specialised nature and also require more floor space than sedan cars, care had to be taken to effectively manage the available floor space at GMT premises.

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 107 528 247 kilometres (based on the actual kilometres billed at the end of each month) during the year, which is 6 230 253 kilometres less than the previous year.

Fuel expenditure that represents the largest portion of the maintenance/operational costs of the fleet and decreased by 3.9% compared to the previous financial year. To ensure that a firm hand is maintained on fuel usage, GMT maintained the 4 634 eFuel units (electronic fuelling devices) in the fleet. Few cases of irregular fuel patterns were 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 189 and 69 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 unabated. However, despite all the aforementioned actions taken the total violations processed increased by a further 1 682 cases (6 698 cases versus 5 016 for the previous year). It is expected that the situation will be influenced further with the implementation of the Administrative Adjudication of Road Traffic Offences (AARTO) legislation. A firm implementation date is still awaited for the implementation of AARTO. GMT'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 losses over the past two financial years show a slight decrease while 3rd Party Claims processed reflect a slight increase. They appear within the standard norms as depicted in **Table 2.1.1** below.

Table 2.1.1: Accidents and losses incidents

Cases Processed	2014/15	2013/14
Accidents and losses	2 747	2 808
3 rd Party Claims	88	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 and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Provision of a Government Motor Transport Service	Provincial Departments	<ul style="list-style-type: none"> <u>Fleet Operations - Traffic Offences</u> 	<ul style="list-style-type: none"> <u>Fleet Operations - Traffic Offences</u> 	<ul style="list-style-type: none"> <u>Fleet Operations - Traffic Offences</u>
	National Departments	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	a) Electronic system for processing of all traffic violation documentation implemented as a pilot with the City of Cape Town	a) City of Cape Town pilot project completed (100%). The automated service is a GMT daily activity. Driver tag roll out at 70% (busy with data clean-up of 11 000 drivers on FleetMan database)
	Other Provincial Governments	b) 174 officers trained on FleetMan Client Module (target was 20)	b) 40 Transport Officers trained on FleetMan Client Module	b) 69 Transport Officers trained on FleetMan Client Module
	Public Entities	c) 100% Rollout of Open Text Electronic Content Management System (target was 60%)	c) 70% Rollout of Open Text Electronic Content Management System	c) 100% Rollout of Open Text Electronic Content Management System

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
		<ul style="list-style-type: none"> <u>Fleet Logistics - Misuse Incidents</u> a) SOP in consultation process 	<ul style="list-style-type: none"> <u>Fleet Logistics - Misuse Incidents</u> a) Standard Operating Procedures, to improve turn-around times, implemented 	<ul style="list-style-type: none"> <u>Fleet Logistics - Misuse Incidents</u> a) Standard Operating Procedure (SOP) 100% implemented and improvement of turn-around times are ongoing as a daily activity.
		<ul style="list-style-type: none"> <u>Fleet Operations - Issuing of non-emergency vehicles</u> a) 6 weeks turnaround time 	<ul style="list-style-type: none"> <u>Fleet Operations - Issuing of non-emergency vehicles</u> a) Implement Standard Operating Procedure to improve the turn-around times for issuing vehicles 	<ul style="list-style-type: none"> <u>Fleet Operations - Issuing of non-emergency vehicles</u> a) The Standard Operating Procedure was 80% implemented (pending outcome of the GMT revised organisation and establishment study and Phase 1 relocation to new premises in Maitland)

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Provision of a Government Motor Transport Service Consultation: <ul style="list-style-type: none"> <u>Fleet Operations – Client Forums</u> a) Awaiting approval of organisation and establishment study <ul style="list-style-type: none"> <u>Fleet Operations – Client Department Evaluations</u> a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved <ul style="list-style-type: none"> <u>Fleet Logistics – Training interventions</u> a) GMT delivers a training service to the Transport Officers of clients 	Consultation: <ul style="list-style-type: none"> <u>Fleet Operations – Client Forums</u> a) Finalise organisation and establishment study and appoint client liaison officers <ul style="list-style-type: none"> <u>Fleet Operations – Client Department Evaluations</u> a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved <ul style="list-style-type: none"> <u>Fleet Logistics – Training interventions</u> a) GMT delivers a training service to the Transport Officers of clients 	Consultation: <ul style="list-style-type: none"> <u>Fleet Operations – Client Forums</u> a) Finalisation of organisation and establishment study and appointment of client liaison officers, 80% completed (pending the outcome of the GMT revised organisation and establishment study) <ul style="list-style-type: none"> <u>Fleet Operations – Client Department Evaluations</u> a) Client evaluation findings indicated 100% of GMT services were satisfactory (GMT fleet within economic life cycle) <ul style="list-style-type: none"> <u>Fleet Logistics – Training interventions</u> a) GMT delivers a training service to the Transport Officers of clients - 189 officers trained (target: 120)

Current/actual arrangements	Desired arrangements	Actual achievements
<ul style="list-style-type: none"> • <u>Fleet Finance – Tenders</u> <p>a) All tender invitations (all values) are published in official public mechanisms</p> <p><u>Additional Achievement</u></p> <ul style="list-style-type: none"> • <u>Fleet Finance – Accounting standards</u> <p>a) Migration from Generally Accepted Accounting Practice (GAAP) to Generally Recognised Accounting Practice (GRAP) has effectively taken place and GMT is fully compliant on the GRAP reporting framework as determined in Directive 5 issued by the Accounting Standards Board</p> <p>Access:</p> <p>49 Hope St, Cape Town:</p> <ul style="list-style-type: none"> • <u>Fleet Operations: On-site GMT Technical Helpdesk</u> <p>a) GMT enhanced the current service by launching the Client Care Centre (CCC) in January 2014</p> <p>b) Implemented GMT VIP Fleet Support service</p> <p>c) Enhanced the current repairs and maintenance service by launching the GMT toll free number (08000 WCGMT/92468)</p> <p><u>Additional Achievement</u></p> <p>d) GMT internal specialised tow truck service was launched October 2013</p> <ul style="list-style-type: none"> • <u>Fleet Risk Management</u> <p>a) GMT provides a legal support structure to clients with regards to accident cases where officials were involved in</p>	<ul style="list-style-type: none"> • <u>Fleet Finance – Tenders</u> <p>a) All tender invitations (all values) also to be published in official public mechanisms</p> <p>Access:</p> <p>49 Hope Street, Cape Town:</p> <ul style="list-style-type: none"> • <u>Fleet Operations: On-site GMT Technical Helpdesk</u> <p>a) Clients contact GMT for vehicle technical advice and/or assistance</p> <p>b) GMT needs to establish a transversal fleet support service for all clients</p> <p>c) Repairs and maintenance requests are managed via the toll free number (0800 500 005) on a 24/7 basis</p> <ul style="list-style-type: none"> • <u>Fleet Risk Management</u> <p>a) GMT provides a legal support structure to clients with regards to accident cases where officials were involved in</p>	<ul style="list-style-type: none"> • <u>Fleet Finance – Tenders</u> <p>a) All tender invitations (all values) were published in official public mechanisms</p> <p><u>Additional Achievement</u></p> <ul style="list-style-type: none"> • <u>Fleet Finance – Accounting standards</u> <p>a) Migration from Generally Accepted Accounting Practice (GAAP) to Generally Recognised Accounting Practice (GRAP) has effectively taken place and GMT is fully compliant on the GRAP reporting framework as determined in Directive 5 issued by the Accounting Standards Board</p> <p>Access:</p> <p>49 Hope Street, Cape Town:</p> <ul style="list-style-type: none"> • <u>Fleet Operations: On-site GMT Technical Helpdesk</u> <p>a) The Go-live FleetCare Programme was 80% implemented (Go-live of FleetCare Programme is subject to outcome of GMT revised organisation and establishment study and Phase 1 relocation to new premises in Maitland)</p> <p>b) Transversal fleet support service 90% implemented (Go-live of FleetCare is subject to outcome of GMT revised organisation and establishment study and Phase 1 relocation to new premises in Maitland)</p> <p>c) 80% of repairs and maintenance requests were managed via the toll free number, on a 24/7 basis (Go-live of FleetCare is subject to outcome of GMT revised organisation and establishment study and Phase 1 relocation to new premises in Maitland)</p> <ul style="list-style-type: none"> • <u>Fleet Risk Management</u> <p>a) GMT provided a legal support structure to clients with regards to accident cases where officials were involved in</p>

Current/actual arrangements	Desired arrangements	Actual achievements
<p>3 Rusper St, Maitland</p> <ul style="list-style-type: none"> <u>Fleet Operations: Vehicle Tracking</u> <p>a) The vendor is on-site and renders an off-site service to install, repair and de-install vehicle tracking units</p> <u>Fleet Operations: eFuel devices</u> <p>a) The vendor is on-site and renders an off-site service to install, repair and de-install eFuel units</p> 	<p>3 Rusper Street, Maitland:</p> <ul style="list-style-type: none"> <u>Fleet Operations: Vehicle Tracking</u> <p>a) The vendor is on-site to install, repair and de-install vehicle tracking units</p> <u>Fleet Operations: eFuel devices</u> <p>a) The vendor is on-site to install, repair and de-install eFuel units</p> 	<p>3 Rusper Street, Maitland:</p> <ul style="list-style-type: none"> <u>Fleet Operations: Vehicle Tracking</u> <p>a) The vendor was on-site to install, repair and de-install vehicle tracking units, on a daily basis</p> <u>Fleet Operations: eFuel devices</u> <p>a) The vendor was on-site to install, repair and de-install eFuel units on a daily basis</p>
<p>34 Roeland and 49 Hope St, Cape Town:</p> <ul style="list-style-type: none"> <u>Fleet Logistics</u> <p>a) GMT is equipped with UPS and standby power services to be able to deliver services during power cuts</p> 	<p>34 Roeland and 49 Hope Street, Cape Town:</p> <ul style="list-style-type: none"> <u>Fleet Logistics</u> <p>a) GMT is equipped with UPS and standby power services to be able to deliver services during power cuts</p> 	<p>34 Roeland and 49 Hope Street, Cape Town:</p> <ul style="list-style-type: none"> <u>Fleet Logistics</u> <p>a) GMT is equipped with Uninterrupted Power Supply (UPS) and standby power services to be able to deliver services during power cuts</p>
<p>19 Hermes Street, Paarden Eiland:</p> <ul style="list-style-type: none"> <u>Fleet Operations – Auctioning and Accident Vehicles</u> <p>a) Vehicles are withdrawn and sold</p> <p>Courtesy:</p> <ul style="list-style-type: none"> <u>Fleet Logistics – GMT Bureau</u> <p>a) A 24/7 Call-in centre is operational to process reports on unacceptable driver behaviour and/or misuse of vehicles</p> <u>Fleet Risk Management – Whistle blowing</u> <p>a) A departmental Whistle Blowers Policy is implemented within GMT</p> <p>Openness & transparency:</p> <ul style="list-style-type: none"> <u>Fleet Operations – Client Forums</u> <p>a) Bi-monthly Client Forum meeting held. Awaiting approval of organisation and establishment study. Report is being reviewed</p> 	<p>19 Hermes Street, Paarden Eiland:</p> <ul style="list-style-type: none"> <u>Fleet Operations – Auctioning and Accident Vehicles</u> <p>a) Vehicles are withdrawn and sold</p> <p>Courtesy:</p> <ul style="list-style-type: none"> <u>Fleet Logistics – GMT Bureau</u> <p>a) A 24/7 Call-in centre is operational to process reports on unacceptable driver behaviour and/or misuse of government vehicles</p> <u>Fleet Risk Management – Whistle blowing</u> <p>a) A departmental Whistle Blowers Policy is implemented within GMT</p> <p>Openness and transparency:</p> <ul style="list-style-type: none"> <u>Fleet Operations – Client Forums</u> <p>a) Finalise organisation and establishment study and appoint client liaison officers</p> 	<p>19 Hermes Street, Paarden Eiland:</p> <ul style="list-style-type: none"> <u>Fleet Operations – Auctioning and Accident Vehicles</u> <p>a) Vehicles withdrawn and sold and is ongoing as a monthly activity (to sell vehicles on auction)</p> <p>Courtesy:</p> <ul style="list-style-type: none"> <u>Fleet Logistics – GMT Bureau</u> <p>a) A 24/7 Call-in centre was operational and provided the service on a daily basis</p> <u>Fleet Risk Management – Whistle blowing</u> <p>a) A departmental Whistle Blowers Policy was implemented within GMT</p> <p>Openness and transparency:</p> <ul style="list-style-type: none"> <u>Fleet Operations – Client Forums</u> <p>a) Finalisation of organisation and establishment study and appointment of client liaison officers, 80% completed (pending the outcome of the GMT</p>

Current/actual arrangements	Desired arrangements	Actual achievements
<p>by OD</p> <ul style="list-style-type: none"> <u>Fleet Operations - Client Evaluations</u> <ul style="list-style-type: none"> a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved <u>Fleet Operations - Monthly GMT operational meetings with service providers</u> <ul style="list-style-type: none"> a) Weekly meetings are held to resolve operational issues in terms of the fleet maintenance, fuel and tracking management contracts <u>Fleet Operations – GMT consulted and signed SLA with Clients</u> <ul style="list-style-type: none"> a) All signed except for two national clients b) Website to be launched in April 2014 <p>Value for Money:</p> <ul style="list-style-type: none"> <u>Fleet Operations- Repair and Maintenance</u> <ul style="list-style-type: none"> a) A fleet maintenance and fuel management service has been established <u>Fleet Operations – Vehicle Purchases</u> <ul style="list-style-type: none"> a) GMT purchase vehicles in terms of the national RT57 State contract at competitive prices <u>Fleet Risk Management</u> <ul style="list-style-type: none"> a) Utilisation of independent assessors and tracing agents to minimise 3rd party settlements and optimize debt recovery 	<ul style="list-style-type: none"> <u>Fleet Operations - Client Evaluations</u> <ul style="list-style-type: none"> a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved <u>Fleet Operations- Monthly GMT operational meetings with service providers</u> <ul style="list-style-type: none"> a) Monthly meetings are held to resolve operational issues in terms of the fleet maintenance, fuel and tracking management contracts <u>Fleet Operations – GMT consulted and signed SLA with Clients</u> <ul style="list-style-type: none"> a) Service Level Agreements have been entered into with Clients b) GMT Website operationalised <p>Value for Money:</p> <ul style="list-style-type: none"> <u>Fleet Operations- Repair and Maintenance</u> <ul style="list-style-type: none"> a) A fleet maintenance and fuel management service has been established <u>Fleet Operations – Vehicle Purchases</u> <ul style="list-style-type: none"> a) GMT purchase vehicles in terms of the national RT57 State contract at competitive prices <u>Fleet Risk Management</u> <ul style="list-style-type: none"> a) Utilisation of independent assessors and tracing agents to minimise 3rd party settlements and optimize debt recovery 	<p>organisation and establishment study)</p> <ul style="list-style-type: none"> <u>Fleet Operations - Client Evaluations</u> <ul style="list-style-type: none"> a) 100% of the shortcomings identified through the client evaluation were resolved. Clients evaluate GMT services on an annual basis to further improve GMT services <u>Fleet Operations- Monthly GMT operational meetings with service providers</u> <ul style="list-style-type: none"> a) Monthly meetings were held with service providers (service providers were on-site at GMT and resolved any challenges as and when required) <u>Fleet Operations – GMT consulted and signed SLA with Clients</u> <ul style="list-style-type: none"> a) 98% of Service Level Agreements were completed. Only two are outstanding b) GMT auctions were published on the portal, as well as GMT circulars <p>Value for Money:</p> <ul style="list-style-type: none"> <u>Fleet Operations- Repair and Maintenance</u> <ul style="list-style-type: none"> a) A fleet maintenance and fuel management service was established and the service is provided on a daily basis. Both service providers were on-site at GMT <u>Fleet Operations – Vehicle Purchases</u> <ul style="list-style-type: none"> a) Vehicles were purchased in terms of the national RT57 State contract at competitive prices. The transversal contract is managed by National Treasury and awarded on an annual basis <u>Fleet Risk Management</u> <ul style="list-style-type: none"> a) Independent assessors and tracing agents were utilised to minimise 3rd party settlements and optimize debt recovery

Current/actual arrangements	Desired arrangements	Actual achievements
<ul style="list-style-type: none"> <u>Fleet Logistics</u> <p>a) 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</p>	<ul style="list-style-type: none"> <u>Fleet Logistics</u> <p>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</p>	<ul style="list-style-type: none"> <u>Fleet Logistics</u> <p>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</p>

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
<p>Provision of a Government Motor Transport Service</p> <ul style="list-style-type: none"> <u>GMT Policy</u> <p>a) The GMT website is still in testing stage and provisionally GMT Circulars are published on the intranet</p> <ul style="list-style-type: none"> <u>Fleet Logistics – GMT Bureau</u> <p>a) Management information can be obtained from the GMT Bureau</p> <ul style="list-style-type: none"> <u>Fleet Risk Management</u> <p>a) A custom designed Risk Management Module within the fleet management system is available to assist with the execution of duties</p> <ul style="list-style-type: none"> <u>Fleet Logistics</u> <p>a) GMT delivers a training service to the Transport Officers of clients</p>	<ul style="list-style-type: none"> <u>GMT Policy</u> <p>a) GMT Circulars are published on the GMT website</p> <ul style="list-style-type: none"> <u>Fleet Logistics - GMT Bureau</u> <p>a) MIS Information can be obtained from the GMT Bureau</p> <ul style="list-style-type: none"> <u>Fleet Risk Management</u> <p>a) A custom designed Risk Management Module within the fleet management system is available to assist with the execution of duties</p> <ul style="list-style-type: none"> <u>Fleet Logistics</u> <p>a) GMT delivers a training service to the Transport Officers of clients</p>	<ul style="list-style-type: none"> <u>GMT Policy</u> <p>a) GMT Circulars were published on the GMT website and continuously updated as new GMT circulars are added/published</p> <ul style="list-style-type: none"> <u>Fleet Logistics - GMT Bureau</u> <p>a) 80% of MIS Information could be obtained from the GMT Bureau (Project is focussed on further enhancement of Financial MIS)</p> <ul style="list-style-type: none"> <u>Fleet Risk Management</u> <p>a) A custom designed Risk Management Module within the fleet management system is available to assist with the execution of duties</p> <p>Case documents are scanned and stored on ECM.</p> <ul style="list-style-type: none"> <u>Fleet Logistics</u> <p>a) GMT delivered an ongoing training service to the Transport Officers of clients (as per the GMT training schedule)</p>

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
<p>Provision of a Government Motor Transport Service</p> <ul style="list-style-type: none"> • <u>Fleet Operations - Monthly Client Forums</u> <ul style="list-style-type: none"> a) Bi-monthly meetings are held with the Transport Officers of clients • <u>Fleet Operations - Client Evaluations</u> <ul style="list-style-type: none"> a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved • <u>Fleet Risk Management</u> <ul style="list-style-type: none"> a) Effective case administration and management of all reported cases, accidents, thefts, hi-jacking and 3rd party claims against the State • <u>Fleet Logistics – GMT Bureau</u> <ul style="list-style-type: none"> a) A 24/7 Call-in centre is operational to report unacceptable driver behaviour and/or misuse of vehicles • <u>Fleet Risk Management – Whistle blowing</u> <ul style="list-style-type: none"> a) A departmental Whistle Blowers Policy is implemented within GMT 	<ul style="list-style-type: none"> • <u>Fleet Operations - Monthly Client Forums</u> <ul style="list-style-type: none"> a) Monthly meetings are held with the Transport Officers of clients • <u>Fleet Operations – Clients Evaluations</u> <ul style="list-style-type: none"> a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved • <u>Fleet Risk Management</u> <ul style="list-style-type: none"> a) Effective case administration and management of all reported cases, accidents, thefts, hi-jacking and 3rd party claims against the State • <u>Fleet Logistics – GMT Bureau</u> <ul style="list-style-type: none"> a) A 24/7 Call-in centre is operational to report unacceptable driver behaviour and/or misuse of vehicles • <u>Fleet Risk Management – Whistle blowing</u> <ul style="list-style-type: none"> a) A departmental Whistle Blowers Policy is implemented within GMT 	<ul style="list-style-type: none"> • <u>Fleet Operations - Monthly Client Forums</u> <ul style="list-style-type: none"> a) Meetings were held with the Transport Officers of clients every second month • <u>Fleet Operations – Clients Evaluations</u> <ul style="list-style-type: none"> a) 100% of the shortcomings identified through the client evaluation were resolved. Clients evaluate GMT services on an annual basis to further improve GMT services • <u>Fleet Risk Management</u> <ul style="list-style-type: none"> a) The administration and management of all reported cases, accidents, thefts, hi-jacking and 3rd party claims against the State were effectively conducted • <u>Fleet Logistics – GMT Bureau</u> <ul style="list-style-type: none"> a) A 24/7 Call-in centre was operational and provided the service on a daily basis • <u>Fleet Risk Management – Whistle blowing</u> <ul style="list-style-type: none"> a) A departmental Whistle Blowers Policy was implemented within GMT

2.3 Organisational environment

GMT's staff establishment and organisation remained unchanged during the year under review and this placed an increased burden on the 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) finalised their investigation into the organisation and establishment. The report is awaited after which implementation will commence. 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 2014/15 are prepared and submitted by the due date. Furthermore, additional business processes were documented and 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 2016.

The vacancy rate is well contained and dedicated attention is given to the task of filling 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 2014/15.

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

No significant internal developments impacted on GMT's ability to deliver on its Annual Performance Plan and Strategic Plan. In the APP for the 2014/15 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 2014/15 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 clients access to a unique fleet of vehicles on a full time basis that will enable them to deliver government's services efficiently and effectively. Provide replacement and additional vehicles, inclusive of customised vehicles.
	Key focus areas and deliverables
Links	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.
	<u>Western Cape Provincial Government:</u>
	Deliver clean, efficient, cost effective, transparent and responsive public administration.
Links	<u>Departmental Goal 1:</u>
	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. Arrange for the servicing and maintenance of the fleet.
	Key focus areas and deliverables
Links	Perform regular inspection of vehicles and repair work to ensure value for money.
	Carry out inspections of merchants.
	Maintain and update the asset register.
	<u>Western Cape Provincial Government Strategic Agenda 2009:</u>
Links	Deliver clean, efficient, cost effective, transparent and responsive public administration.
	<u>Departmental Goal 1:</u>
	Promote good governance and an effective and efficient department.
Strategic Goal 3	Improved client service.
	Goal statement
	To respond to the demand for a client orientated, effective and efficient above average service. Fit all vehicles with tracking and control devices.
	Key focus areas and deliverables
Links	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
	<u>Western Cape Provincial Government Strategic Agenda 2009:</u>
Links	Deliver clean, efficient, cost effective, transparent and responsive public administration.
	<u>Departmental Goal 1:</u>
	Promote good governance and an effective and efficient department.
Strategic Goal 4	Improved financial reporting.
	Goal statement
	Improved financial reporting through the transformation from cash accounting to a fully functional accrual based system. Implement and enhance a GRAP compliant financial system to meet the regulatory requirement of Treasury Regulations.
	Key focus areas and deliverables
Links	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. <u>Departmental Goal 1:</u> 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.
Key focus areas and deliverables	Log and follow up on misuse complaints and traffic violation incidents. Process 3 rd party claims against the State and accidents and losses incidents. To be in a position to effectively respond to client's expectations in a continuously changing business environment.
Links	<u>Western Cape Provincial Government:</u> Deliver clean, efficient, cost effective, transparent and responsive public administration. <u>Departmental Goal 1:</u> Promote good governance and an effective and efficient department.
Strategic Goal 6	Effective operational systems.
Goal statement	To enhance operational activities through technologically advanced fleet management systems such as the "Electronic Highway".
Key focus areas and deliverables	Register and manage system users.
Links	<u>Western Cape Provincial Government:</u> Deliver clean, efficient, cost effective, transparent and responsive public administration. <u>Departmental Goal 1:</u> Promote good governance and an effective and efficient department.

Table 3.2: Strategic Objectives

No	Strategic objectives/ Indicators	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement 2014/15	Comment on deviations
1.1	Provide a vehicle fleet					
1.1	No of vehicles in the fleet	4 969	5 315	5 371	56 1%	The target was met.
2.1	An effectively utilised vehicle fleet					
2.1	No of vehicles travelling more than 1 750 kilometres per month	2 663	2 695	2 326	(369) (14%)	This is a client requirement and clients have driven less kilometres than forecasted.
3.1	Excellent client satisfaction rating					
3.1	No of client surveys Conducted	1	1	1	0	The target was met.
4.1 & 4.2	An unqualified external audit opinion annually / Improved financial management capability					
4.1	No of findings leading to a qualified audit report	0	0	0	0	The target was met.

No	Strategic objectives/ Indicators	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achieve- ment 2014/15	Comment on deviations
5.1	Improved operational capability					
5.1	No of business processes documented	22	25	34	9 36%	More resource time could be allocated to the documentation of new business processes.
6.1	An effective fleet management system					
6.1	No of system enhancements achieved	19	10	13	3 30%	The target was met.

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 4.1** below.

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

Strategic Objective	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
A fit for purpose vehicle fleet	No. of replacement vehicles acquired (ordered)	529	650	506	(144) (22%)	All vehicles identified for replacement were replaced. Some vehicles were not replaced as they have not completed the required kilometres.
	No. of vehicles added to the fleet	31	130	125	(5) (4%)	This is a demand driven indicator and client departments had fewer requirements for additional vehicles than what was originally forecast.

Strategic Objective	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
An effectively utilised vehicle fleet	No. of vehicles serviced and maintained	9 097	4 400	8 171	3 771 86%	This is a demand driven indicator and depends on the kilometres travelled by clients.
	No. of vehicle inspections carried out	5 275	5 900	6 378	478 8%	This is a demand driven indicator and the Entity is satisfied that adequate inspections were carried out to achieve the set service delivery standard.
	No. of merchant inspections carried out	8	100	6	(94) (94%)	This is a demand driven indicator and the Entity is satisfied that adequate inspections were carried out to achieve the set service delivery standard.
	No. of updates of the asset register	4	4	4	0	The target was met.
Excellent client satisfaction rating	No. of tracking units provided	4 746	4 777	4 817	40 1%	The target was met.
	No. of eFuel units provided	4 634	4 766	4 735	(31) (1%)	The Entity is satisfied that the fleet was adequately fitted with eFuel devices to achieve the set service delivery standards.
	No. of client forums maintained	6	6	6	0	The target was met.
	No. of policy and guideline circulars issued by GMT	27	25	21	(4) (16%)	The Entity is satisfied that adequate policy and guideline circulars were issued to achieve the set service delivery standard.
Improved financial management capability	Debt outstanding for all previous financial years	R21 mil	R15 mil	R 7 mil	R 8 mil 114%	More dedicated attention was given to the follow-up and clearing of old debt.
	Debt outstanding for current financial year	R44 mil	R68 mil	R 48 mil	R 20 42%	More dedicated attention was given to the follow-up and clearing of debt.
	No. of business processes documented	22	25	34	9 36%	More resource time could be allocated to the documentation of new business processes.
	No. of documented business processes reviewed	34	25	6	(19) (76%)	This is a demand driven indicator. No requirements for further business process reviews.

Strategic Objective	Performance Indicator	Actual Achievement 2013/14	Planned Target 2014/15	Actual Achievement 2014/15	Deviation from planned target to Actual Achievement for 2014/15	Comment on deviations
Improved operational capability	No. of transport officers trained (operational)	172	120	189	69 58%	Special attention was given to accommodating additional training sessions over and above the original planning. This was aimed at improving service delivery levels.
	No. of transport officers trained (FleetMan)	174	40	69	29 73%	Special attention was given to accommodating additional training sessions over and above the original planning. This was aimed at improving service delivery levels.
	No. of misuse complaints processed	255	300	310	10 3%	The target was met.
Improved operational capability	No. of traffic violations processed	6 698	5 200	5 763	563 11%	The target is determined based on historical trends rather than forecasting. However, the Entity is satisfied that all the traffic violations received were logged and followed up with the relevant client departments.
	No. of 3 rd party claims processed	84	85	88	3 4%	The target is determined based on historical trends rather than forecasting. More cases registered, however still within the stretch target tolerance level.
	No. of accident and losses incidents processed	2 808	2 900	2 747	(153) (5%)	The target is determined based on historical trends rather than forecasting. Fewer cases registered, but within the Target Tolerance level. The Entity is satisfied that all the incidents received were logged and followed up with the relevant client departments.
An effective fleet management system	No. of registered FleetMan users	488	450	581	131 29%	This is a demand driven indicator.

Note: Although some of the achievements reflected in blue in Table 4.1 above are below the targets set and might be interpreted as under performance, it must be realised that these targets are based on historical data or are demand driven 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.

Strategy to overcome areas of under performance

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

Changes to planned targets

None.

Linking performance with budgets

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

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

Table 4.2: Expenditure versus budget

2014/15			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
390 169	384 754	5 415	422 128	385 854	36 274

5. TRANSFER PAYMENTS

GMT did not make any transfer payments.

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

7. DONOR FUNDS

GMT did not receive 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 GMT Trading Entity as part of the administration of the Department is committed to maintaining the highest standards of governance as it recognises that it is fundamental to the management of public finances and resources. The Department consequently maintains governance structures in its endeavour to effectively, efficiently and economically utilise state resources, which are funded by the tax payer.

2. RISK MANAGEMENT

The AO 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 (NTPSRMF) and to further embed risk management within the Department, the WCG has adopted an ERM Policy which sets out the WCG's overall intention with regard to ERM. The Department adopted an ERM Strategy, approved by the AO on 30 April 2013; and an ERM Implementation Plan, approved by the AO on 20 June 2014. The ERM Implementation Plan gave effect to the WCG ERM policy and departmental ERM Strategy and outlines the roles and responsibilities of management and staff in embedding risk management in the Department.

The Department assessed significant risks that could have an impact on the achievement of its objectives, both strategic and programme risks, on a quarterly basis. Risks were prioritised based on its likelihood and impact (inherently and residually) and additional mitigations were agreed upon to reduce risks to acceptable levels. New/emerging risks were identified during the quarterly review processes.

The Department established an Enterprise Risk Management Committee (ERMCO) to assist the AO in executing her responsibilities relating to risk management. The Committee operates under a Terms of Reference approved by the AO on 22 January 2014. ERMCO ratified the strategic risk register and recommended further action where relevant. The Committee comprises of selected members of the Department's senior management team. As per its terms of reference the Committee should meet 4 times a year (quarterly). The Committee meetings during the financial year under review were attended as follows:

Table 2.1: Risk committee

Member	Position	Scheduled Meetings	Attended
Ms J Gooch	AO (Risk Champion)	4	4
Mr F Hanekom	DDG: Strategy, Planning and Co-ordination	4	3
Mr C Ismay	DDG: Finance Chief Financial Officer	4	3
Adv K Reinecke	DDG: Transport Management	4	4
Mr G Kode	DDG: Provincial Public Works (from 1 Jan 2015)	1	1
Mr S Adams	Act DDG: Provincial Public Works (until 31 Dec 2014)	3	3
Mr L Fourie	CD: Road Network Management	4	4
Mr R Petersen	CD: Expanded Public Works Program	4	2
Mr J du Plessis	Act CD: Strategic Management & Operational Support	4	4

Member	Position	Scheduled Meetings	Attended
Mr D Jacobs	CD: Transport Operations (until 30 November 2014)	3	2
Ms D Ribbonaar	Act CD: Transport Operations (from 1 December 2014)	1	1
Mr Y Ahmed	CD: Transport Regulations	4	2
Mr K Africa	CD: Traffic Management	4	3
Mr TD Pillay	CD: PPP	4	3
Mr S Adams	CD: Immovable Asset Management	4	4
Mr K Naidu	CD: General Infrastructure	4	3
Mr W Gibbs	Act CD: Health Infrastructure	4	3
Mr L Thiel	Act CD: Education Infrastructure	4	3
Adv C Smith	CD: SCM	4	4
Mr J Koegelenberg	D: GMT	4	3
Mr C Marx	Act D: Operational Support	4	3
Mr D Needham	Deputy Director: Assurance Services (Fraud Champion)	4	3
Ms C Mdlalo	D: Enterprise Risk Management (DotP)	4	4
Ms H Robson	DDG: Corporate Assurance (DotP until October 2014)	2	2
Mr R Jansen van Rensburg	CD: Provincial Forensic Services (DotP from November 2014)	2	2

The Audit Committee provided the independent oversight of the Department's system of risk management. The Audit Committee was 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 strategic risks faced by the Department and their relevant risk response/treatment strategies.

Impact on institutional performance:

The ERM system had a positive effect on the management of risks and translated into improved performance.

3. FRAUD AND CORRUPTION

Fraud represents a significant risk of loss of the Department's assets and impacts on service delivery efficiency and the Department's reputation.

The WCG adopted an Anti-Corruption Strategy which confirms the Province's zero tolerance stance towards fraud and corruption. In line with this strategy the Department is committed to zero-tolerance with regard to corrupt or fraudulent activities, whether internal or external, and vigorously pursues and prosecutes any parties by all legal means available who engage in such practices or attempt to do so.

The Department has an approved Fraud Prevention Plan (FPP) inclusive of a policy and strategy, and a Fraud Prevention Implementation Plan which gives effect to the FPP.

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 Provincial Forensic Services (PFS) 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. Employees who blow the whistle on suspicions of fraud, corruption and theft are protected if the disclosure is a protected disclosure (i.e. not malicious). The opportunity to remain anonymous is afforded to any person who would like

to report acts of fraud, theft and corruption and should they do so in person, their identities are kept confidential by the person to whom they are reporting.

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

As part of the Department's FPP the PFS unit provided training on fraud awareness. The primary training goals envisaged were:

- To manifest the Department's commitment to complying with the Public Finance Management Act (PFMA) and the WCG strategies dealing with fraud and corruption and other commercial crime;
- To contribute towards the development of enhanced awareness of commercial offences such as fraud, corruption and theft;
- To provide employees with the opportunity to become informed of developments on the fraud and corruption front;
- To give employees the opportunity to consider and understand, with a view to implementing, legislation dealing with fraud, corruption and theft where applicable; and
- To provide training in the detection and reporting of fraud and corruption.

During 2014/15, 340 officials from the target components, Works, Roads Infrastructure and new appointments attended the training provided.

For the year under review, the following PFS Case Movement Certificate was issued:

Table 3.1: PFS Case Movement Certificates

Cases	Number of cases
Open cases as at 1 April 2014	17
New cases (2014/15)	14
Closed cases (2014/15)	(18)
Referred cases (2014/15)	(6)
Re-classified cases (2014/15)	-
Open cases as at 31 March 2015	7

The following table further analysis the closed and referred cases indicated above:

Table 3.2: Closed and Referred Cases

Further action	Closed Cases (18)	Referred cases (6)
Unfounded/Not relating to DTPW	1	2
Referred to Public Service Commission	1	-
Referred to Labour Relations/SAPS	8	-
Further investigation by Department	8	2
Debt recovered/raised by Department	-	2

Fraud risk assessment:

In terms of the FPP a fraud risk assessment was undertaken in the 2013/14 financial year and the next detailed fraud risk assessment is planned for the 2015/16 financial year. In relation to those risks identified and which were regarded as unacceptable, the mitigation controls thereto were monitored by the ERMCO.

4. MINIMISING CONFLICT OF INTEREST

The Department embarked on the following initiatives to minimise conflict of interest in the Supply Chain:

- A draft policy on Conflict of Interest was developed and is in the process of consultation.
- The Accounting Officer's Supply Chain Management System (AOSCMS) was reviewed and issued on 1 April 2014. This system prescribes amongst others:
 - The annual disclosure of Financial Interest of all employees in the Department's Supply Chain accompanied by an annual application for Remuneration for Work outside the Public Service (RWOPS);
 - Declaration of Interest by everyone involved in the consideration and/or adjudication of bids;
 - The declaration of the bid form Western Cape Bid Document (WCBD) 4 (disclosure of interest/suppliers performance/declaration of employees and independent bid determination) by all prospective bidders;
 - Compliance with ethical standards by all departmental staff;
 - Provisions on confidentiality;
 - The code of conduct for SCM practitioners;
 - The process for acceptance of gratification, hospitality and gifts in the context of conflict of interest; and
 - In addition, it provides for bidder/employee profile verification processes, that entails a monthly comparison of employee information on Personnel Salary (PERSAL) to Western Cape Supplier Database (WCSD) for information of suppliers. This serves as both a preventative and detective control to identify officials doing business with government.
- The Provincial Treasury Instructions (PTI) requires the compulsory registration on WCSD by all companies intending to do business with the WCG. This entails pre-requisites such as:
 - Verification with Companies and Intellectual Property Commission for company registration and ownership information;
 - A sworn declaration in the form of the WCBD 4, by all prospective bidders; and
 - Submission of BBBEE – profile which is verified against the Department of Trade and Industry (DTI) database.
- In addition, training and formal workshops on Ethics provided via SCM are also annually undertaken.

Where conflict of interest has been identified in the Supply Chain, it is deemed to constitute abuse of the SCM System and the AOSCMS in the same chapter accordingly prescribes the process to be followed.

5. CODE OF CONDUCT

The Department adheres to the Public Service Code of Conduct. The highest standards of ethical business conducted are required of public servants employed by the Department in fulfilling their responsibilities. All employees are personally responsible for ensuring that their conduct is ethical and should bring any possible contraventions of the Code to the attention of their superior. The Code of Conduct is electronically distributed to all employees every second month. All new employees are informed in their letters of

appointment that the Code of Conduct is available on the Provincial Government website (www.pgwc.gov.za).

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 GMT 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 GMT, 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. STANDING COMMITTEE FOR TRANSPORT AND PUBLIC WORKS

REPORT OF THE STANDING COMMITTEE ON FINANCE AND ECONOMIC DEVELOPMENT ON THE 2013/2014 ANNUAL REPORT, DATED 23 OCTOBER 2014

GMT met with the Standing Committee on Finance and Economic Development on 23 October 2014. The matters raised by the Committee and GMT's responses to these matters, are tabulated below.

Table 7.1: Matters raised by the Committee

Matters raised by the Committee	Response by GMT
To invite the Entity (Government Motor Transport) to brief the Committee on the measures in place to broaden the pool of suitably qualified people who can compete for employment opportunities.	The Department is waiting for a suitable date from the Committee to brief the Committee on employment opportunities.
To visit the new GMT premises in Rusper Street, Maitland	The GMT looks forward to the visit of the committee to its new premises at Rusper Street, Maitland.

Table 7.2: Information requested by the Committee

No	Papers, reports and information requested by the Committee	GMT's Response
a	The Entity to provide the Committee with the breakdown of the categorisation of the 2 808 cases of accidents and losses, if there were any loss of life and if gross negligence was involved.	The information was provided to the Committee under reference 11/1/2/2, dated 28 November 2014.
b	The Entity to submit its employment equity plan.	The information was provided to the Committee under reference 11/1/2/2, dated 28 November 2014.
c	The Entity to provide the Committee with a list of service providers who provide training, the accreditation of this training and the value thereof to the employee in terms of capacity building.	The information was provided to the Committee under reference 11/1/2/2, dated 9 December 2014.

8. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS

REPORT OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS ON THE 2013/14 ANNUAL REPORT DATED 26 NOVEMBER 2014

"The Committee noted the Auditor-General's audit opinion regarding the Entity's Annual Financial Statements for the 2013/14 financial year, having obtained a clean audit opinion and that this remained unchanged from the 2012/13 financial year.

The Entity explained to the Committee that it is a trading entity of the Western Cape Department of Transport and Public Works. GMT focuses on the leasing and maintenance of vehicles to provincial departments and related state institutions at a fee approved by Treasury. The Entity further explained that its services are similar to a car hiring entity, with the only exception that the target market is the state institutions. The tariffs (daily and kilometre) cover the replacement and the maintenance of the fleet.

As disclosed on page 12 of the annual report, the Western Cape Government Motor Transport Trading Entity spent R385,9 million of an operating budget of R422,1 million, resulting in an overall under-expenditure of R36,2 million (8,6 % under-spent).

As disclosed on page 9 of the annual report, the entity's revenue budget of R553,5 million was exceeded by R25,6 million. An amount of R579,1 million was collected during the 2013-14 financial year of which R531,1 million was from daily and kilometre tariffs.

The Committee noted the Entity's commitment of achieving a clean audit in 2015 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 reality was noted by the Committee in the respective departments purchased vehicles through GMT, however, they were still required to pay daily tariff charges for the usage of these purchased vehicles."

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

Table 8.1: Views and Resolutions of the Committee

6.4 Government Motor Transport				
Background/Concern	Recommendation	Responsible Official(s)	Response	Resolved (Yes / No)
<p>Pages: 6 and 7 of the Annual Report</p> <p>Heading: "REPORT BY THE ACCOUNTING OFFICER"</p> <p>Description: The Committee notes that functions on the Entity's fleet finance, fleet logistics and fleet operations.</p>	<p>The Committee agreed that:</p> <p>The Entity should brief the Committee on its overall function/mandate.</p>	<p>Briefing to be scheduled by the Public Accounts Committee.</p>	<p>Government Motor Transport was informed under reference 4/6/4/1 dated 20 Jan 2015.</p> <p>A briefing on the overall function/mandate was done to the PAC on 10 June 2015.</p>	<p>Yes</p>

Background/Concern	Recommendation	Responsible Official(s)	Response	Resolved (Yes / No)
Page: 232 Paragraph 4 "General Findings" of the Public Accounts Committee report	GMT to brief the Committee on all established agreements with departments which necessitated the purchasing and utilisation of government vehicles.	Briefing to be scheduled by the Public Accounts Committee.	The recommendation of the Committee is noted and the Entity is awaiting the briefing session to be scheduled by the PAC. Furthermore, Government Motor Transport was informed under reference 4/6/4/1 dated 20 Jan 2015.	No
Page: 232 Paragraph 4 "General Findings" of the Public Accounts Committee report	The Committee further requests that all departments and entities publishes the PAC table of resolutions, including the list of information requested in its Annual Report, Part C, for the 2014/15 financial year.	Noted - Ongoing.	Finance Instruction 8 of 2014 was issued in this regard and the Entity was reminded thereof under reference 4/6/4/1 dated 20 Jan 2015.	Yes

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

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

10. FINANCIAL GOVERNANCE DIRECTORATE

The Department has a Financial Governance Directorate whose purpose is to ensure sound financial governance practices. During the course of the financial year under review, the directorate has mainly been involved in verifying adherence to approved delegations compliance testing on expenditure vouchers, detecting and preventing irregular, fruitless and wasteful expenditure, predetermined financial inspection as indicated on the operational plan, ad hoc investigation and to provide effective and efficient fraud and loss control management services.

Table 10.1: Financial Governance work performed

Issues	Work performed
Financial delegations	Revised Financial delegations were issued, effective from April 2014
SCM	Revised SCM delegations were issued, effective from April 2014
The development, review, and amendment of standard operating procedures and policies to enhance financial governance	<ul style="list-style-type: none"> Travel and Subsistence Finance Instruction 14 of 2009: <ul style="list-style-type: none"> (Supplementary 1 of 2014) effective 1 April 2014 (Supplementary 2 of 2014) issued on 17 June 2014 (Supplementary 3 of 2014) issued on 24 November 2014 Catering expenditure: <ul style="list-style-type: none"> Finance Instruction 4 of 2014 effective 1 April 2014 (Supplementary 1 of 2014) issued on 17 April 2014 (Supplementary 2 of 2014) issued on 17 June 2014 (Supplementary 3 of 2014) issued on 16 September 2014 Entertainment expenditure Finance Instruction 3 of 2014 effective 1 April 2014 Submissions to higher authorities Finance Instruction 16 of 2013: <ul style="list-style-type: none"> (Supplementary 1 of 2014) issued on 4 March 2014 Audit process Finance Instruction 2 of 2007: <ul style="list-style-type: none"> (Supplementary 2 of 2014) issued on 15 December 2014 (Supplementary 1 of 2015) issued on 16 January 2015

Issues	Work performed
	<ul style="list-style-type: none"> Irregular Fruitless and Wasteful expenditure Finance Instruction 2 of 2010 (Supplementary 1 2014) (Draft) Management and Treatment of Internal Audit reports (Draft) Policy on acceptance of gifts (Draft) Policy on granting of gifts (Draft) Payroll Control (Draft) Loss Control Management and reporting (Draft) Safes and strong rooms (Draft) Retention of information (Draft) Fraud Awareness Training Finance Instruction 15 of 2013 - (Supplementary 1 of 2014) issued on 3 November 2014
Forensic Investigation reports	The administration of these findings are included and monitored with the report as reflected in the DTPW Annual Report.
External audit process	To ensure continuity with the prior year audit outcome, essential preparation work was performed prior to the commencement of the new audit cycle in December 2014.
Internal audit process.	2 reports were received and the implementations of the recommendations are managed through the Departmental Corporate Governance Improvement Plan (DCGIP).
Retention of financial information	During 2014/15 supporting documentation to expenditure was verified against the monthly document control reports to ensure completeness and safeguarding of the information.
Payrolls control	Distribution, monitoring, verification of payrolls and safeguarding occurred monthly.
Reporting	<p><u>Reporting done under the administration of DTPW</u></p> <ul style="list-style-type: none"> SCOPA resolutions - Annually Financial Misconduct (PSC) - Annually Corruption and Fraud (DPSA) - Quarterly DCGIP - Monthly Audit Committee - Quarterly Top Management - Monthly ERMCO - Quarterly PFS recommendations - Quarterly <p><u>Reporting done under the administration of GMT</u></p> <ul style="list-style-type: none"> In-Year Monitoring (IYM) - Monthly
DCGIP	The DCGIP is updated with findings from the AGSA Management report, Internal Audit reports, Provincial Treasury GAP analysis and SCOPA resolutions. The projects are monitored monthly to ensure that the recommendations are implemented.
Financial Manual on the Electronic Content Management system	Maintenance of the system and loading of governance documents.
Financial Inspections	Compliance inspections are performed monthly.
Cases relating to claims against the state and damages to government motor vehicles and losses	Claims against the state received and Accidents and losses cases registered
Irregular, fruitless and wasteful case files.	<p>Opening balance 1 April 2014 (None)</p> <p>New cases registered (2)</p> <p>Total cases investigated (2)</p> <p>Closed cases (2)</p> <p>Balance (0)</p>

11. CHIEF DIRECTORATE SUPPLY CHAIN MANAGEMENT: DIRECTORATE GOVERNANCE AND DEMAND MANAGEMENT

The Governance and Demand Management Directorate's purpose is to render a service with regards to planning, compliance, performance management, capacity building and demand management. During the course of the financial year under review, the directorate has mainly been involved in the implementation of the Accounting Officer's Supply Chain Management System which makes provision for the Institutionalisation of the System, Demand-, Acquisition-, Contract-, Logistics-, Asset-, Disposal-, Risk and Performance Management, as well as Infrastructure Delivery and Construction Procurement.

Table 11.1: SCM work performed

Issues	Work performed
Supply Chain Management	<ul style="list-style-type: none"> Revised Supply Chain Management Accounting Officers System was implemented during the year under review. Revised Supply Chain Management delegations were implemented during the year under review.
The development, review, and amendment of standard operating procedures and policies to enhance supply chain management	<ul style="list-style-type: none"> SCM Instruction 1 of 2014/15 - Departmental Supply Chain Management system (AOS) SCM Instruction 2 of 2014/15 - Disclosure of Financial Interest for SCM Practitioners. SCM Instruction 4 of 2014/15 - Issuing of Transaction checklist for purchases between R10 001.00 – R500 000.00 SCM circular 1 of 2014/15- Request for nominations to attend a workshop in respect of Public Sector Governance, Audit and risk Management. Logistics and Asset Management Policy amended for Modified Cash Standard (Draft) Policy and Procedure on Subsidised Vehicles (Draft) Managing Government Motor Vehicles in the Department (Draft) Managing and monitoring electronic purchasing through quotations (Draft) Managing Consultants (Draft) Procedure for call-offs from Framework agreements (Draft) Fraud Prevention Strategy for SCM (Draft) Fraud Prevention Plan for SCM (Draft) Performance Framework for the SCM system (Draft) Risk Management Framework, Risk Register and Standard Operating Procedure for SCM and Movable Asset Management (Draft) Internal Control Framework for SCM (Draft)
Capacity and skills programme implemented	<p>Attended</p> <ul style="list-style-type: none"> ICT training (April, May, September 2014) Fleetman – Client Module Training (April 2014) Asset Classification, Recognition and Measurement (May, June, November 2014) Conduct Initial Assessment for Strategic Sourcing (May 2014) Progressive Discipline Training (June, July 2014) Introduction to LOGIS (June 2014) Requesting and Procuring of Goods and Services – Module 1 (June 2014) Importance, Identification & Processing of Legal Documents (June 2014) Strategic Sourcing (June 2014)

Issues	Work performed
	<ul style="list-style-type: none"> • Advance Strategic Sourcing (July 2014) • Asset Management for Asset Clerks (July 2014) • Women in Management (August, September 2014) • Warehouse management for Clerks (August 2014) • Managing Absence in the Workplace (September, October, November 2014) • Assessor Training (October 2014) • Policy Analysis, Development & Implementation Programme (November, December 2014) • 2nd Phase New Engineering Contracts (January, March 2015) <p>Procurement & Inbound Supply Chain Summit – Western Cape (March 2015)</p> <p>Conducted</p> <ul style="list-style-type: none"> • Operational Training for Transport Officers (April 2014) • SCM Procurement Processes for Traffic Officials (May 2014) <p>Facilitated</p> <ul style="list-style-type: none"> • UNISA Exam Workshop (April, September 2014) • PAIA, PAJA, Case Law Studies (June 2014) • Public Sector Governance, Audit & Risk Management (July, August, September 2014) • Advance PAIA & PAJA (September, October, November 2014, January 2015)
Internal stakeholders	<ul style="list-style-type: none"> • Weekly engagements with the line-function on the implementation of the Accounting Officer's Supply Chain Management System • Weekly engagements with the line-function regarding Supply Chain Management Programme Delivery • Assisted in the development of Chapter 16C of the Provincial Treasury Instructions and the Supply Chain Management System in relation to Land and Buildings • Bi-weekly engagements with the Centre for E-Innovation on the visualisation of the Supply Chain Management System
Reporting	<ul style="list-style-type: none"> • Procurement Statistics <ul style="list-style-type: none"> - Head of Department Monthly - Chief Financial Officer Monthly - Provincial Treasury Monthly - National Treasury (through the CRA system) Monthly - Auditor-General Monthly • Awarded contracts <ul style="list-style-type: none"> - CIDB register of contracts (I-Tender) Monthly • Departmental Corporate Governance Improvement Plan Monthly • Top Management Monthly • Infrastructure Delivery Management Committee Monthly • SCOPA As required • Audit committee As required • Portfolio committee As required

Issues	Work performed
Procurement through bidding processes	<p>Formal bids: 410 (Number of contracts) R3 093 309 997 (Value of contracts) In the main focussed on construction procurement.</p> <p>Informal bids: 1 702 (Number of contracts) R47 056 335 (Value of contracts)</p>
Supply Chain Management Compliance Inspections	<p>Compliance inspections with the aim of improving compliance and assisting with the implementation of the Supply Chain Management Accounting Officer's System and its accompanying delegations: (2)</p> <ul style="list-style-type: none"> Formal assessment with defined methodology. Plan Engage Prepare Assess Report Monitoring and evaluation Identify weakness. Mutual agreement to address weaknesses Continuous one-on-one guidance Asset Verification
Supply Chain Management Complaints Mechanism	Investigate complaints and report all instances where the possibility of fraud, corruption, bid-rigging is evident (15 incidents investigated)
Bidder and Staff Verification	<ul style="list-style-type: none"> Monthly PERSAL dump (comparison of WCG employees and Western Cape Supplier Database- WCSD) obtained from Provincial Treasury- To identify and verify the employees of WCG doing business with the WCG. SCM Instruction 5 of 2013/14- Bidder and staff verification SOP which facilitates the profiling of potential and current service providers as well as SCM practitioners in relation to private interest and the potential of conflict of interest between private interest and their obligation by virtue of public office. WCBD4 - combined SBD 4, 8 and 9 - Declaration of interest, bidders past SCM practices and independent bid determination. Declaration of Interest by SCM practitioners. NIA vetting clearance of all SCM practitioners Declaration of interest of bid committee members
Compulsory registration on the Western Cape Supplier Database (WCSD) – central depository of all governance documents for the Western Cape Government	<ul style="list-style-type: none"> Continuous facilitation of registering suppliers on the WCSD by presenting at the EPWP Contractor Information Session (CIS), mini workshops with suppliers, scrutinising registration documents for completeness and following-up on the status of submitted registration documents. Monitoring the WCSD to ensure that suppliers are still active. Attendance at bi-weekly meetings to identify and rectify potential challenges experienced with the registration process and its impact on service delivery. Checklists that informs and enforces compliance to compulsory registration.
Departmental Corporate Governance Improvement Plan	<ul style="list-style-type: none"> The findings emanating from the AGSA Management report, Internal Audit reports, Provincial Treasury GAP analysis and SCOPA resolutions in respect of SCM is monitored in terms of implementing the recommended corrective measures

12. 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 Department. It assists the Department 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 improving the governance processes in achieving the department's objectives;
- Evaluate the adequacy and effectiveness and contribute to the improvement of the risk management process; and
- 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.

The following assurance engagements were approved in the 2014/15 Internal Audit Plan:

- Interim Financial Statements;
- GOFIN and FleetMan systems;
- Transfer of Traffic Management function;
- In Year Monitoring;
- Provincial Public transport Registration;
- Infrastructure Payment Process;
- Utilisation of Leased Accommodation;
- Traffic Violations; and
- Transfer payments.

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

- Internal Audit function;
- External Audit function (AGSA);
- Departmental Accounting and reporting;
- Departmental Accounting Policies;
- Review of AGSA management and audit report;
- Review of Departmental In year Monitoring;
- Departmental Risk Management;
- Internal Control;
- Pre-determined objectives; and
- Ethics and Forensic Investigations.

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

Table 12: 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	B.Com, MBA, CIA, CRMA, CGAP	External	N/A	01 January 2010	N/A	8
Mr Wessels Pieters	M.Com (ACC) (Pret), CA(SA) (Retired)	External	N/A	01 January 2010	N/A	8
Mr Christiaan Snyman	B.Com Accounting; B.Com Accounting Honours; CA (SA); SAICA Registered Assessor	External	N/A	01 January 2013	30 September 2014	6
Mr Francois Barnard	M.Com (Tax); CA (SA); Postgrad Diploma in Auditing; CTA; B.Compt (Honours); BProc	External	N/A	01 January 2013	N/A	4
Mr Sedick Steenkamp	Higher Diploma Accounting; CA (SA)	External	NA	01 January 2013	NA	7
Mr Johannes Kleyn	Finance and Business Systems, Risk Management and Compliance.	External	N/A	01 January 2015	N/A	1

13. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2015.

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 Treasury Regulations 3.1. The Audit Committee also reports that it has adopted an appropriate formal Terms of Reference, has regulated its affairs in compliance with these Terms and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

In line with the PFMA, 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:

- GOFIN and Fleetman (IT General Control Review); and
- Traffic Violations.

The areas for improvements, as noted by Internal Audit during the performance of their work, were agreed to by management. The Audit Committee continues to monitor the implementation of the agreed actions on an ongoing basis.

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 in terms of the Treasury Regulations and the Division of Revenue Act.

Evaluation of Financial Statements

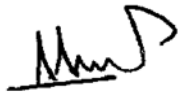
The Audit Committee has:

- Reviewed and discussed the Audited Annual Financial Statements to be included in the Annual Report, with the Auditor-General South Africa (AGSA) and the Accounting Officer;
- Reviewed the AGSA's Management Report and Management's responses thereto;
- Reviewed changes to accounting policies and practices as reported in the Annual Financial Statements;
- Reviewed 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 GMT; and
- Reviewed, and where appropriate, recommended changes to the interim financial statements as presented by GMT for the six months ending 30 September 2014.

Report of the Auditor-General South Africa

We have on a quarterly basis reviewed 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 AGSA's opinion regarding the Annual Financial Statements, and proposes that these Audited Annual Financial Statements be accepted and read together with their report.



Mr Ameen Amod
Chairperson of the Audit Committee
Government Motor Transport
14 August 2015

NOTES:

PART D: HUMAN RESOURCE MANAGEMENT

1. LEGISLATION THAT GOVERNS HR MANAGEMENT

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

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:

- **Occupational Health and Safety Act, 1993 (Act No. 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.

- **Public Service Act, 1994 (Act No. 00 of 1994), as amended by Act, 2007 (Act No. 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.

- **Labour Relations Act, 1995 (Act No. 66 of 1995)**

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

- **Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)**

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

- **Skills Development Act, 1998 (Act No. 97 of 1998)**

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

- **Employment Equity Act, 1998 (Act No. 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.

- **Public Finance Management Act, 1999 (Act No. 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.

- **Skills Development Levy Act, 1999 (Act No. 9 of 1999)**

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

- **Promotion of Access to Information Act, 2000 (Act No. 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), 2000 (Act No. 3 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.

- **Public Administration and Management Act, 2014 (Act No. 11 of 2014)**

To give effect to the public administration values and principles as contemplated in section 195(1) of the constitution, provide for secondments in the public service, promote high standards of ethics and professionalism, promote the use of information and communication technologies, promote efficient service delivery, promote the eradication and prevention of unethical practices and provide for setting minimum norms and standards in public administration.

2. INTRODUCTION

The Value of People in 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 2015. The HR Plan was reviewed and adjusted as at 1 June 2014, to reflect the transfer of the Traffic Management component from the Department of Community Safety with effect from 1 April 2014. The Action Plan was amended accordingly to ensure that the human resource strategic objectives were still valid and that it addressed the HR priorities in the Department. The annual progress report will monitor the implementation of the key activities contained within the HR Plan and be

submitted to DPSA as directed. The current HR Plan has expired as at 31 March 2015 and new one is in the final stages of being developed.

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:

Table 2.1: HR priorities

NR	HR PRIORITY	IMPACT
1	Organisational Structure	OD investigations and assessments on various structures Microstructure finalised in draft. Will be submitted for approval as part of the Department's organisational review, which is currently in the process of being finalized
2	Training and Development	A pool of competent employees available to be considered for the filling of vacant positions
3	Recruitment and Selection	Improved Recruitment and Selection processes that contribute towards establishing the Department as an employer of choice
4	Culture and Ethics	Shared responsibility for the alignment aligned with specific needs of the WCG (e.g. Vision, mission and value set)
5	Employment Equity/ Diversity Management	Ensure a conducive working environment whereby all designated groups are fully represented in the workforce and who are reasonably accommodated to optimally perform their functions

2.2 Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce.

Without human resources (people), the Department cannot deliver an optimum service and without an adequate budget, they cannot recruit, develop and retain people needed to deliver optimum services.

The challenges facing the Department have been identified. These challenges have been addressed by identifying key activities which have been incorporated into the action plan.

The following are some of the main key activities as set out in the action plan:

Table 2.2: Key activities

Priority	Key Activities
1	<ul style="list-style-type: none"> OD investigations and assessments on various structures
2	<ul style="list-style-type: none"> Registration of Engineering Professionals: Training interventions that align with the ability of Engineering Professionals to register with the applicable professional board to ensure accredited professional Develop and present mentorship and coaching training programme Align the Workplace Skills Plan (WSP) with the training needs as identified in the Performance Agreements Maintain and Increase Apprenticeship Programme within the Department Masakh'iSizwe Programme: Formalise and approve mentorship programme for graduates (Masakh iSizwe). Link Engineering related candidates/bursary holders with contractors as part of their contractual agreement

Priority	Key Activities
3	<ul style="list-style-type: none"> • Reduce vacancy rate to 10% DPSA target • Reduce time to fill posts to no longer than 6 months as per DPSA target • Implement and improve e-recruitment system to source talent • Reduce the number of contract employees to less than 5% of the workforce
4	<ul style="list-style-type: none"> • Interventions to align organizational and personal values to create highly engaged employees • Manage absenteeism through monitoring of practices, trends and misuse of leave
5	<ul style="list-style-type: none"> • Adherence to set EE goals and targets as per EE Plan • Achieve national target of 50% as a minimum for women in SMS • Meet and maintain the national target of 2% as a minimum for PwD's and to implement measures to reasonably accommodate their needs

It is expected that the Departmental management and the Corporate Service Centre take joint responsibility for the execution of the action plans, as well as ownership for delivering the necessary outcomes.

a. 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.

b. 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, ongoing 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.

Programme	Programme Designation
GMT	Government Motor Transport (GMT)

Table 3.1.1: Personnel expenditure by programme, 2014/15

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
GMT	384 754	29 369	864	354 521	7.6	195 793	150
Total	384 754	29 369	864	354 521	7.6	195 793	150

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, 2014/15

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)	745	2.6	34	22
Skilled (Levels 3-5)	12 786	43.9	156	82
Highly skilled production (Levels 6-8)	11 174	38.5	287	39
Highly skilled supervision (Levels 9-12)	3 417	11.7	570	6
Senior management (Levels 13-16)	971	3.3	971	1
Total	29 093	100.0	194	150

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, 2014/15

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
Programme 7	20 397	70.1	611	2.1	874	3.0	1 495	5.1
Total	20 397	70.1	611	2.1	874	3.0	1 495	5.1

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 80.4% of the total personnel expenditure.

The totals in Tables 3.1.3 and 3.1.4 balance. The data may, however, reflect differently as a result of the grouping per programme or salary band and the rounding off to thousands.

Table 3.1.4: Salaries, Overtime, Housing Allowance and Medical Assistance by salary bands, 2014/15

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)	594	2.0	29	0.1	22	0.1	35	0.1
Skilled (Levels 3-5)	8 590	29.5	420	1.4	524	1.8	927	3.2
Highly skilled production (Levels 6-8)	8 180	28.1	85	0.3	313	1.1	464	1.6
Highly skilled supervision (Levels 9-12)	2 377	8.2	76	0.3	11	0.0	50	0.2
Senior management (Levels 13-16)	656	2.3	0	0.0	4	0.0	19	0.1
Total	20 397	70.1	610	2.1	874	3.0	1 495	5.1

Note: The totals in Tables 3.1.3 & 3.1.4 balance. The data may, however, reflect differently as a result of the grouping per programme or salary band and the rounding off to thousands.

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 2015

Programme	Number of funded posts	Number of posts filled	Vacancy rate %
Programme 7	125	116	7.2%
Total	125	116	7.2%

Table 3.2.2: Employment and vacancies by salary bands, as at 31 March 2015

Salary Band	Number of funded posts	Number of posts filled	Vacancy rate %
Lower skilled (Levels 1-2)	17	15	11.8%
Skilled (Levels 3-5)	75	70	6.7%
Highly skilled production (Levels 6-8)	27	25	7.4%
Highly skilled supervision (Levels 9-12)	5	5	0.0%
Senior management (Levels 13-16)	1	1	0.0%
Total	125	116	7.2%

Note: The information in each case reflects the situation as at 31 March 2015. 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 2015

Critical Occupations	Number of funded posts	Number of posts filled	Vacancy rate %
None			

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 2014 to 31 March 2015

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)	17	12	9.6	0	0.0	0	0.0
Skilled (Levels 3-5)	75	35	28.0	3	2.4	0	0.0
Highly skilled production (Levels 6-8)	27	12	9.6	0	0.0	0	0.0
Highly skilled supervision (Levels 9-12)	5	5	4.0	0	0.0	0	0.0
Senior Management Service Band A (Level 13)	1	2	1.6	0	0.0	0	0.0
Total	125	67	53.6	3	2.4	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.

Table 3.3.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2014 to 31 March 2015

Beneficiaries	African	Indian	Coloured	White	Total
Female	1	0	2	0	3
Male	0	0	0	0	0
Total	1	0	2	0	3
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 2014 to 31 March 2015

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 2014 to 31 March 2015

Beneficiaries	African	Indian	Coloured	White	Total
None					

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 2014 to 31 March 2015

Salary Band	Number of employees as at 31 March 2014	Turnover rate 2013/14	Appoint-ments into the department	Transfers into the department	Termina-tions out of the depart-ment	Transfers out of the department	Turn-over rate 2014/15
Lower skilled (Levels 1-2)	16	0.0	2	0	2	0	12.5
Skilled (Levels 3-5)	76	27.0	7	0	14	0	18.4
Highly skilled production (Levels 6-8)	26	6.9	2	0	4	0	15.4
Highly skilled supervision (Levels 9-12)	6	0.0	0	0	1	0	16.7
Senior Management Service Band A (Level 13)	1	0.0	0	0	0	0	0.0
Total	125	17.9	11	0	21	0	16.8
<div> <div>125</div> <div>11</div> <div>21</div> </div>							

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 2014 -31 March 2015

Critical Occupation	Number of employees as at 31 March 2014	Turnover rate 2013/14	Appoint-ments into the department	Transfers into the department	Termina-tions out of the depart-ment	Transfers out of the department	Turn-over rate 2014/15
None							

Table 3.4.3: Staff leaving the employ of the department, 1 April 2014 to 31 March 2015

Exit Category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2015
Death	0	0.0	0.0
Resignation *	4	19.0	3.2
Expiry of contract	14	66.7	11.2
Dismissal – operational changes	0	0.0	0.0
Dismissal – misconduct	0	0.0	0.0
Dismissal – inefficiency	0	0.0	0.0
Discharged due to ill-health	0	0.0	0.0
Retirement	3	14.3	2.4
Employee initiated severance package	0	0.0	0.0
Transfers to Statutory	0	0.0	0.0
Transfers to other Public Service departments	0	0.0	0.0
Total	21	100.0	16.8

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 2014 to 31 March 2015

Resignation Reasons	Number	% of total resignations
Better Remuneration	2	50.0
Other Occupation	1	25.0
Resigning of Position	1	25.0
Total	4	100

Table 3.4.5: Different age groups of staff who resigned, 1 April 2014 to 31 March 2015

Age group	Number	% of total resignations
Ages <19	0	0.0
Ages 20 to 24	0	0.0
Ages 25 to 29	2	50.0
Ages 30 to 34	1	25.0
Ages 35 to 39	0	0.0
Ages 40 to 44	1	25.0
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	4	100.0

Table 3.4.6 Employee initiated severance packages

Total number of employee initiated severance packages in 2013/ 2014	None
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Table 3.4.7: Promotions by salary band, 1 April 2014 to 31 March 2015

Salary Band	Employees as at 31 March 2014	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)	16	0	0.0	3	18.8
Skilled (Levels 3-5)	76	1	1.3	40	52.6
Highly skilled production (Levels 6-8)	26	0	0.0	28	107.7
Highly skilled supervision (Levels 9-12)	6	0	0.0	9	150.0
Senior management (Levels 13-16)	1	0	0.0	1	100.0
Total	125	1	0.8	81	64.8

Table 3.4.8: Promotions by critical occupation, 1 April 2014 to 31 March 2015

Critical Occupation	Employees as at 31 March 2014	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					

3.5. EMPLOYMENT EQUITY

Table 3.5.1: Total number of employees (including employees with disabilities) in each of the following occupational levels, as at 31 March 2015

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	2	0	1	0	0	0	2	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	1	9	0	19	0	5	0	3	0	0	37
Semi-skilled and discretionary decision making (Levels 3-5)	7	27	0	2	6	26	0	1	0	0	69
Unskilled and defined decision making (Levels 1-2)	1	1	0	1	1	0	0	0	0	0	4
Total	9	39	0	24	7	31	0	6	0	0	116
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	9	39	0	24	7	31	0	6	0	0	116

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 2015

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

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

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

Table 3.5.3: Recruitment, 1 April 2014 to 31 March 2015

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	0	0	2	0	0	0	0	0	0	2
Semi-skilled and discretionary decision making (Levels 3-5)	1	4	0	0	0	1	0	1	0	0	7
Unskilled and defined decision making (Levels 1-2)	1	1	0	0	0	0	0	0	0	0	2

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Total	2	5	0	2	0	1	0	1	0	0	11
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	2	5	0	2	0	1	0	1	0	0	11

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 2014 to 31 March 2015

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	0	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making (Levels 3-5)	0	1	0	0	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	1	0	0	0	0	0	0	0	0	1
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	1	0	0	0	0	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 2014 to 31 March 2015

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	0	0	0	0	0	0	0	0	0	0	0
Senior management (Levels 13-14)	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	0	0	1	0	0	0	0	0	0	1

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	0	0	4	0	0	0	0	0	0	4
Semi-skilled and discretionary decision making (Levels 3-5)	1	6	0	0	1	6	0	0	0	0	14
Unskilled and defined decision making (Levels 1-2)	1	1	0	0	0	0	0	0	0	0	2
Total	2	7	0	5	1	6	0	0	0	0	21
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	2	7	0	5	1	6	0	0	0	0	21

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 2014 to 31 March 2015

Disciplinary actions	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Suspension without a salary coupled with a FWW	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 2014 to 31 March 2015

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

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Semi-skilled and discretionary decision making (Levels 3-5)	0	0	0	0	0	1	0	0	1
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	1	0	0	1
Temporary employees	0	0	0	0	0	0	0	0	0
Grand total	0	0	0	0	0	1	0	0	1

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

Note: The above table refers to the total number of personnel (including all categories of interns) 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 2014

SMS Level	Number of funded SMS posts per level	Number of SMS members per level	Number of signed Performance Agreements per level	Signed Performance Agreements as % of SMS members per level
Salary Level 13	1	1	1	100
Total	1	1	1	100

Note: The allocation of performance-related rewards (cash bonus) for Senior Management Service members is dealt with later in the report. Please refer to Table 3.8.5.

Table 3.6.2: Reasons for not having concluded Performance Agreements with all SMS on 31 May 2014

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 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
Salary Level 13	1	1	100	0	0
Total	1	1	100	0	0

Table 3.7.2: SMS posts information, as at 31 March 2015

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

Table 3.7.3: Advertising and Filling of SMS posts, as at 31 March 2015

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

3.8. EMPLOYEE PERFORMANCE

Table 3.8.1: Notch progressions by salary band, 1 April 2014 to 31 March 2015

Salary Band	Employees as at 31 March 2014	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	16	3	18.8
Skilled (Levels 3-5)	76	40	52.6
Highly skilled production (Levels 6-8)	26	28	107.7
Highly skilled supervision (Levels 9-12)	6	9	150.0
Senior management (Levels 13-16)	1	1	100.0
Total	125	81	64.8

Table 3.8.2: Notch progressions by critical occupation, 1 April 2014 to 31 March 2015

Critical Occupations	Employees as at 31 March 2014	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
			None

To encourage good performance, the Department has granted the following performance rewards allocated to personnel for the performance period 2013/14, but paid in 2014/15.

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 2014 to 31 March 2015

Race Gender and	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2014	% of total within group	Cost (R'000)	Average cost per beneficiary (R)
African	1	17	5.9	4	4 315
Male	1	9	11.1	4	4 315
Female	0	8	0.0	0	0
Coloured	21	76	27.6	185	8 809
Male	9	40	22.5	96	10 721
Female	12	36	33.3	89	7 375
Indian	0	0	0.0	0	0
Male	0	0	0.0	0	0
Female	0	0	0.0	0	0
White	11	29	37.9	193	17 617
Male	8	24	33.3	137	17 171
Female	3	5	60.0	56	18 809
Employees with a disability	1	3	33.3	35	34 755
Total	34	125	27.2	417	12 290

Note: The above table relates to performance rewards for the performance year 2013/14 and payment effected in the 2014/15 reporting period.

Table 3.8.4: Performance rewards by salary bands for personnel below Senior Management Service level, 1 April 2014 to 31 March 2015

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2014	% 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	16	0.0	0	0	0.0
Skilled (Levels 3-5)	20	76	26.3	124	6 220	0.4
Highly skilled production (Levels 6-8)	7	26	26.9	71	10 207	0.3
Highly skilled supervision (Levels 9-12)	6	6	100.0	187	31 208	0.7
Total	33	124	26.6	382	11 609	1.4

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

Table 3.8.5: Performance rewards (cash bonus), by salary band, for Senior Management Service level, 01 April 2014 to 31 March 2015

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2014	% 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	35	34 755	3.6
Total	1	1	100.0	35	34 755	3.6

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 2014 to 31 March 2015

Critical Occupation	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2014	% 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 GMT 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 2014 to 31 March 2015

Salary Band	1 April 2014		31 March 2015		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Note: The table above excludes non-citizens with permanent residence in the RSA.

Table 3.9.2: Foreign Workers by major occupation, 1 April 2014 to 31 March 2015

Major Occupation	1 April 2014		31 March 2015		Change	
	Number	% of total	Number	% of total	Number	% change
None						

Note: The table above excludes non-citizens with permanent residence in the RSA.

3.10. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014

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 2014 to 31 December 2014

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	Total number of employees	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	18	94.4	4	4	100.0	5	6
Skilled (Levels 3-5)	691	79.7	76	82	92.7	9	325
Highly skilled production (Levels 6-8)	242	76.0	32	39	82.1	8	194
Highly skilled supervision (Levels 9-12)	13	76.9	4	6	66.7	3	21
Senior management (Levels 13-16)	8	100.0	1	1	100.0	8	20
Total	972	79.2	117	132	88.6	8	566

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 2014 to 31 December 2014

Salary Band	Total days	% days with medical certification	Number of Employees using incapacity leave	Total number of employees	% of total employees using incapacity leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0.0	0	4	0.0	0	0
Skilled (Levels 3-5)	12	100.0	3	82	3.7	4	6
Highly skilled production (Levels 6-8)	99	100.0	4	39	10.3	25	72
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	111	100.0	7	132	5.3	16	78

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 2014 to 31 December 2014

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)	1768	80	22
Highly skilled production (Levels 6-8)	1037	38	27
Highly skilled supervision (Levels 9-12)	179	6	30
Senior management (Levels 13-16)	35	1	35
Total	3095	130	24

Table 3.10.4: Capped leave, 1 January 2014 to 31 December 2014

Salary Band	Total capped leave available as at 31 Dec 2013	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 2014	Total capped leave available as at 31 Dec 2014
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	820	5	2	3	20	813.96
Highly skilled production (Levels 6-8)	1 100	9	2	5	26	971.77
Highly skilled supervision (Levels 9-12)	169	0	0	0	5	168.92
Senior management (Levels 13-16)	100	0	0	0	1	99
Total	2 189	14	4	4	52	2 054

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 2014 to 31 March 2015

Reason	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave pay-outs for 2014/15 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2014/15	0	0	0
Current leave pay-outs on termination of service 2014/15	0	0	0
Total	0	0	0

3.11. HIV AND AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.11.1: Steps taken to reduce the risk of occupational exposure, 1 April 2014 to 31 March 2015

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
The nature of the Department's work does not expose employees to increased risk of contracting HIV/AIDS. Despite the very low occupational risk, all employees have been targeted at all levels within the Department.	<p>HIV/AIDS Counselling and Testing [HCT] and Wellness screenings sessions were conducted in general. The outsourced Health and Wellness contract (Employee Health and Wellness Programme [EHWP]) provides employees and their immediate family members [it means the spouse or partner of an employee or children living with an employee] are provided with a range of services. These services include the following:</p> <ul style="list-style-type: none"> ▪ 24/7/365 Telephone counselling; ▪ Face to face counselling (6 + 2 session model); ▪ Trauma and critical incident 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 2014 to 31 March 2015

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, Director: Organisational Behaviour, (Department of the Premier).
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	√		<p>The Corporate Services Centre (CSC) within the Department of the Premier provides a transversal service to eleven (11) participating departments. Support is also provided to the trading entity, Government Motor Transport (GMT), under the auspices of the Department of Transport and Public Works.</p> <p>A designated Employee Health and Wellness unit within the Directorate Organisational Behaviour and the Chief Directorate Organisation Development serves to promote the health and wellbeing of employees in the eleven (11) departments.</p> <p>The unit consists of a Deputy Director, two (2) Assistant Directors, and four (4) team members.</p> <p>Budget : R2 m</p>

Question	Yes	No	Details, if yes
3. Has the department introduced an Employee Assistance or Health Promotion Programme for employees? If so, indicate the key elements/services of this Programme.	√		<p>The Department has entered into a service level agreement with ICAS [Service Provider] to render an Employee Health and Wellness Service to the eleven departments participating within the Corporate Services Centre [CSC].</p> <p>The Department conducted interventions namely, Employee Advocacy & Awareness, Managerial Referral, Financial Wellbeing, Diversity Management, Substance Abuse, Relationship Enrichment 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.</p> <p>The targeted interventions were aimed at improving employee engagement through awareness and educational interventions that promote healthy lifestyles and coping skills. This involves presentations to create awareness and encourage employees to have a pro-active approach to limit the impact of these problems in the workplace. The above-mentioned interventions were conducted for the targeted departments, managers and supervisors as well as executive coaching for SMS members.</p> <p>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.</p>
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	√		<p>A new Health and Wellness Steering Committee has been established with members nominated by each department.</p> <p>The Department of Transport and Public Works and GMT are represented by the following committee members:</p> <p>C Marx & Z De Monk</p>

Question	Yes	No	Details, if yes
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	√		<p>The Transversal Management Framework for Employee Health and Wellness Programmes in the Western Government is in effect and was adopted by the Co-ordinating Chamber of the PSCBC for the Western Cape Province on 10 August 2005. DPSA has developed several national policy documents in 2007/8 that govern Employee Health and Wellness [EHW] in the Public Service and that coordinate the programmes and services in a uniform manner.</p> <p>In this regard, all employment policies make provision for fair practices, regardless of the HIV status of staff or applicants.</p> <p>During the period under review, the Department of the Premier has developed a Transversal Employee Health and Wellness policy. The draft document is being consulted for ratification.</p> <p>Further to this, the Department of Health has currently approved the Transversal HIV and AIDS/STI Workplace Policy and Programme that will be applicable to all departments of the Western Government. The document is in line with the four pillars of the EHW Strategic Framework 2008.</p>
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	√		<p>The Department implemented 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.</p> <p>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:</p> <ul style="list-style-type: none"> Zero new HIV, STI and TB infections Zero deaths associated with HIV and TB Zero discrimination <p>Also, the department is conducting the HCT and Wellness screening sessions to ensure that every employee in the department is tested for HIV and screened for TB, at least annually.</p> <p>The aim was to:</p> <ul style="list-style-type: none"> Reduce HIV and TB discrimination in the workplace. This included campaigns against unfair discrimination and empowerment of employees. Reduce unfair discrimination in access to services. This included ensuring that Employee Relations Directorate addresses complaints or grievances and provides training to employees. <p>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.</p>

Question	Yes	No	Details, if yes
7. Does the department encourage its employees to undergo voluntary counselling and testing (VCT)? If so, list the results that you have achieved.	√		HCT SESSIONS: The following screening sessions were conducted: Blood pressure, Glucose, Cholesterol, TB, BMI [body mass index] and spot talks. The Department of Transport & Public Works (including GMT) participated in 12 HCT and Wellness screening sessions. 359 Employees were tested and counselled for HIV, Tuberculosis and Sexually Transmitted Infections (STI's). There was 1 clinical referral for TB, HIV or any other STIs and 1 for Blood Pressure.
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 2014 – 31 March 2015. 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 2014 to 31 March 2015

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

Table 3.12.2: Misconduct and disciplinary hearings finalised, 1 April 2014 to 31 March 2015

Outcomes of disciplinary hearings	Number	% of total
Suspension without pay coupled with a Final written warning	1	100
Total	1	100
Percentage of total employment		0.7

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

Table 3.12.3: Types of misconduct addressed at disciplinary hearings, 1 April 2014 to 31 March 2015

Type of misconduct	Number	% of total
Misuse of GG Vehicle	1	100
Total	1	100

Table 3.12.4: Grievances lodged, 1 April 2014 to 31 March 2015

Grievances lodged	Number	% of total
Number of grievances resolved	0	0
Number of grievances not resolved	0	0
Total number of grievances lodged	0	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 2014 to 31 March 2015

Disputes lodged with Councils	Number	% of total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Total number of disputes lodged	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 2014 to 31 March 2015

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 2014 to 31 March 2015

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 2014 to 31 March 2015

Occupational Categories	Gender	Number of employees as at 1 April 2014	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	0	0	0

Occupational Categories	Gender	Number of employees as at 1 April 2014	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Professionals	Female	2	0	0	0	0
	Male	4	0	0	0	0
Technicians and associate professionals	Female	23	0	25	0	25
	Male	30	0	33	0	33
Clerks	Female	26	0	13	0	13
	Male	19	0	9	0	9
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	11	0	11
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	8	0	9	0	9
Elementary occupations	Female	1	0	8	0	8
	Male	7	0	7	0	7
Sub Total	Female	52	0	46	0	46
	Male	82	0	69	0	69
Total		134	0	115	0	115
Employees with disabilities	Female	0	0	0	0	0
	Male	3	0	0	0	3

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 2014 to 31 March 2015

Occupational Categories	Gender	Number of employees as at 31 March 2015	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	2	0	0	0	0
	Male	3	0	0	0	0
Technicians and associate professionals	Female	4	0	0	0	0
	Male	21	0	0	0	0

Occupational Categories	Gender	Number of employees as at 31 March 2015	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Clerks	Female	37	0	1	0	1
	Male	31	0	0	0	0
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	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	1	0	0	0	0
	Male	14	0	0	0	0
Sub Total	Female	44	0	1	0	1
	Male	72	0	0	0	0
Total		116	0	1	0	1
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 (including all categories of interns) 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 2014 to 31 March 2015

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	50.0
Temporary disablement	1	50.0
Permanent disablement	0	0.0
Fatal	0	0.0
Total	2	100.0
Percentage of total employment		1.3

3.15. UTILISATION OF CONSULTANTS

Table 3.15.1: Utilisation of consultants/private contractors

APPOINTMENT OF CONSULTANTS FOR THE FINANCIAL YEAR 2014/2015									
PROGRAM	CONSULTING FIRM	PROJECT TITLE	NATURE OF THE PROJECT	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON THE PROJECT	(DURATION) WORKING DAYS	CONTRACT VALUE IN RANDS	TOTAL NUMBER OF PROJECTS	TOTAL INDIVIDUAL CONSULTANTS	BBBEE LEVEL
Government Motor Transport	Ducharme Consulting	Rendering of accounting services	Accounting Services	1	142	R 1 754 582	1	1	4
	R Wiggill	Rendering of accounting services	Accounting Services	1	80	R 382 320	1	1	4
	Quantum Leap Consulting	Rendering of Information Communication Services	Electronic systems implementation, development, configuration and maintenance services	49	11 681	R 32 286 577	62	49	2
		Total		51	11 903	R 34 423 479	64	51	

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 84 to 154, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget information with 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 Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with 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 2015 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 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of errors discovered during the 2014-15 financial year in the financial statements of the Government Motor Transport at, and for the year ended, 31 March 2014.

Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation and 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 2015:
- Objective 1: A fit for purpose vehicle fleet on page 32
 - Objective 2: An effectively utilised 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 identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:
- Objective 1: A fit for purpose vehicle fleet on page 32
 - Objective 2: An effectively utilised fleet on page 33

Additional matters

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

Achievement of planned targets

16. Refer to the annual performance report on pages 32 to 34 for information on the achievement of the planned targets for the year.

Unaudited supplementary information

17. The supplementary information set out on page 35 does not form part of the annual performance report and is presented as additional information. I have not audited this information and, accordingly, I do not report thereon.

Compliance with legislation

18. 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.

Internal control

19. 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

29 July 2015



Auditing to build public confidence

2. ANNUAL FINANCIAL STATEMENTS

GOVERNMENT MOTOR TRANSPORT STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Notes	2014/15 R'000	Restated 2013/14 R'000
EQUITY AND LIABILITIES			
Net Assets			
Accumulated Surplus		1 763 122	1 536 067
Total Net Assets		1 763 122	1 536 067
Non-current liabilities			
Employee Benefit Liability	1	888	753
Provisions	2	1 762	1 624
Total Non-current liabilities		2 650	2 377
Current liabilities			
Payables from Exchange Transactions	3	5 409	22 791
Payables from Non-exchange Transactions	4	3 568	4 115
Unspent Conditional Grants and Receipts	5	47 240	28 992
Provisions	6	557	491
Total current liabilities		56 773	56 389
Total liabilities		59 423	58 766
Total Net Assets and Liabilities		1 822 545	1 594 834
ASSETS			
Non-current Assets			
Property, Plant and Equipment	7	240 286	185 547
Intangible Assets	8	87 524	66 727
Heritage Assets	9	140	140
Finance Lease Receivables	10	622 588	615 560
Total Non-current assets		950 538	867 974
Current Assets			
Inventory	11	45	3
Receivables from Exchange Transactions	12	37 963	37 251
Receivables from Non-exchange Transactions	13	2 701	2 455
Cash and Cash Equivalents	14	739 874	611 191
Finance Lease Receivables	10	91 424	75 960
Total current assets		872 007	726 860
Total Assets		1 822 545	1 594 834

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	2014/15 R'000	Restated 2013/14 R'000
REVENUE			
Revenue from Exchange Transactions			
Revenue	15	545 497	531 081
Other Income	16	13 881	13 431
Interest Earned	17	32 962	24 425
Government Grants and Subsidies Received	18	19 469	7 911
Revenue from Non-exchange Transactions			
Other grants and subsidies received	18	-	2 299
Total Revenue		611 809	579 146
EXPENDITURE			
Administrative expenses	19	(19 767)	(18 046)
Employee costs	20	(29 369)	(27 349)
Operating expenditure	21	(300 703)	(304 517)
Depreciation	22	(12 222)	(12 017)
Amortisation	23	(7 381)	(6 574)
Finance costs	24	-	(2)
Accidents and impairment losses	25	(574)	(2 066)
Operating leases	32	(14 737)	(15 069)
Total Expenditure		(384 754)	(385 640)
SURPLUS FOR THE YEAR		227 055	193 507

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2015**

Description	Retained earnings	Total equity
	R'000	R'000
Balance at 31 March 2013	1 348 761	1 348 761
Correction of errors (refer to note 38.2)	(6 200)	(6 200)
Restated Balance at 31 March 2013	1 342 561	1 342 561
Changes in net assets for the year ended 31 March 2014	193 507	193 507
Surplus for the year ended 31 March 2014 - previously reported	193 246	193 246
Prior year corrections (refer to note 38.1)	261	261
Balance at 31 March 2014	1 536 067	1 536 067
Changes in net assets for the year ended 31 March 2015		
Surplus for the year ended 31 March 2015	227 055	227 055
Balance at 31 March 2015	1 763 122	1 763 122

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2014/15 R'000	2013/14 R'000
CASH FROM OPERATING ACTIVITIES			
Cash receipts from customers		558 667	550 805
Cash paid to suppliers and employees		(292 142)	(296 599)
Cash generated from operations	26	266 524	254 205
Interest earned		32 962	24 425
Finance cost		-	(2)
NET CASH FROM OPERATING ACTIVITIES		299 486	278 629
CASH FROM INVESTING ACTIVITIES			
Proceeds on disposal of Property, Plant and Equipment		16 009	15 879
Acquisition of Property, Plant and Equipment		(136 143)	(95 884)
Intangible Assets - development cost capitalised		(28 178)	(16 259)
Investment in finance lease receivables		(22 492)	(74 059)
NET CASH FROM INVESTING ACTIVITIES		(170 804)	(170 324)
CASH FROM FINANCING ACTIVITIES			
Finance lease repayments		-	(32)
NET CASH FROM FINANCING ACTIVITIES		-	(32)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		128 683	108 274
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR		611 191	502 917
CASH AND CASH EQUIVALENTS - END OF THE YEAR	27	739 874	611 191

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2015

31 March 2015

Description	Original Budget	Budget commitments from PY	Budget Adjustments	Final Adjustments Budget	Additional Budget	Shifting of funds	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	-	-	-	-	-	-	-	45	-	45	-	-
Receivables from Exchange Transactions	-	-	-	-	-	-	-	37 963	-	37 963	-	-
Receivables from Non-exchange Transactions	-	-	-	-	-	-	-	2 701	-	2 701	-	-
Cash and Cash Equivalents	-	-	-	-	-	-	-	739 874	-	739 874	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	91 424	-	91 424	-	-
Non-Current Assets												
Property, Plant and Equipment	226 127	118 886	-	345 013	37 479	91 289	473 781	240 286	-	(233 495)	51	106
Intangible Assets	26 680	5 845	-	32 525	-	3 621	36 146	87 524	-	51 378	242	328
Heritage Assets	-	-	-	-	-	-	-	140	-	140	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	622 588	-	622 588	-	-
Total Assets	252 807	124 731	-	377 538	37 479	94 910	509 927	1 822 544	-	1 312 618	357	721
Current Liabilities												
Payables from Exchange Transactions	-	-	-	-	-	-	-	5 409	-	5 409	-	-
Payables from Non-exchange Transactions	-	-	-	-	-	-	-	3 568	-	3 568	-	-
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	47 240	-	47 240	-	-
Provisions	-	-	-	-	-	-	-	557	-	557	-	-
Non-Current Liabilities												
Employee Benefit Liability	-	-	-	-	-	-	-	888	-	888	-	-
Provisions	-	-	-	-	-	-	-	1 762	-	1 762	-	-
Total Liabilities	-	-	-	-	-	-	-	59 422	-	59 422	-	-
Total Assets and Liabilities	252 807	124 731	-	377 538	37 479	94 910	509 927	1 763 122	-	1 253 196	357	721
Net Assets (Equity)												
Accumulated Surplus / (Deficit)	-	-	-	-	-	-	-	1 763 122	-	1 763 122	-	-
Total Net Assets	-	-	-	-	-	-	-	1 763 122	-	1 763 122	-	-

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2015

31 March 2015

Description	Original Budget	Budget commitments from PY	Budget Adjustments	Final Adjustments Budget	Additional Budget	Shifting of funds	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	754 828	-	-	754 828	-	(4 578)	750 250	545 497	-	(204 753)	73	72
Other Income	19 635	-	-	19 635	-	4 578	24 213	13 881	-	(10 332)	57	71
Interest Earned	24 188	-	-	24 188	-	-	24 188	32 962	-	8 774	136	136
Government Grants and Subsidies Received	28 637	-	-	28 637	-	-	28 637	19 469	-	(9 168)	68	68
Financing of capital budget	(89 806)	-	-	(89 806)	-	-	(89 806)	-	-	89 806	-	-
Total Revenue	737 482	-	-	737 482	-	-	737 482	611 809	-	(125 673)	83	83
Expenditure												
Administrative expenses	(26 558)	(124)	-	(26 682)	-	4 766	(21 916)	(19 767)	-	2 149	90	74
Employee costs	(34 838)	-	-	(34 838)	-	5 469	(29 369)	(29 369)	-	-	100	84
Operating expenditure	(305 788)	(280)	-	(306 068)	-	2 386	(303 682)	(300 703)	-	2 979	99	98
Depreciation	(68 235)	-	-	(68 235)	-	56 013	(12 222)	(12 222)	-	-	100	18
Amortisation	(6 026)	-	-	(6 026)	-	(1 355)	(7 381)	(7 381)	-	-	100	122
Accidents and impairment losses	(3 780)	-	-	(3 780)	-	3 206	(574)	(574)	-	-	100	15
Operating leases	(39 450)	-	-	(39 450)	-	24 425	(15 025)	(14 737)	-	288	98	37
Total Expenditure	(484 675)	(404)	-	(485 079)	-	94 910	(390 169)	(384 754)	-	5 415	99	79
Surplus/(Deficit) for the year	-	(404)	-	252 403	-	94 910	347 313	227 055	-	(120 258)	-	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2015

31 March 2015

Explanation of variances between the Original and Final budget

Reasons for movements between the Original and Final Budget on the various items disclosed in the Statement of Financial Performance are explained below:

STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

Revenue from Exchange Transactions

Revenue

Shifting of funds of R4,578k between the Original and Final Budget was made to accommodate accounting adjustments made to Other Income during the 2014/15 financial year. The reasons for the shifts are detailed under Other Income.

Other Income

Shifting of funds of R4,578k between the Original and Final Budget was made to accommodate accounting adjustments made to Other Income during the 2014/15 financial year. The accounting adjustments were made to Other Income for vehicles sold on auctions which were classified as Property, Plant and Equipment. 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 budget was set.

EXPENDITURE

Administrative expenses

Budget commitment increase of R124k between the Original and Final Adjusted budget was made as well as shifting of funds decrease of R4,766k from the Final Adjustments Budget to the Final Budget. The R124k relates to system maintenance costs which were ordered during the 2013/14 financial year and were not yet invoiced at the end of 31 March 2014. The shifting of funds of R4,766k was made due to the budget which was originally based on prior year actuals adjusted to MTEF increase as well as changes in the entity. The actual bank charges, advertisement costs, photocopier costs and catering expenditure increased with an a lower percentage than the increase in the MTEF guidelines.

Employee costs

Shifting of funds of R5,469k from the Final Adjustments Budget to the Final Budget were made as the actual expenditure incurred was lower due to GMT having a number of staff vacancies.

Operating expenditure

Budget commitments of R280k between the Original and Final Adjustments Budget was made as well as shifting of funds of R2,386k from Final Adjustments Budget and Final Budget. 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 lower than expected due to fuel price decreases and less kilometres travelled during 2014/15 than expected. There was also a decrease in audit costs, contractors and consultants compared to MTEF guideline increases.

Depreciation

Shifting of funds reductions of R56,013k from the Original Budget to the Final Budget was made due to the depreciation that was originally based on the total vehicle fleet which includes the vehicles classified as finance lease receivables and those classified as Property, Plant and Equipment. The actual depreciation reflected in GMT's Annual Financial Statements is only for the vehicles classified as Property, Plant and Equipment.

GOVERNMENT MOTOR TRANSPORT

**NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2015**

31 March 2015

Explanation of variances between the Original and Final budget (continued)

Amortisation

Shifting of funds of R1,355k from the Original Budget to the Final Budget was made to accommodate the amortisation increase during the year ended 31 March 2015. GMT is in the process of enhancing its Oracle EBS system for it to perform the repairs and maintenance function. The entity purchased application modules which have been activated in the production environment, thus the increase in the amortisation expense.

Accidents and Impairment losses

Shifting of funds of R3,206k from the Final Adjustments Budget to the Final Budget was made to reflect the reduction in Accidents and Impairment expenditure for the year ended on 31 March 2015. The budget was based on past figures and considering the number of registered cases at the time of the budget process. The value of the accidents and impairments decreased due to the type of claims and incidents which occurred resulting in lower financial outflow of resources than that which was expected.

Operating leases

Shifting of funds of R24,425k from the Final Adjustments Budget to the Final Budget is due to the actual expenditure reflects the agreements classified as operating leases after the straight-lining of the lease payments are made as required in GRAP 13. A new agreement was entered into during 2014/15 for the lease of tracking units on which the rates for certain of the units are lower than that on the previous agreement. The budget was prepared with the total actual expenditure incurred on the previous agreement as part of the input, hence the shifting of funds.

STATEMENT OF FINANCIAL POSITION

Non-current assets

Property, Plant and Equipment

Budget commitments increase of R118,886k from the Original to the Final Adjustments Budget was made as well as shifting of funds and other adjustments of R128,768k from Final Adjustments Budget and Final Budget. This was done due to planned vehicle purchases which were going to be purchased during the 2013/14 financial year but the actual expenditure only occurred during 2014/15. The entity also has the intention to renew the fleet which implies increased purchases during the reporting period.

Intangible Assets

A budget commitments increase of R5,845k from the Original to the Final Adjustments Budget was made as well as shifting of funds of R3,621k from Final Adjustments Budget to the Final Budget. The budget commitment of R5,845k relates to orders which were carried forward from 2013/14 to the 2014/15 financial year as the IT projects were still in process on 31 March 2014. The shifting of funds of R3,621k was done for enhancing its Oracle EBS system for the entity to perform the repairs and maintenance function and due to the purchase of software application modules.

Explanation of Variances between the Final Budget and the Actual expenditure

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:

STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

Revenue from Exchange Transactions

Revenue

The variance of R204,753k under budget between the Final Budget and the Actual is due to the budget totals which are prepared for the total daily tariffs charged to clients while the actual daily tariffs reflected in the financial statements are for the revenue generated from the entity's general hire fleet and vehicles classified as operating leases. The daily tariffs charged to vehicles classified as finance leases are split in an interest earned and capital redemption component which is disclosed on other line items on the financial statements. The actual billing for revenue such as kilometre tariffs was due to fewer kilometres travelled during 2014/15 than expected. The tariffs earned on a client reduced due to the client using other methods of fleet maintenance than GMT.

GOVERNMENT MOTOR TRANSPORT

**NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2015**

31 March 2015

Explanation of Variances between the Final Budget and the Actual expenditure (continued)

Other Income

The variance of R10,332k under budget between the Final Budget and the Actual is due to lower profit generated from the sale of vehicles than expected during the budget preparation. Various factors such as market conditions, number of vehicles, reserve prices and the type and volume of vehicles disposed has a influence on the profit generated during the disposal process. The combination of these factors resulted in the lower profit generated by these disposals.

Interest Earned

The variance of R8,774k over budget between the Final Budget and the Actual is due to the interest earned on bank accounts being higher than the budgeted interest earned. The budget was based on a lower bank balance than the actual balance on which the interest is earned during the reporting period. The increase in the bank balance are due to high collections from clients on outstanding accounts.

Government Grants and Subsidies Received

The variance of R9,168k under budget in the Final Budget and the Actual is due to the budget being prepared on the actual results. The additional vehicles' value allocated to clients were lower than expected due to the nature and extent which the vehicles need to be converted before allocations are done. There were outstanding allocations on 31 March 2015 which will be recognised as revenue when the vehicle is allocated by GMT to the client.

Revenue from Exchange Transactions

Financing of capital budget

The variance of R89,806k over budget in the Final Budget and the Actual is due to the budget amounts which are required to balance the budget revenue and expenditure.

EXPENDITURE

Administrative expenditure

The variance of R2,958k under budget in the Final Budget and the Actual is due to the actual expenditure incurred on bank charges, advertisement costs, photocopier costs and catering expenditure which were lower than expected as this expenditure increased by lower margins than that which the budget was based on and the increase in the MTEF guidelines.

FINANCIAL POSITION

The Final Budget is the expected revenue and expenditure for one financial year. The actual balances on the Statement of Financial Position is the reflection of the line item which has accrued since the recognition for that item until the reporting date.

Current assets

Inventories

The variance of R45k over budget is due to the budget being prepared on the cash basis. The expense is budgeted for under Administrative Expenditure and not under this item.

Receivables from Exchange Transactions

The variance of R37,963k 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.

Receivables from Non-exchange Transactions

The variance of R2,701k over budget is due to the budget being prepared on the cash basis. The revenue is budgeted for under Administrative expenditure and thus not budgeted under this item.

Cash and Cash Equivalents

The variance of R739,874k 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 for under this item.

GOVERNMENT MOTOR TRANSPORT

**NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2015**

31 March 2015

Explanation of Variances between the Final Budget and the Actual expenditure (continued)

Finance Lease Receivables

The variance of R91,424k 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

Property, Plant and Equipment

The variance of R233,495k in the Actual and Final budget was made as well as shifting of funds and other adjustments of R128,768k from the Final Adjustments Budget and Final Budget to accommodate the increase in the Property, Plant and Equipment incurred during the 2014/15 financial year. This was due to planned vehicle purchases which were going to be purchased during the 2013/14 financial year but the actual expenditure only incurred during 2014/15.

Intangible Assets

The variance of R51,378k over budget is due to the budget being prepared on the cash basis. The increase in the actual expenditure was due to the enhancement 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 valuation of this item is required in terms of the GRAP 103 on Heritage assets, thus the carrying value of R140k on the Statement of Financial Position.

Finance Lease Receivables

The variance of R622,588k over budget is due to the budget being prepared on the cash basis. The revenue is budgeted for under Revenue and the balance of the Finance Lease Receivables was not budgeted for.

Current liabilities

Payables from Exchange Transactions

The variance of R5,409k 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 this liability is not budgeted under this item.

Payables from Non-exchange Transactions

The variance of R3,568k 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 this liability is not budgeted under this item.

Unspent Conditional Grants and Receipts

The variance of R47,240k 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 this liability is not budgeted under this item.

Provisions

The variance of R557k 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 this liability is not budgeted for.

Non-current liabilities

Employee Benefit Liability

The variance of R888k over budget is due to the budget being prepared on the cash basis. The expenditure on this item is required in terms of GRAP 25. Thus this liability was not budgeted for on the cash basis.

Provisions

The variance of R1,762k over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted for under the Staff costs and thus this liability was not budgeted for.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
1 EMPLOYEE BENEFIT LIABILITY		
Provision for Long Service Awards	<u>888</u>	<u>753</u>
The movement in the Employee Benefit Liability is reconciled as follows:		
Balance at beginning of the year	753	660
Contributions to provision	188	93
	<u>941</u>	<u>753</u>
Transfer to current provisions	(53)	-
Balance at end of the year	<u>888</u>	<u>753</u>

Government Motor Transport operates an unfunded defined benefit plan for all its employees. Under the plan, 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 2015 by Mr P Wasserfall, Fellow Member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service 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.

On 31 March 2015, 96 (31 March 2014: 97) employees were eligible for long service bonuses.

The current service cost for the year ending 31 March 2015 is estimated to be R37,000, whereas the cost for the 2015/16 financial year is estimated to be R45,000 (31 March 2014: R33,000).

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

Discount Rate	7.39%	7.37%
CPI (Consumer Price Inflation)	5.56%	5.62%
Normal Salary Increase Rate	6.56%	5.62%
Net Effective Discount Rate	0.78%	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 2015

	2014/15 R'000	2013/14 R'000
1 EMPLOYEE BENEFIT LIABILITY (continued)		
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	753	660
Current service costs	37	33
Interest cost	63	50
Benefits paid	(25)	(23)
Actuarial losses / (gains)	113	33
Present Value of Fund Obligation at the end of the year	941	753

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	941	753
Fair value of plan assets	-	-
Total Benefit Liability	941	753

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	37	33
Interest cost	63	50
Actuarial losses / (gains)	113	33
Total Post-retirement Benefit included in Staff Costs (note 20)	213	116

The history of experienced adjustments is as follows:

	2014/15 R'000	2013/14 R'000	2012/13 R'000
Present Value of Defined Benefit Obligation	941	753	660
Fair Value of Plan Assets	-	-	-
Deficit	941	753	660

	2014/15 R'000	2013/14 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	125	108
Effect on the defined benefit obligation	1 008	809
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	108	93
Effect on the defined benefit obligation	880	701

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
2 PROVISIONS		
Capped leave pay:		
Opening balance	1 624	1 619
Provisions made /(redeemed) during the year	138	86
Less: Current portion transferred to current liabilities	-	(81)
	1 762	1 624

The following is included in the provisions:

Capped leave pay

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

3 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors	5 181	22 474
Sundry creditors	227	297
Operating lease liability (see note 32)	1	20
	5 409	22 791

Sundry creditors consist of overpayments made by clients and third party claims which are payable.

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.

4 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Staff Leave Accrued	815	697
Staff Bonuses	693	647
Other Creditors	2 060	2 771
	3 568	4 115

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.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

4 PAYABLES FROM NON-EXCHANGE TRANSACTIONS (continued)

Other creditors include amounts refundable to departments and accruals for overtime payable to staff.

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

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.

	2014/15 R'000	2013/14 R'000
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Grants from Provincial Departments	46 400	28 058
Department of Community Safety	3 406	2 073
Department of Cultural Affairs and Sport	1 047	-
Department of Economic Development and Tourism	945	2 342
Department of Health	39 887	22 211
Department of Human Settlements	-	24
Department of the Premier	-	708
Department of Local Government	665	300
Department of Transport and Public Works	300	-
Department of Education	150	400
Grants from National Departments	840	934
Department of Justice and Constitutional Development	840	934
Total Conditional Grants and Receipts	47 240	28 992

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

5.1 Grants from Provincial Departments:

5.1.1 Department of Agriculture

Balance unspent at beginning of the year	-	1 618
Current period receipts	-	198
Conditions met - transferred to revenue	-	(198)
Prior Year Recognition	-	(560)
Reversal	-	(1 040)
Unspent grants refunded to departments	-	(18)
	-	-

5.1.2 Department of Community Safety

Balance unspent at beginning of the year	2 073	3 929
Current period receipts	3 038	49
Reversal from prior year	-	300
Prior Year Recognition	(9)	-
Conditions met - transferred to revenue	(1 632)	(2 057)
Unspent grants refunded to departments	(64)	(148)
	3 406	2 073

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
5.1 Grants from Provincial Departments (continued):		
5.1.3 Department of Cultural Affairs and Sport		
Balance unspent at beginning of the year	-	74
Current period receipts	5 953	620
Conditions met - transferred to revenue	(4 906)	(620)
Unspent grants refunded to departments	-	(74)
	1 047	-
5.1.4 Department of Economic Development and Tourism		
Balance unspent at beginning of the year	2 342	41
Current period receipts	937	2 342
Conditions met - transferred to revenue	(2 321)	-
Unspent grants refunded to departments	(13)	(41)
	945	2 342
5.1.5 Department of Environmental Affairs and Development Planning		
Balance unspent at beginning of the year	-	18
Unspent grants refunded to departments	-	(18)
	-	-
5.1.6 Department of Health		
Balance unspent at beginning of the year	22 211	20 536
Current period receipts	25 910	5 016
Reversal from prior year	(67)	312
Conditions met - transferred to revenue	(8 009)	(2 374)
Unspent grants refunded to departments	(156)	(17)
Transfer to advance account	-	(967)
Correction prior year	-	(295)
	39 887	22 211
5.1.7 Department of Human Settlements		
Balance unspent at beginning of the year	24	251
Conditions met - transferred to revenue	(6)	-
Unspent grants refunded to departments	(18)	(227)
	-	24
5.1.8 Department of the Premier		
Balance unspent at beginning of the year	708	891
Current period receipts	-	496
Conditions met - transferred to revenue	-	(628)
Unspent grants refunded to departments	(708)	(50)
	-	708

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
5.1 Grants from Provincial Departments (continued):		
5.1.9 Department of Local Government		
Balance unspent at beginning of the year	300	-
Current period receipts	665	300
Conditions met - transferred to Revenue	(291)	-
Unspent grants refunded to departments	(9)	-
	665	300
5.1.10 Department of Social Development		
Balance unspent at beginning of the year	-	537
Conditions met - transferred to revenue	-	(2)
Unspent grants refunded to departments	-	(534)
	-	-
5.1.11 Department of Transport and Public Works		
Balance unspent at beginning of the year	-	6
Current period receipts	300	-
Unspent grants refunded to departments	-	(6)
	300	-
5.1.12 Western Cape Provincial Parliament		
Balance unspent at beginning of the year	-	-
Current period receipts	-	247
Conditions met - transferred to revenue	-	(247)
	-	-
5.1.13 Department of Education		
Balance unspent at beginning of the year	400	-
Current period receipts	171	400
Conditions met - transferred to revenue	(421)	-
	150	400
5.1.14 Cape Nature		
Balance unspent at beginning of the year	-	-
Current period receipts	-	7
Conditions met - transferred to revenue	-	(7)
	-	-
5.2 Grants from National Departments:		
5.2.1 Department of Justice and Constitutional Development		
Balance unspent at beginning of the year	934	615
Current period receipts	1 788	2 336
Conditions met - transferred to revenue	(1 883)	(1 778)
Unspent grants refunded to departments	-	(239)
	840	934

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
6 PROVISIONS		
Personnel expense related commitments:		
Performance bonuses	504	401
20/30/40 year service	53	8
Current portion of provisions	-	81
	557	491

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 2015:	Performance bonuses R'000	20/30/40 year service R'000	Non-current provisions R'000	Total R'000
Balance at beginning of year	401	8	81	491
Contributions/(reductions) to provisic	482	53	(81)	453
Transfer from non-current	-	-	-	-
Expenditure incurred	(379)	(8)	-	(387)
Balance at end of the year	504	53	-	557

31 March 2014:	Performance bonuses R'000	20/30/40 year service R'000	Non-current provisions R'000	Total R'000
Balance at beginning of year	346	15	23	384
Contributions/(reductions) to provisic	401	8	-	409
Transfer from non-current	-	-	81	81
Expenditure incurred	(346)	(15)	(23)	(384)
Balance at end of year	401	8	81	491

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

7 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	1 787	93 385	95 173
Take in assets	1	710	712
Depreciation	(1 153)	(10 863)	(12 017)
Impaired losses	10	(1 605)	(1 595)
Impaired losses - PPE	10	(920)	(910)
Impaired losses - Non-current assets held for sale	-	(685)	(685)
Carrying value of disposals:	(84)	(8 807)	(8 891)
Cost	(357)	(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)	(4 535)
Cost	(160)	(11 458)	(11 618)
Accumulated depreciation	160	6 923	7 083
Non-current assets held for sale reclassified as PPE	-	4 535	4 535
Cost	-	11 458	11 458
Accumulated depreciation	-	(6 923)	(6 923)
Net Carrying amount - 31 March 2014	3 323	182 224	185 547
Cost	16 272	235 817	252 090
Accumulated depreciation	(12 945)	(51 988)	(64 933)
Accumulated impairment losses	(4)	(1 605)	(1 609)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

7 PROPERTY, PLANT AND EQUIPMENT (continued)

31 MARCH 2015

Reconciliation of Carrying Value

Description	Plant and Equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2014	3 323	182 224	185 547
Cost	16 272	235 817	252 090
Accumulated depreciation	(12 945)	(51 988)	(64 933)
Accumulated impairment losses	(4)	(1 605)	(1 609)
Additions at cost	807	135 336	136 143
Depreciation	(1 105)	(11 117)	(12 222)
Impairment losses	-	(574)	(574)
Carrying value of disposals	-	(13 184)	(13 184)
Cost	-	(38 170)	(38 170)
Accumulated depreciation	-	23 381	23 381
Accumulated impairment	-	1 605	1 605
Vehicles moved from Departments to GMT	-	13 840	13 840
Cost	-	28 365	28 365
Accumulated depreciation	-	(14 524)	(14 524)
Vehicles moved from GMT to Departments	-	(69 265)	(69 265)
Cost	-	(70 786)	(70 786)
Accumulated depreciation	-	1 521	1 521
Net Carrying amount - 31 March 2015	3 024	237 262	240 286
Cost	17 079	290 563	307 642
Accumulated depreciation	(14 050)	(52 727)	(66 778)
Accumulated impairment losses	(4)	(574)	(578)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
7 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.		
7.1 Audio Equipment		
Carrying amount at the beginning of the year	2	4
Cost	42	4
Accumulated depreciation	(40)	-
Accumulated impairment losses	-	-
Transfers from / (to) other asset classes	-	38
Depreciation	(9)	(39)
Additions	12	-
Carrying amount at the end of the year	4	2
Cost	54	42
Accumulated depreciation	(50)	(40)
7.2 Computer Equipment		
Carrying amount at the beginning of the year	2 491	1 783
Cost	5 271	4 234
Accumulated depreciation	(2 780)	(2 449)
Accumulated impairment	-	(2)
Additions at cost	540	1 441
Depreciation	(797)	(669)
Impairment losses reversed	-	2
Carrying value of disposals:	-	(65)
Cost	-	(303)
Accumulated depreciation	-	238
Non-current assets held for sale	-	-
Cost	-	(102)
Accumulated depreciation	-	102
Carrying amount at the end of the year	2 234	2 491
Cost	5 811	5 271
Accumulated depreciation	(3 578)	(2 780)
7.3 Telephone		
Carrying amount at the beginning of the year	5	3
Cost	14	5
Accumulated depreciation	(9)	(2)
Transfers from / (to) other asset classes	-	7
Additions at cost	110	2
Depreciation	(14)	(7)
Carrying amount at the end of the year	101	5
Cost	124	14
Accumulated depreciation	(23)	(9)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.4 Workshop Equipment		
Carrying amount at the beginning of the year	59	42
Cost	103	88
Accumulated depreciation	(43)	(42)
Accumulated impairment losses	(1)	(5)
Transfers from / (to) other asset classes	-	(28)
Additions at cost	107	41
Take in assets	-	1
Depreciation	(20)	(1)
Impairment losses reversed	-	4
Carrying amount at the end of the year	147	59
Cost	210	103
Accumulated depreciation	(62)	(43)
Accumulated impairment losses	(1)	(1)
7.5 Office Furniture and Fittings		
Carrying amount at the beginning of the year	540	504
Cost	1 532	1 516
Accumulated depreciation	(990)	(1 007)
Accumulated impairment losses	(1)	(5)
Transfers from / (to) other asset classes	-	(266)
Additions at cost	14	392
Depreciation	(149)	(75)
Impairment losses reversed	-	4
Carrying value of disposals:	-	(19)
Cost	-	(53)
Accumulated depreciation	-	34
Non-current assets held for sale	-	-
Cost	-	(57)
Accumulated depreciation	-	57
Carrying amount at the end of the year	406	540
Cost	1 547	1 532
Accumulated depreciation	(1 140)	(990)
Accumulated impairment losses	(1)	(1)
7.6 Office Equipment		
Carrying amount at the beginning of the year	47	27
Cost	119	30
Accumulated depreciation	(72)	(3)
Transfers from / (to) other asset classes	-	41
Additions at cost	13	48
Depreciation	(11)	(69)
Carrying amount at the end of the year	49	47
Cost	132	119
Accumulated depreciation	(83)	(72)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.7 Domestic Equipment		
Carrying amount at the beginning of the year	14	19
Cost	23	20
Accumulated depreciation	(9)	(1)
Transfers from / (to) other asset classes	-	3
Additions at cost	9	-
Depreciation	(5)	(8)
Carrying amount at the end of the year	17	14
Cost	32	23
Accumulated depreciation	(15)	(9)
7.8 Domestic Furniture		
Carrying amount at the beginning of the year	9	1
Cost	14	1
Accumulated depreciation	(5)	-
Transfers from / (to) other asset classes	-	5
Additions at cost	-	9
Depreciation	(1)	(5)
Carrying amount at the end of the year	8	9
Cost	14	14
Accumulated depreciation	(6)	(5)
7.9 Kitchen Appliances		
Carrying amount at the beginning of the year	12	1
Cost	29	1
Accumulated depreciation	(17)	-
Transfers from / (to) other asset classes	-	20
Additions at cost	1	7
Depreciation	(1)	(17)
Carrying amount at the end of the year	12	12
Cost	30	29
Accumulated depreciation	(18)	(17)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
7.10 Photographic Equipment		
Carrying amount at the beginning of the year	12	16
Cost	28	20
Accumulated depreciation	(16)	(3)
Accumulated impairment losses	(1)	(1)
Transfers from / (to) other asset classes	-	10
Additions at cost	-	2
Depreciation	(2)	(15)
Carrying value of disposals:	-	-
Cost	-	(2)
Accumulated depreciation	-	2
Carrying amount at the end of the year	10	12
Cost	28	28
Accumulated depreciation	(18)	(16)
Accumulated impairment losses	(1)	(1)
7.11 Crockery		
Carrying amount at the beginning of the year	3	-
Cost	4	-
Accumulated depreciation	(1)	-
Additions at cost	-	4
Depreciation	(1)	(1)
Carrying amount at the end of the year	2	3
Cost	4	4
Accumulated depreciation	(2)	(1)
7.12 Garden Equipment		
Carrying amount at the beginning of the year	1	1
Cost	1	1
Accumulated depreciation	-	-
Carrying amount at the end of the year	1	1
Cost	1	1
Accumulated depreciation	-	-
7.13 Lease Tracking Units		
Carrying amount at the beginning of the year	128	364
Cost	9 083	9 083
Accumulated depreciation	(8 955)	(8 719)
Depreciation	(94)	(236)
Carrying amount at the end of the year	34	128
Cost	9 083	9 083
Accumulated depreciation	(9 049)	(8 955)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
8 INTANGIBLE ASSETS		
Net Carrying value at beginning of the year	66 727	57 040
Cost	86 917	70 657
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	(2 182)	(850)
Accumulated Amortisation - Software Licence Fees	(75)	-
Accumulated Amortisation - Internal Development	(17 934)	(12 767)
Software License Fees - Capitalised during the year	1 895	1 607
Application modules acquired	1 153	-
Internal Development - Cost capitalised	25 129	14 653
Amortisation during the year	(7 381)	(6 574)
Software Applications	(1 399)	(1 332)
Software License Fees	(204)	(75)
Internal Development	(5 777)	(5 167)
Net Carrying value at end of the year	87 524	66 727
Cost	115 094	86 917
Cost - Software Applications	26 798	25 645
Cost - Software License Fees Capitalised	4 972	3 078
Cost - Internal Development	83 323	58 194
Accumulated Amortisation	(27 570)	(20 191)
Accumulated Amortisation - Software Applications	(3 581)	(2 182)
Accumulated Amortisation - Software License Fees	(278)	(75)
Accumulated Amortisation - Internal Development	(23 710)	(17 934)
No Intangible assets have been pledged as security for any liabilities of GMT.		
<u>Breakdown between systems:</u>		
8.1 <u>FleetMan System:</u>		
Net Carrying amount at beginning of the year	18 773	18 186
Cost	32 513	28 530
Cost - Internal Development	32 513	28 530
Accumulated Amortisation	(13 740)	(10 344)
Accumulated Amortisation - Internal Development	(13 740)	(10 344)
Transfer from Oracle EBS	-	254
Internal Development - Cost capitalised	3 649	3 728
Amortisation during the year	(3 841)	(3 396)
Internal Development	(3 841)	(3 396)
Net Carrying amount at end of the year	18 580	18 773
Cost	36 162	32 513
Cost - Internal Development	36 162	32 513
Accumulated Amortisation	(17 581)	(13 740)
Accumulated Amortisation - Internal Development	(17 581)	(13 740)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
8 INTANGIBLE ASSETS (continued)		
8.2 <u>Oracle Financial System:</u>		
Net Carrying amount at beginning of the year	47 954	38 855
Cost	54 405	42 127
Cost - Software Applications	25 645	25 645
Cost - Software License Fees	3 078	1 470
Cost - Internal Development	25 682	15 011
Accumulated Amortisation	(6 451)	(3 272)
Accumulated Amortisation - Software Applications	(2 182)	(850)
Accumulated Amortisation - Software License Fees	(75)	-
Accumulated Amortisation - Internal Development	(4 194)	(2 422)
Transfer to FleetMan	-	(254)
Software License Fees - capitalised during the year	1 895	1 607
Application modules acquired	1 153	-
Internal Development	21 480	10 925
Amortisation during the year	(3 539)	(3 177)
Software Applications	(1 399)	(1 332)
Software License Fees	(204)	(75)
Internal Development	(1 936)	(1 771)
Net Carrying amount at end of the year	68 944	47 954
Cost	78 933	54 405
Cost - Software Applications	26 799	25 645
Cost - Software License Fees Capitalised	4 972	3 078
Cost - Internal Development	47 162	25 682
Accumulated Amortisation	(9 988)	(6 451)
Accumulated Amortisation - Software Applications	(3 581)	(2 182)
Accumulated Amortisation - Software License Fees	(278)	(75)
Accumulated Amortisation - Internal Development	(6 129)	(4 194)

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 of 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 23). 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.

The following restrictions apply to Intangible assets:

- GMT ERP is not transferable.

8.3 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 2015

9 HERITAGE ASSETS	2014/15 R'000	2013/14 R'000
Gross carrying amount	140	140
The movement in Heritage Assets is reconciled as follows:		
Gross carrying amount at the beginning of the year	140	140
Cost	146	146
Accumulated Impairment losses	(6)	(6)
Gross carrying amount at the end of the year	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.

10 FINANCE LEASE RECEIVABLES	2014/15 R'000	2013/14 R'000
Finance Lease Receivables	714 012	691 520
Sub-total	714 012	691 520
Less: Current Portion transferred to Current Assets:	91 424	75 961
Finance Lease Receivables	91 424	75 961
Total Long-term portion of Finance Lease Receivables	622 588	615 559

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.

10.1 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 15 years as at 31 March 2015 (31 March 2014: 1 and 16 years). GDC 634G and GCC394G, both Toyota Hino trucks, have remaining lease terms of 11.5 and 14.75 years respectively as at 31 March 2015. If these vehicles are excluded, the remaining lease terms are between 1 and 9 years). The effective annual interest rate on new vehicles purchased and permanently allocated to departments during the period under review is between 9.84 % and 78.46% (31 March 2014: 0.87 % and 80.34%).

Interest rates on finance lease receivables are calculated once-off in accordance with the monthly cash flows over the period of the lease. The following factors affects the calculated effective annual interest rate over the lease period: (1) daily tariffs charged over the lease period, (2) the residual value/proceeds on disposal at the end of the lease period, (3) lease period which coincide with the useful life of the vehicle. The three 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 agreements. GMT's rights under Finance Leases are secured by the lessors' title to the leased assets.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

10 FINANCE LEASE RECEIVABLES (continued)

The amounts receivable under Finance Leases are as follows:

	Minimum Lease Receivables		Present Value of Minimum Lease Receivables	
	2014/15 R'000	2013/14 R'000	2014/15 R'000	2013/14 R'000
Amounts receivable under finance leases:				
Within one year	295 944	284 494	91 423	75 961
In the second to fifth years, inclusive	1 024 996	992 599	540 150	436 052
Over five years	96 874	234 955	82 439	179 507
	<u>1 417 814</u>	<u>1 512 048</u>	<u>714 012</u>	<u>691 520</u>
Less: Unearned Future Finance Income	703 802	820 528	-	-
Present Value of Minimum Lease Receivables	<u>714 012</u>	<u>691 520</u>	<u>714 012</u>	<u>691 520</u>
Less: Amounts due for settlement within 12 months (Current portion)			91 423	75 961
Finance lease receivables due for settlement after 12 months (non-current portion)			<u>622 588</u>	<u>615 559</u>
GMT has finance lease agreements for the following significant classes of assets:				
- Vehicles				
Unguaranteed residual values (R'000)			329 051	290 422
Included in these classes are the following significant leases:				
i) GCG574G				
- Instalments are payable monthly in arrears				
- Average effective interest rate			31.48%	31.35%
- Average monthly instalment (Rands only)			R6,699	R6,367
- Annual escalation			5.37%	5.37%
ii) GCF402G				
- Instalments are payable monthly in arrears				
- Average effective interest rate			28.25%	24.09%
- Average monthly instalment (Rands only)			R14,332	R9,098
- Annual escalation			5.37%	5.37%

11 INVENTORY

Consumables store	45	3
Total Inventory	<u>45</u>	<u>3</u>

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 R253,925 (2013/14: R186,990).

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

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
12 RECEIVABLES FROM EXCHANGE TRANSACTIONS		
12.1 Ageing of Receivables from Exchange Transactions		
Accounts receivable	37 963	37 251
Less: Provision for impairment	-	-
Total receivables from Exchange Transactions	37 963	37 251
Current: 0 - 30 days	46 060	40 321
Gross Balances	46 060	40 321
Less: Provision for Impairment	-	-
More than 30 days and not more than 60 days	241	1 503
Gross Balances	241	1 503
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	166	328
Gross Balances	166	328
Less: Provision for Impairment	-	-
More than 90 days	7 477	22 407
Gross Balances	7 477	22 407
Less: Provision for Impairment	-	-
Adjustment for daily tariffs included in the finance lease receivables	(15 982)	(27 308)
Net Balances	37 963	37 251
As at 31 March 2015 Receivables of R7,884k (31 March 2014: R24,239k were past due but not impaired. The age analysis of these receivables are as follows:		
More than 30 days and not more than 60 days	241	1 503
Gross Balances	241	1 503
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	166	328
Gross Balances	166	328
Less: Provision for Impairment	-	-
More than 90 days	7 477	22 407
Gross Balances	7 477	22 407
Less: Provision for Impairment	-	-
Net Balances	7 884	24 239
12.2 Summary of Receivables from Exchange Transactions by Customer Classification		
	National and Provincial Government R'000	Other R'000
As at 31 March 2015		
<u>Current:</u>		
0 - 30 days	29 885	195
<u>Past Due:</u>		
More than 30 days and not more than 60 days	197	44
More than 60 days and not more than 90 days	161	5
More than 90 days	6 853	624
Sub-total	37 096	867
Less: Provision for Impairment	-	-
Total Trade Receivables by Customer Classification	37 096	867

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
12 RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
As at 31 March 2014		
<u>Current:</u>		
0 - 30 days	12 904	108
<u>Past Due:</u>		
More than 30 days and not more than 60 days	1 484	19
More than 60 days and not more than 90 days	328	-
More than 90 days	21 862	546
Sub-total	36 578	673
Less: Provision for Impairment	-	-
Total Trade Receivables by Customer Classification	36 578	673
12.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	-	(18 197)
Amounts written off as uncollectable	-	18 197
Balance at end of the year	-	-
13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Payments made in advance	2 701	2 455
Total Receivables from Non-exchange Transactions	2 701	2 455
Receivables from Non-exchange Transactions have been restated to account for corrections of prior year balances. Refer to note 38 on "Correction of Errors" for the details of the restatement.		
Payments made in advance are for Oracle license fees for application modules which are paid for periods after the		
None of the receivables have been pledged as security for the entity's financial liabilities.		
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.		
14.1 Bank Accounts		
Nedfleet bank account		
<i>Nedbank Account</i>		
Cash book balance at the beginning of the year	969	4 491
Cash book balance at the end of the year	3 076	969
<i>Nedbank Account Number: 1452 049 831</i>		
Bank statement balance at the beginning of the year	969	4 491
Bank statement balance at the end of the year	3 076	969
Primary bank account		
<i>Nedbank Account</i>		
Cash book balance at the beginning of the year	610 217	498 422
Cash book balance at the end of the year	736 796	610 217
<i>Nedbank Account Number: 1452 056 226</i>		
Bank statement balance at the beginning of the year	610 223	498 422
Bank statement balance at the end of the year	736 801	610 223

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
14 CASH AND CASH EQUIVALENTS (continued)		
14.2 Cash-on-hand		
Cash float	<u>2</u>	<u>5</u>
Total cash and cash equivalents	<u>739 874</u>	<u>611 191</u>
<p>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 on favourable balances.</p> <p>The entity did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.</p> <p>No restrictions have been imposed on GMT, within the ambit of the PFMA, in terms of the utilisation of its Cash and Cash Equivalents.</p> <p>As required in section 7(2) and 7(3) of the Public Finance Management Act, the National Treasury has approved the local banks where the bank accounts are held.</p> <p>Nedbank Limited has a credit rating of BBB through Fitch.</p> <p>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.</p> <p>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.</p>		
15 REVENUE		
An analysis of the entity's revenue is as follows:		
Rendering of services:		
National Departments	44 242	46 326
Provincial Departments	282 888	271 317
Interest earned:		
Finance Lease Receivables	218 367	213 438
	<u>545 497</u>	<u>531 081</u>
An analysis of the entity's revenue as per:		
Kilometre tariffs	273 722	267 379
Daily tariffs	53 408	50 264
Interest earned	218 367	213 438
	<u>545 497</u>	<u>531 081</u>
The amounts disclosed above for revenue are in respect of services rendered, which are billed to the departments on a monthly basis according to approved tariffs, as well as interest earned on finance lease receivables.		
16 OTHER INCOME		
Profit on sale of vehicles and PPE	3 557	3 151
Profit on sale of vehicles (held under finance lease receivables)	-	942
Reimbursive income	10 325	9 338
Total Other Income	<u>13 881</u>	<u>13 431</u>
17 INTEREST EARNED		
Bank accounts:		
- Interest earned	32 498	23 751
Outstanding Account receivable:		
- Interest earned	464	674
Total Interest Earned	<u>32 962</u>	<u>24 425</u>

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
18 GOVERNMENT GRANTS AND SUBSIDIES RECEIVED		
Conditional Grants		
Grants from Provincial Departments	17 586	6 134
Department of Agriculture	-	198
Department of Community Safety	1 632	2 057
Department of Cultural Affairs and Sport	4 906	620
Department of Economic Development and Tourism	2 321	-
Department of Health	8 009	2 374
Department of Human Settlements	6	-
Department of the Premier	-	628
Department of Local Government	291	-
Department of Social Development	-	2
Western Cape Provincial Parliament	-	247
Department of Education	421	-
Cape Nature	-	7
Grants from National Departments	1 883	1 778
Department of Justice and Constitutional Development	1 883	1 778
Government Grants and Subsidies from exchange transactions	19 469	7 911
Government Grants and Subsidies from non-exchange transactions		
Other grants and subsidies received	-	2 299
	19 469	10 210

Refer to note 5 for the reconciliation of the movements in Unspent Conditional 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.

19 ADMINISTRATIVE EXPENSES		
Bank charges	5 418	5 262
Fees for services		
- Housing and Hosting	5 439	4 979
Legal fees	73	52
License fees and software support fees	6 137	5 111
Other administrative expenses	1 001	1 068
Stationery and printing	737	718
Training and staff development	864	746
Travel and subsistence	98	110
	19 767	18 046

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.

20 EMPLOYEE COSTS		
Salaries and Wages		
Basic salaries	20 267	17 960
Performance awards	520	1 090
Periodic payments	1 300	1 144
Other non-pensionable allowance	2 687	3 105
Overtime and long service awards	663	543
Social contributions (employer's contributions)		
Medical	1 480	1 411
Official unions and associations	8	8
Pension	2 218	1 972
Injury on duty	12	-
Defined Benefit Plan Expense (see note 1):		
Current service cost	37	33
Interest cost	63	50
Net Actuarial (gains) / losses recognised	113	33
Total Staff costs	29 369	27 349

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

20 EMPLOYEE COSTS (continued)

Staff costs are shown at cost to entity package, based upon salary, bonuses, allowances and employee benefit contributions by GMT for the period. Staff costs are charged to the Statement of Financial Performance in the period to which it relates.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

20 EMPLOYEE COSTS (continued)

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

	Salary	Performance Bonus	Medical Aid Contribution	Pension Contribution	Retirement Annuity Fund	Subsistence and Travel	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Year ended 31 March 2014							
Director	771	49	19	79	-	-	918
Deputy Director: Fleet Finance	505	34	-	53	-	-	592
Deputy Director: Fleet Logistics	432	32	26	50	-	-	540
Deputy Director: Fleet Operations	490	34	6	53	-	-	583
Deputy Director: Fleet Risk Management	445	31	-	49	-	-	525
Deputy Director: Financial Support Services	595	-	-	-	-	-	595
TOTAL	3 238	180	51	284	-	-	3 753

	Salary	Performance Bonus	Medical Aid Contribution	Pension Contribution	Retirement Annuity Fund	Subsistence and Travel	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Year ended 31 March 2015							
Director	832	35	19	85	-	-	971
Deputy Director: Fleet Finance	580	33	-	59	-	-	672
Deputy Director: Fleet Logistics	490	31	26	56	-	-	603
Deputy Director: Fleet Operations	541	39	6	59	-	-	645
Deputy Director: Fleet Risk Management	499	30	-	54	-	-	583
Deputy Director: Financial Support Services	441	40	-	-	-	-	481
TOTAL	3 383	208	51	313	-	-	3 955

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
21 OPERATING EXPENDITURE		
Consultant, contractors and special services	37 307	32 821
- Audit fees	2 732	3 387
- Computers and systems service providers	30 197	23 971
- Consultant fees - Contracted Accountants	2 137	2 401
- Consultant fees - Project Management	2 089	2 894
- Contractors' services - wash bay and removal services	152	169
Maintenance, repairs and running costs	197 623	206 826
- Property and Buildings	-	7
- Machinery, equipment and vehicles	197 623	206 819
Loss on sale of vehicles	732	1 027
Loss on finance lease receivables	28 481	27 415
Loss on sale of PPE	-	6
Tracking costs	34 419	34 541
Third party claims	1 168	937
Stores and Consumables	283	224
Communication costs	626	648
Courier and delivery charges	15	13
Municipal services	49	59
	300 703	304 517
22 DEPRECIATION		
Plant and Equipment	1 106	1 154
Vehicles	11 117	10 863
	12 222	12 017
23 AMORTISATION		
Intangible asset - FleetMan	3 841	3 399
Intangible asset - Oracle Financial System	3 540	3 175
	7 381	6 574
24 FINANCE COSTS		
Finance lease payables	-	2
	-	2
25 ACCIDENTS AND IMPAIRMENT LOSSES		
25.1 Impairment losses on fixed assets		
<i>Impairment losses recognised:</i>		
Property, Plant and Equipment	574	1 595
- Vehicles	574	1 595
- Plant and equipment	-	-
25.2 Other		
Accidents and losses incurred	-	471
	574	2 066

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
26 RECONCILIATION OF CASH GENERATED FROM OPERATIONS		
Profit for the year	227 055	193 507
Adjustment for:		
- Correction prior year adjustment	-	(6 200)
Depreciation - Property, Plant and Equipment	12 222	12 017
Amortisation - Intangible assets	7 381	6 574
Interest earned	(32 962)	(24 425)
Vehicles moved from GMT to Departments	69 265	60 249
Vehicles moved from Departments to GMT	(13 840)	(11 217)
Impairment losses	574	1 595
Net (profit)/loss on disposal of Property, Plant and Equipment	(2 825)	(2 119)
Increase in Provisions	751	634
Finance cost	-	2
Operating cash flows before working capital changes	267 620	230 616
Working capital changes	(1 096)	23 589
(Increase)/Decrease in Inventories	(42)	44
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(712)	6 293
(Increase)/Decrease in Trade Receivables from Non-exchange Transactions	(247)	(2 455)
Increase/(Decrease) in Payables from Non-exchange Transactions	(547)	1 472
Increase/(Decrease) in Payables from Exchange Transactions	(17 383)	18 165
Increase/(Decrease) in Unspent Conditional Grants and Receipts	18 247	476
Cash payments made against Provisions	(412)	(406)
Cash generated from operations	266 524	254 205

27 CASH AND CASH EQUIVALENTS - STATEMENT OF CASH FLOWS

Cash and Cash Equivalents included in the Statement of Cash Flows, comprise the following Statement of Financial Position amounts:

Bank balances and Cash-on-hand	739 874	611 191
	739 874	611 191

28 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).

29 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 R58,185 for the year (2013/14: R117,493) in respect of claims made against GMT as at 31 March 2015 and paid during the next period has been raised as a payable in the Statement of Financial Position. The total amount of unpaid claims made against GMT as at 31 March 2015 amounts to R3,453,643. Therefore, a contingent liability of R3,395,458 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.

30 COMMITMENTS FOR EXPENDITURE

30.1 Capital commitments

Commitments for the acquisition of capital expenditure:

Approved and contracted for:	71 654	132 493
Property, Plant and Equipment	65 201	126 648
Intangible assets	6 453	5 845
Total capital commitments	71 654	132 493
This expenditure will be financed from:		
Own resources	71 654	132 493

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
30 COMMITMENTS FOR EXPENDITURE (continued)		
30.2 Other commitments		
Non-cancellable operating lease commitments are disclosed in note 32.		
31 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 third 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:		
<u>Third Party claims</u>		
6 (Six) cases with an estimated claim value of R92,531 was issued to GMT after 31 March 2015.		
<u>Damages/Losses - government vehicles</u>		
278 cases were registered after 31 March 2015 with a probable loss amount of R1,545,467.		
Adjusting events		
2 (Two) cases settled in terms of agreed payment after the reporting period but before the financial statements were issued amounts to R58,185.		
Irregular expenditure of R19,468 was condoned after 31 March 2015 and before the Annual Financial Statements were approved. These cases were under investigation on 31 March 2015.		
32 OPERATING LEASE ARRANGEMENTS		
<u>GMT as Lessor:</u>		
Leasing arrangements:		
The trading activities of GMT's focus is 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.		
	2014/15 R'000	2013/14 R'000
<u>GMT as Lessee:</u>		
Leasing arrangements:		
Operating leases relate to office equipment and vehicle tracking units with lease terms of between 3 to 5 years. GMT does not have an option to purchase the leased asset at the expiry of the lease period.		
At the reporting date GMT had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Up to 1 year	14 158	7 777
2 to 5 years	20 658	644
More than 5 years	-	-
Total Operating Lease Arrangements	34 817	8 422
The following payments have been recognised as an expense in the Statement of Financial Performance:		
Minimum lease payments	14 737	15 069
Contingent rentals	-	-
Total Operating Lease Expenses - as Lessee	14 737	15 069

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
32 OPERATING LEASE ARRANGEMENTS (continued)		
In respect of non-cancellable Operating Leases the following liability has been recognised:		
Operating lease liability as at reporting date:		
Balance at beginning of the year	20	20
Operating expenses recorded	14 737	15 069
Operating lease payments effected	(14 757)	(15 069)
Total Operating Lease Liabilities	1	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 RT3-2012.

33 RELATED PARTY TRANSACTIONS

33.1 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.

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

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

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 Western Cape Department of Transport and Public Works purchased property and registration occurred on 9 May 2013. The Western Cape Department of Transport and Public Works incurred costs of R11,566,368 for the 2014/15 financial year (2013/14: R1,173,000) to prepare the property for its intended use.

The Western Cape 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:

	2014/15 R'000	2013/14 R'000
Revenue		
Transport claims	47 722	10 540
Reimbursive income	776	142
Interest earned on Finance lease receivables	18 606	4 348
Interest earned on Accounts receivable	-	9
	67 104	15 039
Expenditure		
License fees	3 781	3 728
The amount of outstanding balances as at reporting date		
Finance lease receivables	60 294	14 858
Accounts receivable	4 202	1 067
	64 496	15 925

The increases in the totals and balances are due to traffic vehicles transferred from the Western Cape Department of Community Safety to the Western Cape Department of Transport and Public Works. The majority of the vehicles were transferred on 1 April 2014.

**GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

		2014/15 R'000	2013/14 R'000
33 RELATED PARTY TRANSACTIONS (continued)			
33.2 Transactions with key management personnel			
The members of key management personnel of the Government Motor Transport during the year were:			
Johan Koegelenberg - Director			
Anthonie Janse van Rensburg - Deputy Director: Fleet Operations			
Kathy Proctor Fourie - Deputy Director: Fleet Finance			
Leslie Sampson - Deputy Director: Fleet Logistics			
Clarence Hansby - Deputy Director: Fleet Risk Management			
Riaan Wiggill - Deputy Director: Financial Support Services			
Key management personnel remuneration is disclosed in note 20 to the Annual Financial Statements.			
Remuneration of family members of key management personnel employed at GMT:			
<i>Managers</i>	<i>Family Member</i>	<i>Relationship</i>	<i>Remuneration R</i>
Anthonie Janse van Rensburg - Deputy Director: Fleet Operations	Mr. H. Janse van Rensburg (Administrative Assistant)	Brother	191 579
Kathy Proctor Fourie - Deputy Director: Fleet Finance	Mr. JC Fourie (Fleet Control Assistant Manager)	Husband	357 362
33.3 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			
33.4 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.			
34 FINANCIAL INSTRUMENTS			
34.1 Classification of financial instruments			
<u>Financial Assets:</u>			
In accordance with GRAP 104.13 the financial assets of the GMT are classified as follows:			
<u>Financial Assets:</u>	<u>Classification</u>	2014/15 R'000	2013/14 R'000
Finance lease receivables (long-term portion)	Financial Assets at Amortised Cost	622 588	615 560
Receivables from Exchange Transactions	Financial Assets at Amortised Cost	37 963	37 251
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost	2 701	2 455
Cash and Cash equivalents	Financial Assets at Amortised Cost	739 874	611 191
Finance lease receivables (short-term portion)	Financial Assets at Amortised Cost	91 424	75 960
Total financial assets		1 494 551	1 342 417

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
34 FINANCIAL INSTRUMENTS (continued)		
<u>Summary of financial assets:</u>		
Financial Assets at Amortised Cost		
Finance lease receivables (non-current portion)	622 588	615 560
Finance lease receivables (current portion)	91 424	75 960
Receivables from Exchange Transactions	37 963	37 251
Receivables from Non-exchange Transactions	2 701	2 455
Cash and Cash equivalents	739 874	611 191
	1 494 551	1 342 417
Total Financial Assets	1 494 551	1 342 417

Financial Liabilities:

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

<u>Financial Liabilities</u>	<u>Classification</u>	2014/15 R'000	2013/14 R'000
Payables from Exchange Transactions			
Trade creditors	FLAC	5 181	22 474
Sundry creditors	FLAC	227	297
Operating lease liability	FLAC	1	20
Payables from Non-exchange Transactions	FLAC	3 568	4 115
Total financial liabilities		8 976	26 906

Summary of financial liabilities:

Financial Liabilities at Amortised Cost (FLAC)		
Trade creditors	5 181	22 474
Sundry creditors	227	297
Operating lease liability	1	20
Payables from Non-exchange Transactions	3 568	4 115
	8 976	26 906
Total Financial Liabilities	8 976	26 906

34.2 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:

Debt	59 423	58 766
Equity	1 763 122	1 536 067
Debt to equity ratio	3%	4%

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.

34.3 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.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

34 FINANCIAL INSTRUMENTS (continued)

34.4 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.

34.5 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.

34.6 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.

	2014/15 R'000	2013/14 R'000
Maximum credit risk exposure		
Finance lease receivables (non-current portion)	622 588	615 560
Cash and cash equivalents	739 874	611 191
Receivables from Exchange Transactions	37 963	37 251
Receivables from Non-exchange Transactions	2 701	2 455
Finance lease receivables (current portion)	91 424	75 960
	1 494 551	1 342 417

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

	2014/15 R'000	2013/14 R'000
Financial assets past due		
<i>Accounts Receivable:</i>		
More than 30 days and not more than 60 days	241	1 503
More than 60 days and not more than 90 days	166	328
More than 90 days and not more than 120 days	7 477	22 407
Total	7 884	24 239

34.7 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.

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.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

34 FINANCIAL INSTRUMENTS (continued)

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
2013/14:			
<i>Non-interest Bearing:</i>			
Payables from Non-exchange Transactions	4 115	-	-
Unspent Conditional Grants and Receipts	28 992	-	-
<i>Variable Interest Rate Instruments:</i>			
Payables from Exchange Transactions	22 791	-	-
	55 898	-	-
2014/15:			
<i>Non-interest Bearing:</i>			
Payables from Non-exchange Transactions	3 568	-	-
Unspent Conditional Grants and Receipts	47 240	-	-
<i>Variable Interest Rate Instruments:</i>			
Payables from Exchange Transactions	5 409	-	-
	56 216	-	-

34.8 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.

35 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

35.1 Unauthorised Expenditure

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

35.2 Fruitless and Wasteful Expenditure

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

35.3 Irregular Expenditure

Additional irregular expenditure was incurred during the 2014/15 financial year. No balances were brought forward from 2013/14. Details of the expenditure incurred are as follows:

35.3.1 Business class air tickets

Expenditure for business class air tickets was incurred for accounts receivable officials which visited clients to resolve matters relating to their accounts. The travel was arranged on short notice with business class travel being the only option available during the time period to travel to the clients and resolve the matters. This is in contravention of Finance Instruction 14 of 2009 (Supplementary 2 of 2014) which stipulates that all domestic travel for the relevant officials must be undertaken in economy class.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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

35.3.2 Supplier not listed on the WCSD

A travel agent was used to make travel arrangements for officials. The travel agent was not listed on the WCSD during the procurement of the services. This is in contravention of the Supply Chain Management processes.

	2014/15 R'000	2013/14 R'000
Irregular Expenditure		
Reconciliation of Irregular Expenditure:		
Opening balance	-	567
Irregular Expenditure incurred during the year - under Investigation	19	-
Expenditure condoned or written off	(19)	(567)
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Irregular Expenditure awaiting condonement	-	-

Incident	R'000	Disciplinary Steps / Criminal Proceedings / Actions taken
2014/15		
Irregular expenditure condoned		
Business class air tickets	16	The case was condoned by the Accounting Officer
Supplier not listed on the WCSD	3	The case was condoned by the Accounting Officer
	19	
Irregular expenditure incurred		
Business class air tickets	16	The case was referred to financial control for investigation
Supplier not listed on the WCSD	3	The case was referred to financial control for investigation
	19	
2013/14		
Irregular expenditure condoned		
Scanning hardware purchased	491	The case was referred to Labour Relations and cautionary letters issued
Procurement of hardware	47	Issue cautionary letter to officials
Refinement study consultants	29	The case was referred to Labour Relations and cautionary letters issued
	567	
Irregular expenditure incurred		
None	-	
	-	

36 GOING CONCERN

Management considered the following matters relating to the going concern:

- On 5 March 2014 the budget was tabled and accepted. This three-year Medium Term Revenue and Expenditure Framework is to support the ongoing delivery of services to clients.
- The entity's budget is subjected to an assessment process. The budget is cash backed.
- 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 with monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.
- 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 Taking the aforementioned into account, management has prepared the Annual Financial Statements on the going concern basis.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

37 CHANGE IN ACCOUNTING POLICY

Amendments have been made to GRAP 100 which became effective on 1 April 2014. The way in which Non-Current Assets Held for Sale are classified and presented in the Statement of Financial Position and the notes had to be appropriately adjusted to conform to specifications in accounting standard GRAP 100 on Discontinued Operations. Therefore, Non-Current Assets Held for Sale were reclassified as Property, Plant and Equipment as at 31 March 2014.

37.1 Property, Plant and Equipment (refer to note 7)

DR/(CR)
R'000

Net carrying amount as at 31 March 2014

Balance previously reported:

181 020

Adjusted for:

Component	Detail
Property, Plant and Equipment - Vehicles; Correction of Non-Current Assets Held for Sale recognised as PPE	Reclassification of Non-Current Assets Held for Sale as PPE due to changes in the requirements of GRAP 100 on Discontinued Operations. Changes to the way in which Non-Current Assets Held for Sale are measured, shall be applied prospectively at the beginning of the period in which these amendments are adopted. Changes to the way in which Non-Current Assets Held for Sale are classified and presented on the Statement of Financial Position and accompanying notes, shall be applied retrospectively by adjusting information for the earliest period presented.

3 850

Restated balance as at 31 March 2014

184 870

37.2 Non Current Assets Held for Sale

Amendments have been made to GRAP 100 which became effective on 1 April 2014. The way in which Non-Current Assets Held for Sale are classified and presented in the Statement of Financial Position and the notes had to be appropriately adjusted to conform to specifications in accounting standard GRAP 100 on Discontinued Operations. Therefore, Non-Current Assets Held for Sale were reclassified as Property, Plant and Equipment as at 31 March 2014.

Balance previously reported:

3 853

Adjusted for:

Detail	
Property, Plant and Equipment - Vehicles; Correction of Non-Current Assets Held for Sale recognised as PPE	Reclassification of Non-Current Assets Held for Sale as PPE due to changes in the requirements of GRAP 100 on Discontinued Operations. Changes to the way in which Non-Current Assets Held for Sale are measured, shall be applied prospectively at the beginning of the period in which these amendments are adopted. Changes to the way in which Non-Current Assets Held for Sale are classified and presented on the Statement of Financial Position and accompanying notes, shall be applied retrospectively by adjusting information for the earliest period presented.

(3 850)

Restated balance at 31 March 2014

3

38 CORRECTION OF ERROR

38.1 Effect on profit for the year ended 31 March 2014

Profit for the year ended 31 March 2014 has been restated due to certain errors that were corrected during the current reporting period.

Balance previously reported:

193 246

Adjustments against:

a) Government Grants and subsidies received (refer to note 18)

Balance previously reported

(424)

Restated balance

8 335

Correction of grants recognised as revenue - Western Cape Department of Health

7 911

The revenue on Government Grants and Subsidies received has been restated due to vehicle GBJ418G not being allocated during the year ended 31 March 2014. It was previously reported that this vehicle was allocated by 31 March 2014 and that the revenue was recognised per GRAP 9 on Revenue from Exchange Transactions.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

R'000
DR/(CR)

38 CORRECTION OF ERROR (continued)

38.2 Accumulated Surplus as at 31 March 2014

Accumulated surplus as at 31 March 2013 has been restated due to accrual of Nedfleet expenditure as at 31 March 2013.

Balance as at 31 March 2013

1 348 761

Balance previously reported:

Adjusted for:

Component	Detail	
Accumulated Surplus as at 31 March 2013	Reverse interest earned on accounts receivables up to 31 March 2013	(1 188)
Accumulated Surplus as at 31 March 2013	Maintenance, repairs and running cost has been restated to accrue for Nedfleet expenditure in the correct financial period.	(5 012)

Restated balance as at 31 March 2013

1 342 561

38.3 Unspent Conditional Grants and Receipts (refer to note 5)

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

Balance as at 31 March 2014

28 568

Balance previously reported:

Adjusted for:

Component	Detail	
Unspent Conditional Grants and Receipts: Balance as at 31 March 2014	The balance of the Unspent Conditional Grants and Receipts has been restated due to vehicle GBJ418G not being allocated during the year ended 31 March 2014. It was previously reported that this vehicles was allocated by 31 March 2014. Revenue which was previously recognised according to GRAP 9 on Revenue from Exchange Transactions has been reversed and the balance of the Unspent Conditional Grant was reinstated.	424

Restated balance at 31 March 2014

28 992

38.4 Payables from Exchange Transactions (refer to note 3)

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

Balance as at 31 March 2014

15 472

Balance previously reported:

Adjusted for:

Component	Detail	
Payables from Exchange Transactions: Balance as at 31 March 2014	Maintenance, repairs and running cost has been restated to accrue for Nedfleet expenditure in the correct financial period.	7 319

Restated balance as at 31 March 2014

22 791

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

R'000
DR/(CR)

38 CORRECTION OF ERROR (continued)

38.5 Property, Plant and Equipment (refer to note 7)

Net carrying amount as at 31 March 2014

Balance after accounting policy changes

184 870

Adjusted for:

Component	Detail	
Property, Plant and Equipment - Vehicles: Carrying amount as at 31 March 2014	Correction of depreciation expense on GMT vehicles not allocated as at 31 March 2014	70
	Correction of the carrying amount of vehicles to account for vehicles donated to GMT in March 2014.	608

Restated balance as at 31 March 2014

185 548

38.6 Receivables from Exchange Transactions (refer to note 12)

The Receivables from Exchange Transactions balance as at 31 March 2014 has been restated due to the reversal of interest charged on overdue accounts from client departments.

Balance as at 31 March 2014

Balance previously reported:-

38 576

Adjusted for:

Component	Detail	
Receivables from Exchange Transactions: Balance as at 31 March 2014	Reversal of interest charged on client accounts as at 31 March 2014.	(1 325)

Restated balance as at 31 March 2014

37 251

38.7 Receivables from Non-exchange Transactions (refer to note 13)

Receivables from non-exchange transactions as at 31 March 2014 has been restated due to the correction of prepaid expenditure.

Balance as at 31 March 2013

Balance previously reported:

-

Adjusted for:

Component	Detail	
Receivables from Exchange Transactions: Balance as at 31 March 2014	Prepayment for support cost relevant to Oracle EBS license fees which was previously included under the expense of license fees.	2 455

Restated balance as at 31 March 2014

2 455

38.8 Non-Current Assets Held for Sale

Balance as at 31 March 2014

Balance after accounting policy changes

3

Adjusted for:

Component	Detail	
Non-Current Assets Held for Sale: Carrying amount as at 31 March 2014	Loss on sale of Property, Plant and Equipment has been restated to correct the balance of Non-Current Assets Held for Sale as at 31 March 2014 to agree with the re-classification according to note 7.	(3)

Restated balance as at 31 March 2014

-

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

39 CHANGE IN ESTIMATES

**2014/15
R'000**

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 year ended 31 March 2015

166

Increase in the depreciation expense for future periods

(2 477)

(2 311)

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

Decrease in interest earned on finance lease receivables for the year ended 31 March 2015

(2 624)

Increase in interest earned on finance lease receivables for future periods

(11 148)

(13 771)

Amounts receivable under finance leases

Increase in the present value of finance lease receivables for the year ended 31 March 2015

3 911

Decrease in the present value of finance lease receivables for future periods

(3 911)

-

40 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 fund prior to full vesting of the contributions, the contributions payable by GMT are reduced by the amount of forfeited contributions.

The Pension Fund has been valued by making use of the Discounted Cash Flow method of valuation.

The fund is subject to an tri-annual actuarial valuation. The last statutory valuation was performed as at 31 March 2012 and revealed that the Fund was 100% funded. There were sufficient assets to cover the actuarial liabilities in full. 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 R1,038,946 million as at 31 March 2012 (31 March 2010: R801,004 million).

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 2012 in that the assets were equal to accrued liabilities and contingency reserves (at 5.9% of the desired level (31 March 2010: 19%)) on a best estimate basis.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

41 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 therefore 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
- IGRAP 17 Service Concession Arrangements where a grantor controls significant residual interest in an asset.

All 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 the 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.

Standard	Summary of standard	Annual periods beginning on or after
GRAP 18 - Segment Reporting	<p>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.</p> <p>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.</p>	Not yet determined
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 2015

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

GRAP 32 Service Concession Arrangement Grantor and IGRAP 17 Service Concession arrangements where a grantor controls a Significant residual interest in an asset	These standards deals with contractual arrangements between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. It is unlikely that the entity will enter into any such arrangements in the near future.	Not yet determined
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
GRAP 108 Statutory Receivables	This standards deals with receivables that arise from legislation, supporting regulations or similar means and require settlement by another entity in cash or another financial asset. It is unlikely that this standard will be applicable to GMT because GMT's receivables arise from contractual arrangements which are entered into voluntarily by client departments and are not entered into as a result of specific legislative requirements. Contractual receivables, to the extent that they otherwise meet the definition of a financial asset, are within the scope of the Standard of GRAP on Financial Instruments.	Not yet determined

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
42 RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL		
Reconciliation between budget surplus with the surplus in the Statement of Financial Performance.		
Profit per the statement of financial performance	227 055	193 507
Over budgeted income and expenses		
Over budgeted depreciation for permanently allocated vehicles subject to finance leases	-	(29 216)
Over/(under) budgeted revenue from daily tariffs for permanently allocated vehicles subject to finance leases.	204 753	(35 914)
Financing of capital budget	(89 806)	74 796
Over/under spending of approved budget:		
Revenue		
Under budgeted interest income from bank accounts	(8 774)	(13 233)
Over budgeted grants and subsidies received	9 168	3 415
Over budgeted other income	10 332	20 055
Expenditure		
Over budgeted administrative expenses	(2 149)	(5 858)
Over budgeted staff cost expenses	-	(3 595)
(Over)/under budgeted operating expenditure	(2 979)	2 180
Over budgeted operating lease expenses	(288)	-
Profit per approved budget	347 313	206 137
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 2015

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 ongoing 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:

➤ 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.

Accounting Policies
for the year ended 31 March 2015

➤ **Impairment of Property, Plant and Equipment, Intangible assets, Heritage assets and Inventories**

Accounting policy 11.1 and 11.2 on PPE - Impairment of cash generating & non-cash generating assets, 9.2 on Intangible assets - Subsequent Measurement, Amortisation and Impairment and 13.2 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 14.6 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 14.2 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.

Accounting Policies

for the year ended 31 March 2015

➤ **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

Accounting Policies

for the year ended 31 March 2015

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:

Accounting Policies for the year ended 31 March 2015

- 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.

Accounting Policies

for the year ended 31 March 2015

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

Accounting Policies

for the year ended 31 March 2015

accordance 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.

Accounting Policies for the year ended 31 March 2015

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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for the year ended 31 March 2015

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

Accounting Policies for the year ended 31 March 2015

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.

Accounting Policies for the year ended 31 March 2015

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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for the year ended 31 March 2015

- 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. 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. The classification of a lease depends on the substance of the transaction rather than the form of the contract. The following are situations where the lease would normally be classified as a finance lease:

- the lease term is for the major part of the economic life of the asset even if title is not transferred;
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset;
- the leased assets are of a such a specialised nature that only the lessee can use them without major modifications;
- the leased assets cannot easily be replaced by another asset;
- if the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee; and
- gains or losses from the fluctuation in the fair value of the residual value accrue to the lessee.

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.

12.1 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.

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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.

12.2 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.

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.

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13. Inventories

13.1 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.

13.2 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.

14. 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.

14.1 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.

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.

14.2 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:

Accounting Policies for the year ended 31 March 2015

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;
- Trade receivables from Exchange transactions;
- Trade receivables from Non-exchange transactions;
- 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
Trade receivables from Exchange transactions	Financial Assets at Amortised Cost
Trade receivables from Non-exchange transactions	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.

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

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

14.3 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.

14.4 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.

- **Financial liabilities:**

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

14.5 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.

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14.6 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.

15. 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.

16. Comparative information

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

16.1 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.

16.2 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 42.

17. 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:

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- (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.

18. 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.

19. 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.

20. 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

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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.

21. 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.

22. 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 37 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.

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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