



**Western Cape
Government**

Transport and Public Works



Annual Report 2015/16
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
WCBd	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 2015 to 31 March 2016 for Government Motor Transport (GMT), Western Cape. The purpose of this report is to provide a summary of achievements and challenges faced by GMT during the financial year under review. GMT is a Trading Entity within the administration of the Department of Transport and Public Works with its core mandate being to deliver effective fleet management services to its provincial and national government clients. It strives to execute its mandate in an innovative way.

As a fleet management entity, GMT is vulnerable to the many challenges faced by global and local economies including coping with the fluctuating exchange rate, which in turn contributes to the high cost of fuel (one of GMT's primary cost drivers).

The need for cost cutting across all government departments requires of GMT to assist its client departments by ensuring cost effective and efficient use of vehicles in the fleet and the prevention of abuse of fleet vehicles. Enhancements to GMT's tracking and fleet management systems are aimed at improving the efficient use of vehicles in the fleet. The introduction of driver tags to monitor driver behaviour, as well as the rollout of the electronic driver nomination functionality for client departments using the FleetMan Client module also contributed towards greater efficiency and a reduction in reported cases of abuse.

The Entity made good progress with a project that commenced in the 2012/13 financial year to insource the repair and maintenance management function which was historically performed by a service provider. The project will ensure full internal control over the vehicle maintenance management function and ensure better spread and utilisation of vehicle related suppliers. Implementation commenced in October 2015 on a pilot basis with full take-on planned in the 2016/17 financial year.

GMT, in partnership with its client departments, managed to maintain the age of its fleet within the desired five-year band. In doing so, GMT ensured that the Western Cape's fleet contribute towards reducing the province's carbon footprint.

In the year under review, GMT grew its fleet from 5 371 on 31 March 2015 to a total of 5 491 vehicles. The recently approved new organisational structure will enable GMT to acquire additional capacity to manage this growing fleet and continue to improve its services to clients.

I wish to thank the management and staff of GMT and my Department for their continued efforts in and dedication to steering GMT into the future.



DAC Grant
Minister of Transport and Public Works

Date: 31 August 2016

3. REPORT BY THE ACCOUNTING OFFICER

3.1 Overview of operations

Fleet Logistics

Vehicle Hiring

The component manages a fleet of 489 'pool' vehicles. In an on-going effort to participate actively in the reduction of our carbon footprint, GMT purchased low emission vehicles during the 2015/16 financial year for the Vehicle Hiring fleet. During the year under review the unit processed a total of 1 888 requests for vehicle hiring.

In its continuous drive to improve service delivery to clients and to support the Western Cape Government's Disability Awareness Campaign, GMT procured a passenger carrier vehicle, which was converted into an accessible vehicle for the transport of staff members who use wheelchairs. A 'Quick Reference Guide' was developed and training provided to assist drivers to load and transport passengers with disabilities safely. This service was introduced as a pilot on 2 March 2016 in the Cape Town CBD and depending on demand for the service, may be expanded in future.

Accommodation

The first phase of relocating designated GMT components from its current facilities in the Cape Town CBD to new premises in Maitland was scheduled for completion in June 2016. Construction was, however, constrained with the liquidation of the main contractor in June 2015. A new tender document has since been issued to re-start the project in July 2016. It is envisaged that the first phase will now be completed in the first quarter of 2017.

Client Liaison

During the year under review, GMT provided training to 209 officials during 18 training interventions. Transport control officers and transport officers were trained in fleet management and GMT system solutions. These training interventions also provide GMT with opportunities to gain an understanding of the challenges and issues faced by clients. Bi-monthly client forums were held to discuss developments in the fleet industry, regulatory changes that might impact on GMT or its clients and to afford parties an opportunity to raise issues and challenges faced.

GMT continues to implement its Service Delivery Improvement Plan. The automated and cost effective Call Centre was equipped with a toll free number, 0800 092 468 (08000 WC GMT), which was rolled out to all clients and prominently displayed on all vehicles in the fleet.

The strengthening of the client liaison function after the approval of the organisational review that is planned for 2016/17 will further enhance GMT's ability to build and nurture relationships with clients.

Electronic Fleet Management System

(a) FleetBase

GMT set 'Effective Operational Systems' as one of its strategic objectives in order to realise its vision to be 'the leading government motor transport service'. The Entity took the first

steps in the process of modernising its electronic systems support operations through the implementation of a mixture of Oracle application modules and in-house developed systems. The end goal is the creation of an integrated fleet management system.

Security and auditing modules were reviewed and new security rules were implemented to ensure that auditing functions are tracked at all levels to ensure compliance.

A Service Management module was implemented to replace the previously used Open Source Incident Management System. The latter provides for task assignments, reminders and notifications, alerts, events and participation tracking (auditing), static and interactive reporting as well as management information (MI) dashboards.

Additional functionality was added to the time and expenses management module utilised by the resources involved with electronic system maintenance, development and enhancements to improve further the efficiency of project and non-project reporting and monitoring.

Electronic (virtual) knowledge and eTraining functionalities were established, consisting of an Oracle User Productivity Kit (UPK). This is an easy-to-use and comprehensive content development, deployment and maintenance platform for increasing user productivity in the workplace. The functionalities provide learners with access to training material online in a centralised electronic library. It allows for the creation of different learning paths, advanced usage tracking, custom reporting and leveraging manual testing and tracking testing results. Through the use of standard and customised reporting functions managers can quickly gain insight into end user performance and content usage.

(b) Website

In an ongoing effort to provide quality, integrated and cost effective services to its clients, GMT changed its website to an interactive and self-service portal with a content management function to view, print or upload circulars for information sharing purposes as well as to view proposed auction dates. The website provides for a related third party link to GMT's on-line auctioneer's website to view and/or participate in on-line auctions. In 2016/17 GMT will explore a self-service functionality for client departments to download GMT forms and/or complete e-forms to register drivers, report accidents and losses, applications to travel, as well as an on-line evaluation of GMT's services. For this reason, secure user login functionality was added to the website to ensure that GMT's communication strategy is efficient and streamlined, allowing clients access to timeous information in a secured environment. All these activities are aligned with the Western Cape Government's Website Policy and Standards to enhance the layout (look and feel) and security and to simplify future development.

(c) FleetMan Client

GMT improved the FleetMan Client module by developing integrated security and adding shared authentication. Transport Officers and other users at client departments utilise FleetMan Client to capture, inter alia, vehicle kilometre readings, electronic log sheets, transferring of vehicles and also for obtaining vehicle information and printing various reports. GMT staff are continuously being trained in the navigation of the new functionalities as well as standard FleetMan functionalities to ensure that information is disseminated to clients in an efficient and cost effective manner. The latest innovation that allows client departments to nominate the driver responsible for a traffic offence on-line via the FleetMan Client module was demonstrated towards the end of 2015. The pilot project will commence during mid 2016/17.

(d) FleetCare

FleetCare is an in-house system module for both GMT and its client departments to manage the fleet across a 360 degree spectrum including procurement, registration and licensing, vehicle repair and maintenance, accident and loss management, fuel management and misuse reporting. This module will be critical as GMT moves towards the in-house management of services for vehicle maintenance and repair. The vehicle maintenance process starts with the client logging a service request (SR) via the GMT toll free number 0800 092 468 (WC GMT), or by sending an email or sms to the new Client Care Centre (CCC). Alternatively, the Client can drop the vehicle at GMT for a service and be issued with a relief vehicle. GMT will then manage the process on behalf of the client, for example obtaining quotes, monitoring the repair process, inspecting the quality of the work and settling the invoice. Once this is completed, GMT will contact the client to collect the vehicle. Functionalities such as budget controls, automated workflow approvals and payments and incident management of the Oracle EBS Enterprise Asset Management, Tele-services, enhancements to Oracle EBS Procurement and Supplier Management modules will therefore coordinate the different activities in real time. GMT envisages taking over the repair and maintenance management function from the current service provider towards the end of the 2016/17 financial year.

(e) Financial Analytics

The financial analytics portion of the Business Intelligence BI applications was successfully implemented. Configuration of business intelligence for Procurement, Tele-services and Maintenance Management modules commenced and should be deployed later in 2016/17. Furthermore, a custom Business Intelligence (BI) reporting suite will be developed for FleetBase for in-house use by GMT.

Financial analytics provides key financial information and is already providing GMT with visibility and insight into the general ledger, supplier performance and procurement expenditure. Furthermore, financial analytics has been tailored to GMT's unique reporting requirements.

The financial analytics information is provided by powerful financial metrics, alerts and reports. GMT finance users are also able to create their own queries with the software which means that information can be available more quickly than in the past.

(f) Lease Management

GMT is in the process of implementing an Oracle Lease Management System. This will enable GMT to provide clients with vehicle lease information for inclusion in all of the clients' interim reporting. This will replace the current Microsoft spread sheet application. The Oracle application will allow resources to be allocated to fulfil more of an input and review role with greater reliance on the automated application for executing functions.

(g) Other modules

Further system application modules that will be implemented in 2016/17 include Oracle EBS Enterprise Asset Management (EAM), Tele-services and enhancements to Oracle EBS Procurement and Supplier Management modules to link suppliers that registered with the National Treasury's Central Supplier Database (CSD) to GMT's repair and maintenance request for quotes portal. The new enhancements also include automated notifications to inform suppliers of expiring compliance documentation 90-, 60- and 30 days in advance. The latter was successfully tested in February 2016. GMT is planning to launch the FleetCare pilot project during mid 2016/17.

Fleet Operations

The vehicle tracking system was enhanced to enable client departments to monitor and manage the fleet more efficiently. The latest enhancement comprises a dedicated driver's tag that is pre-programmed with the details of a driver. The vehicle trip details are recorded on the vehicle tracking system against the driver's name linked to the particular tag used. Testing of the new driver tag functionality has been completed with GMT staff and roll-out to client departments will commence in the second quarter of 2016/17.

GMT continues to explore new technological enhancements to reduce 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 downloads, on a daily basis, an electronic file with the details of traffic offences committed by GG-vehicle drivers. The file is then uploaded in FleetMan. The available driver details are loaded against this file using the FleetMan Apex functionality and uploaded onto the City of Cape Town's website for further processing of infringement notices. 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 2016/17 financial year. This will include using on-line driver nominations by client departments via GMT's FleetMan Client module (self-service concept) which will expedite the processing of infringement notices by GMT even further as manual capturing of driver details will be automated.

Fleet Risk Management

As part of GMT's electronic highway – which encompasses the ongoing enhancement of current technology and the exploration of new initiatives; the Fleet Risk Management Division started a pilot project in 2013 to interface from FleetMan ERP into the ECM Open Text document management system to access scanned case files. FleetMan ERP 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.

The second phase of the project was initiated during 2015. This phase entails in-process scanning, with scanning of case files as they progress through the business process steps until conclusion. It is envisaged that the fully-fledged system will be operational in the third quarter of 2016/17.

3.2 Overview of the financial results

Statement of Financial Performance

Revenue increased by 4.7% to R 571 mil (2014/15: R 545.5 mil). This increase is a combined result of the annual tariff increase which was applied from 1 April 2015 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.

Interest earned increased by 41.2% to R 46.6 mil (2014/15: R 33 mil). The increase is due to higher balances in cash funds held with financial institutions and a higher interest yield over that of 2014/15. The higher cash funds balances were due to increased debt collections from clients while the expenditure increased marginally.

Revenue from Government Grants and Subsidies Received increased by 22% to R 23.8 mil (2014/15: R 19.5 mil). This was due to the value of the vehicles allocated to provincial client departments being higher than that allocated during 2014/15. There were notable increases in the value of vehicles allocated to the Western Cape Provincial Departments of Health and Community Safety.

Total expenditure increased by 2.1% to R 392.7 mil (2014/15: R 384.8 mil). This is due to higher expenditure incurred on Administrative expenditure, Accidents and Impairment losses, and Employee costs.

The Administrative expenditure increased by 16.7% to R 23.1 mil (2014/15: R 19.8 mil). Less expenditure was incurred on licence fees for vehicles, auctions, advertising and vehicle decals. The transversal procurement contract was only issued in June 2015 which resulted in vehicle purchase orders being issued later during the financial year than expected.

The Employee costs increased by 9.1% to R 32.1 mil (2014/15: R 29.4 mil). This increase is due to the annual increase in cost to employer issued by DPSA, being effective from 1 April 2015. Other Employee cost movements in the monetary values of leave, bonuses and Long Service Awards are also accounted as part of the Employee costs expenditure.

Accidents and Impairment losses increased by 562% to R 3.8 mil (2014/15: R 574,000). The value associated with the accidents and impairments increased due to the type of claims and incidents which occurred resulting in higher expenditure than expected.

The profit for the year increased by 14.8% to R 260.5 mil (2014/15: R 227 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 4.4% to R 992.2 mil (2014/15: R 950.5 mil). The increase of R 16.5 mil in Intangible Assets to its carrying value of R 104 mil on 31 March 2016 is due the capitalisation of development costs and the acquisitions of software in the use of the IT systems. The increase to R 650.7 mil in the Non-current portion of the Finance Lease Receivables is due to the higher carrying value outstanding on 31 March 2016 as the general new fleet would have a higher repayable value 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 increases to R 54.9 mil receivable on 31 March 2016 (31 March 2015: R 38 mil). The balances for National and Provincial clients were higher at the end of 2016 than the amounts receivable on 31 March 2015. The debtors' days (the ratio indicating debt levels to revenue generated from such debtors) is 35 days on 31 March 2016 (31 March 2015: 25.4 days).

The Accumulated Surplus increased from R 1.763 billion on 31 March 2015 to R 2.024 billion on 31 March 2016.

Cash Flow Statement

The Cash generated from operating activities increased to R 333.1 mil (2014/15: R 299.5 mil). This is due to the increase of R 13.6 mil in the interest earned on Cash funds and Accounts Receivable and a 1.7% increase in the charges for services provided. The cash paid to suppliers and employees decreased by 5%.

The Cash from investing activities was 25% lower for 2015/16 than that of 2014/15. This is due to lower proceeds on the disposal of Property, Plant and Equipment as fewer vehicles were auctioned during 2015/16 than during the preceding year. Fewer vehicles were also purchased due to space and human resources constraints which hampered procurement and licensing of new vehicles. Further delays occurred due to the capacity constraints experienced by a vehicle converter.

The net effect of the cash collections from revenue and payments made for expenditure is an increase of R205 mil in the Cash and Cash Equivalents.

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 2015/16 and the comparative year are depicted in **Table 3.3.1** below.

Table 3.3.1: Revenue collected

Category of Revenue	2015/16 Estimate R'000	2015/16 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	692 149	571 036	121 113	750 250	545 497	204 753
Auctions – Profit on sale of vehicles	4 500	1 843	2 657	3 333	3 557	(224)
Other claims	3 139	3 113	26	7 415	7 413	(2)
Collections from 3 rd parties	6 017	5 762	255	13 465	2 911	10 554
Grants received (funding from clients for additional vehicles)	20 400	24 804	(4 404)	28 637	19 469	9 168
Interest earned	25 495	46 640	(21 145)	24 188	32 962	(8 774)
Total	751 700	653 198	98 502	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 2015/16 is shown in **Table 3.3.2** below.

Table 3.3.2: Claims and Accounts Receivable comparison

Type	2010/11 R'000	2011/12 R'000	2012/13 R'000	2013/14 R'000	2014/15 R'000	2015/16 R'000
Daily-, Kilometre tariffs and Interest earned on Finance Lease Receivables	340 422	437 559	460 354	531 081	545 497	571 036
Accumulative debt at year-end	54 767	64 659	71 031	65 620	53 858	65 922
% Debt at year-end to Daily-, Kilometre tariffs and Interest earned on Finance Lease Receivables	16	15	15	12	10	9

Table 3.3.3, below, reflects the outstanding debt per client.

Table 3.3.3: Outstanding debt per client as at 31 March 2015 and 31 March 2016

CLIENTS	OUTSTANDING BALANCE 2016 R'000	OUTSTANDING BALANCE 2015 R'000
Provincial	38 083	32 900
Department of Education	197	2 330
Cape Nature	1 920	2 114
Department of Transport and Public Works	4 737	4 168
Western Cape Provincial Parliament	117	127
Department of Health	22 959	15 556
Department of Cultural Affairs and Sport	1 600	-
Department of Human Settlements	56	795
Provincial Treasury	278	213
Department of Social Development	3 415	3 525
Department of Environmental Affairs and Development Planning	192	633
Department of the Premier	591	767
Department of Agriculture	1 989	1 820
Department of Local Government	-	347
Department of Economic Development and Tourism	-	153
Western Cape Liquor Authority	24	119
Western Cape Gambling Board	8	-
Department of Community Safety	-	233
National	27 153	20 189
Department of Justice and Constitutional Development	19 117	10 796
National Prosecuting Authority	208	151
Iziko Museums	-	11
Public Service Commission	17	14
Marine Living Resource Fund	819	768
Department of Agriculture, Forestry and Fisheries	3 471	4 442
Department of Home Affairs	316	1 356
Department of Mineral and Resources	70	66
Department of Labour	99	132
Department of Rural Development and Land Reform	989	1 128
Department of Finance	114	106
Department of Environmental Affairs	83	-
Department of Public Works	1	-
Department of Cooperative Governance and Traditional Affairs	8	-
South African Social Security Agency	-	15
Secretary of Parliament	338	168
North West Provincial Government	13	20
Department of International Relations and Cooperation	9	33
Northern Cape Provincial Government	-	1
South African National Defence Force	469	-
Office of the Presidency	1 011	981
Free State Provincial Government	1	1
GRAND TOTAL	65 236	53 089

Tariffs

Client departments provide GMT with the capital to purchase additional vehicles. These vehicles as well as replacement vehicles are purchased via competitive procurement processes and after delivery are captured onto the financial system which interfaces through to the fleet management system 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 funded by the GMT Trading Account. The kilometre tariff income provides for the running costs of vehicles. The Provincial Treasury approved revised tariffs for 2016/17 on 31 March 2016.

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 life cycles were sold at public auctions.

3.4 Expenditure

The expenditure versus the budget is depicted in **Table 3.4.1** below.

Table 3.4.1: Expenditure versus budget

2015/16			2014/15		
Final Budget R'000	Actual Expenditure R'000	Variance R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000
410 365	392 661	17 704	390 169	384 754	5 415

Table 3.4.2: Reasons for under spending

Expenditure	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Reasons for variance
Administrative expenses	23 548	23 093	455	Insignificant variance
Employee costs	36 975	32 128	4 847	Vacancies not filled as planned – new organisation structure under development
Operating expenditure	303 840	293 168	10 672	Mainly due to fluctuation on fuel costs and less maintenance due to modernisation of the fleet
Depreciation	15 785	15 684	101	Insignificant variance
Amortisation	10 581	9 466	1 115	Timing differences between planned events and actual occurrences
Accidents and Impairment losses	3 802	3 792	10	Insignificant variance
Operating leases	15 834	15 329	505	Insignificant variance
	410 365	392 661	17 704	

Unauthorised, Irregular, Fruitless and Wasteful expenditure

According to Management's best knowledge no Unauthorised, Irregular, Fruitless and Wasteful expenditure was incurred during the year under review.

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 has successfully been tested with GMT staff members as users of said vehicles. In addition to the latter GMT also introduced a pilot project to monitor over speeding across all speed zones from 60km/h up to 120km/h in an effort to deter government drivers from over speeding. The latter 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 2016/17 financial year.

Public Private Partnerships (PPP)

No PPP was 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 pilot FleetCare implementation in July 2016 with the view to full take-on as from 1 April 2017. 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.

Standard Operating Procedures and Processes are in place to mitigate against the occurrence of irregular expenditure through the design and implementation of detective, preventative and corrective controls. An Internal reporting system was implemented programmatically to highlight and monitor any invoices which are due to reach the 30 day payment deadline and they are monitored individually by management. GMT has introduced an Internal Control function which checks the payments made each month to ensure that all the prescripts have been adhered to. These controls are encapsulated in the current Supply Chain Management System and Delegation framework, to which the Oracle accounting system is also aligned.

Departmental wide awareness is created through structured capacity building and training interventions, design and implementation of standard operating procedures, 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.

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 eighteen events recorded as events after reporting date in the notes to the AFS, two being Adjusting events and sixteen 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 amount to R16 033 (31 March 2015: R58 185).

Non-adjusting events

Sixteen cases with an estimated claim value of R226 845 were issued to GMT after 31 March 2016 (31 March 2015: R 92 531).

94 cases were registered after 31 March 2016 with a probable loss amount of R525 576 (31 March 2015: R1 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 82 to 145 are hereby approved.


J. Gooch
ACCOUNTING OFFICER

DATE: 30-05-2016

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 are consistent with the annual financial statements audited by the Auditor-General of South Africa.

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 2016.


J. Gooch
ACCOUNTING OFFICER

DATE: 30-05-2016

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

Innovation: was identified as a new core value and is currently under development.

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

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
	Guidelines on the implementation of the Expanded Public Works Programme (EPWP)
Expanded Public Works Programme	Guidelines on the implementation of the National Youth Service, 2013
	Accounting Officer's Supply Chain Management System
Transversal	Departmental Monitoring and Evaluation Framework and Manual, 2012
	Departmental Records Management Policy, 2011

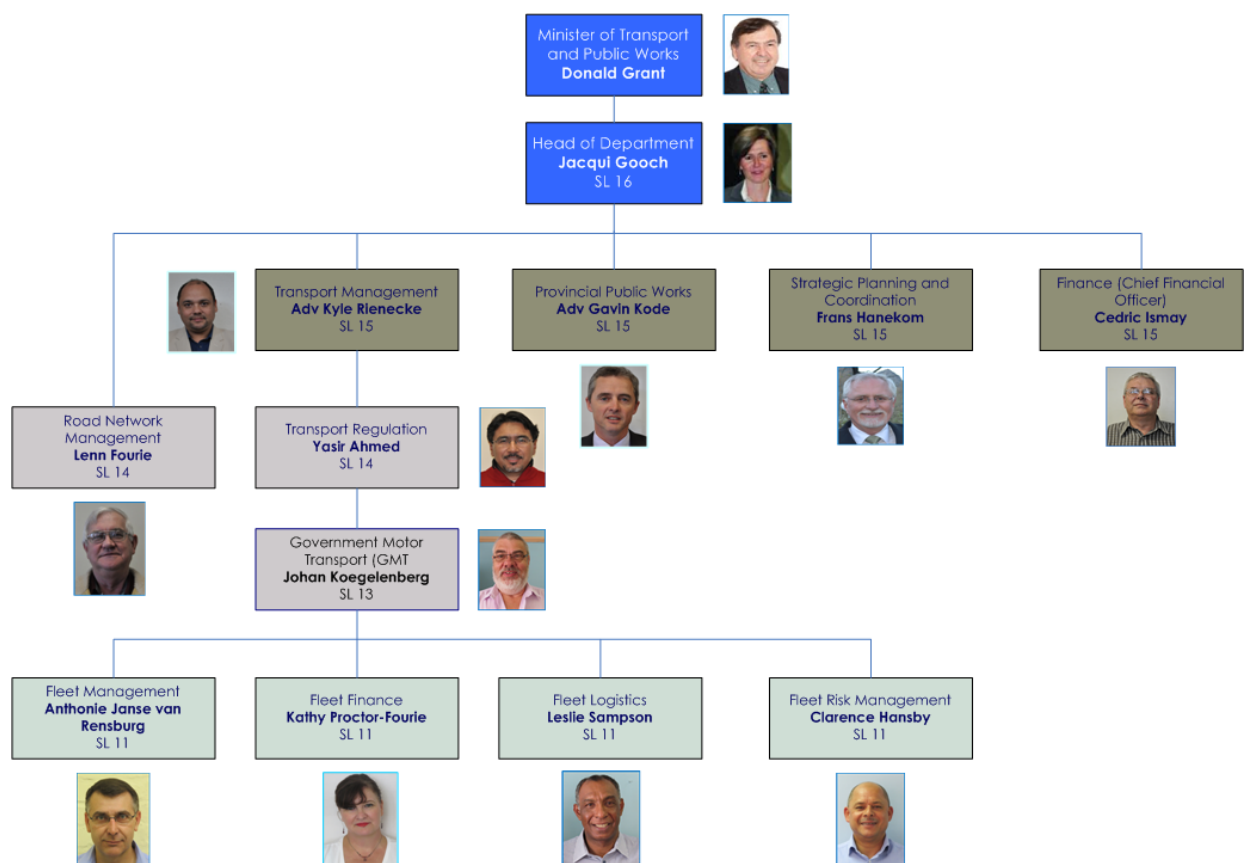
	Draft Provincial Strategic Plan, 2014 (inclusive of Western Cape Government Strategic Goals)
	Western Cape E-Mobility Policy
	Western Cape Government Transversal Management System
	White Paper on Human Resource Management, 1997

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.

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 79 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 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 410 replacement vehicles were ordered during the year under review. Special attention was given to addressing the requirements in the truck and bus segments of the fleet. A large number 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 requiring 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 48 mil. The fleet travelled a total of 109 282 076 kilometres during the year (based on the actual kilometres billed at the end of each month), which is 1 753 829 kilometres more than the previous year.

Fuel expenditure that represents the largest portion of the maintenance/operational costs of the fleet decreased from R147.6 million to R139.5 million compared to that of the previous financial year. To ensure that a firm hand is maintained on fuel usage, GMT maintained the 5 229 eFuel units (electronic fuelling devices) in the fleet. A few cases of irregular fuel patterns were spotted via exception reports and acted upon.

Further progress was made with the special programme to increase the rate of training of Transport Officers in operational fleet matters and the use of the Client Module of the electronic fleet system that was initiated earlier. During the year under review 142 officers received training in operations and 67 officers received systems training.

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. It appears that the actions taken paid off as the total violations needing to be processed decreased by 519 cases (5 244 cases versus 5 763 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 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 noted that the cases of alleged misuse of vehicles logged with the GMT Bureau decreased to 190 in the year under review.

Accidents and losses over the past two financial years show a slight increase while 3rd Party Claims processed reflect a slight decrease. The number of cases appears within the standard norms as depicted in **Table 2.1.1** below.

Table 2.1.1: Accidents and losses incidents

Cases Processed	2015/16	2014/15
Accidents and losses	2 859	2 747
3 rd Party Claims	75	88

2.2 Service Delivery Improvement Plan

GMT developed a Service Delivery Improvement Plan (SDIP). The tables below highlight elements of the service delivery plan and 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 - National Departments - Other Provincial Governments - Public Entities	<u>Fleet Operations - Traffic Offences</u> 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) b) 69 Transport Officers trained on FleetMan Client Module c) 100% Rollout of Open Text Electronic Content Management System <u>Fleet Logistics – Misuse Incidents</u>	<u>Fleet Operations - Traffic Offences</u> a) Electronic system for processing of all traffic violation documentation 80% implemented b) 40 Transport Officers trained on FleetMan Client Module. c) 80% Rollout of Open Text Electronic Content Management System <u>Fleet Logistics – Misuse Incidents</u>	<u>Fleet Operations - Traffic Offences</u> a) Ongoing 95% completed Three vacancies filled to increase the capacity b) Collectively 67 officers trained on FleetMan Client Module (target: 40) c) 100% rollout achieved. Monitoring report in place <u>Fleet Logistics – Misuse Incidents</u>

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
		a) Standard Operating Procedure (SOP) 100% implemented and improvement of turn-around times are ongoing as a daily activity • <u>Fleet Operations – Issuing of non – emergency vehicles</u>	a) Standard Operating Procedures, to improve turn-around times to 15 working days, monitored and continuously improved • <u>Fleet Operations – Issuing of non – emergency vehicles</u>	a) Standard Operating Procedures, to improve turn-around times, monitored and continuously improved. 190 misuse incidents logged • <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)	a) Standard Operating Procedure, to improve the turn-around times to 3 weeks turn-around time for issuing vehicles monitored and continuously improved	a) Implement Standard Operating Procedure to improve the turn-around time for issuing vehicles

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Provision of a Government Motor Transport Service Consultation: • <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) • <u>Fleet Operations – Client Department Evaluations</u> a) Client evaluation findings indicated 100% of GMT services were satisfactory (GMT fleet within economic life cycle) • <u>Fleet Logistics – Training interventions</u>	Consultation: • <u>Fleet Operations – Client Forums</u> a) Full implementation of client liaison service • <u>Fleet Operations – Client Department Evaluations</u> a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved • <u>Fleet Logistics – Training interventions</u>	Consultation: • <u>Fleet Operations – Client Forums</u> a) The GMT organisation review was supported by the Head of Department and Minister and is currently with DPSA for consultation • <u>Fleet Operations – Client Department Evaluations</u> a) Completed annually. Previous survey was completed in November 2015. Next survey November 2016 • <u>Fleet Logistics – Training interventions</u>

Current/actual arrangements	Desired arrangements	Actual achievements
a) GMT delivers a training service to the Transport Officers of clients – 189 officers trained (target: 120) <u>Fleet Finance – Tenders</u> a) All tender invitations (all values) were published in official public mechanisms <u>Additional Achievement</u> <u>Fleet Finance – Accounting standards</u> 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 Access: 49 Hope Street, Cape Town: <u>Fleet Operations: On-site GMT Technical Helpdesk</u> 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) 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) 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)	<u>Fleet Finance – Tenders</u> a) All tender invitations (all values) also to be published in official publication mechanisms Access: 49 Hope Street, Cape Town: <u>Fleet Operations: On-site GMT Technical Helpdesk</u> a) Clients contact GMT for vehicle technical advice and/or assistance b) GMT needs to implement fleet support service for all clients c) Repairs and maintenance requests are managed via the toll free number (0800 500 005) on a 24/7 basis	a) Ongoing. GMT delivers a training service to the Transport Officers of clients – 142 officers trained (target: 120) <u>Fleet Finance – Tenders</u> a) All tender invitations (value above R500 000) are published in the Government Gazette <u>Additional Achievement</u> b) For tenders below the value GMT uses Integrated Procurement System (IPS) (SCM instructions) Access: 49 Hope Street, Cape Town: <u>Fleet Operations: On-site GMT Technical Helpdesk</u> a) Ongoing b) Ongoing (FleetCare) c) Ongoing. Service provider is still providing the service. GMT to take over repairs and maintenance service from 1 April 2017

Current/actual arrangements	Desired arrangements	Actual achievements
<u>Fleet Risk Management</u> a) GMT provided a legal support structure to clients with regards to accident cases where officials were involved in 3 Rusper Street, Maitland: <u>Fleet Operations: Vehicle Tracking</u> a) The vendor was on-site to install, repair and de-install vehicle tracking units, on a daily basis <u>Fleet Operations: eFuel devices</u> a) The vendor was on-site to install, repair and de-install eFuel units on a daily basis 34 Roeland and 49 Hope Street, Cape Town: <u>Fleet Logistics</u> a) GMT is equipped with Uninterrupted Power Supply (UPS) and standby power services to be able to deliver services during power cuts 19 Hermes Street, Paarden Eiland: <u>Fleet Operations – Auctioning and Accident Vehicles</u> a) Vehicles withdrawn and sold and is ongoing as a monthly activity (to sell vehicles on auction) Courtesy: <u>Fleet Logistics – GMT Bureau</u> a) A 24/7 Call-in centre was operational and provided the service on a daily basis <u>Fleet Risk Management – Whistle blowing</u> a) A provincial Whistle Blowers Policy was implemented within	<u>Fleet Risk Management</u> a) GMT provides a legal support structure to clients with regards to accident cases where officials were involved in 3 Rusper Street, Maitland: <u>Fleet Operations: Vehicle Tracking</u> a) The vendor is on-site to install, repair and de-install vehicle tracking units <u>Fleet Operations: eFuel devices</u> a) The vendor is on-site to install, repair and de-install eFuel units 34 Roeland and 49 Hope Street, Cape Town: <u>Fleet Logistics</u> a) GMT is equipped with UPS and standby power services to be able to deliver services during power cuts 19 Hermes Street, Paarden Eiland: <u>Fleet Operations – Auctioning and Accident Vehicles</u> a) Vehicles are withdrawn and sold Courtesy: <u>Fleet Logistics – GMT Bureau</u> a) A 24/7 Call-in centre is operational to process reports on unacceptable driver behaviour and/or misuse of vehicles <u>Fleet Risk Management – Whistle blowing</u> a) A provincial Whistle Blowers Policy is implemented within	<u>Fleet Risk Management</u> a) Ongoing. GMT provides a legal support structure to clients with regards to accident cases that officials were involved in 3 Rusper Street, Maitland: <u>Fleet Operations: Vehicle Tracking</u> a) Whole fleet is fitted with vehicle tracking units. Service provider onsite and contract in place for three years <u>Fleet Operations : eFuel devices</u> a) Whole fleet is fitted with e-fuel units. Service provider onsite and contract in place to 31 March 2018 34 Roeland and 49 Hope Street, Cape Town: <u>Fleet Logistics</u> a) Ongoing and on site. Both GMT Roeland Street and Hope Street are fitted with UPS and Standby power. The GMT Rusper St/Maitland site will also have UPS and standby power (on completion). The GMT Paarden Eiland site still requires a standby generator 19 Hermes Street, Paarden Eiland: <u>Fleet Operations – Auctioning and Accident Vehicles</u> a) Contract ended. GMT appointed a new auctioneer on 1 April 2016 for two years, until 31 March 2018 Courtesy: <u>Fleet Logistics – GMT Bureau</u> a) Ongoing. A 24/7 Call-in centre is operational to process reports on unacceptable driver behaviour and/or misuse of vehicles <u>Fleet Risk Management – Whistle blowing</u> a) Ongoing. A provincial Whistle Blowers Policy is implemented

Current/actual arrangements	Desired arrangements	Actual achievements
GMT Openness and transparency: <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 organisation and establishment study) <u>Fleet Operations - Client Evaluations</u> 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> 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> 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 Value for Money: <u>Fleet Operations- Repair and Maintenance</u> 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> a) Vehicles were purchased in terms of the national RT57 State contract at competitive	GMT Openness and transparency: <u>Fleet Operations – Client Forums</u> a) Full implementation of client liaison service <u>Fleet Operations - Client Evaluations</u> a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved <u>Fleet Operations- Monthly GMT operational meetings with service providers</u> a) Monthly meetings are held to resolve operational issues in terms of the fleet maintenance, fuel and tracking management contract <u>Fleet Operations – GMT consulted and signed SLA with Clients</u> a) Service Level Agreements have been entered into with Clients b) GMT Website operationalised Value for Money: <u>Fleet Operations- Repair and Maintenance</u> a) A fleet maintenance and fuel management service has been established <u>Fleet Operations – Vehicle Purchases</u> a) GMT purchase vehicles in terms of the national RT57 State contract at competitive	within GMT Openness and transparency: <u>Fleet Operations – Bi-Monthly Client Forums</u> a) The GMT organisational review was supported by the Head of Department and Minister and is currently with DPSA for consultation <u>Fleet Operations - Client Evaluations</u> a) Ongoing. Evaluation done on an annual basis Previous survey done November 2015 Next survey November 2016 <u>Fleet Operations – Bi-Monthly GMT operational meetings with service providers</u> a) Ongoing Bi-monthly meetings held with clients <u>Fleet Operations – GMT consulted and signed SLA with Clients</u> a) Ongoing. One outstanding SLA b) Website is live but has not been launched yet. The vehicle auction catalogue is published on the website Value for Money: <u>Fleet Operations – Repair & Maintenance</u> a) Ongoing (FleetCare) <u>Fleet Operations – Vehicle Purchases</u> a) Ongoing. GMT vehicles are purchased from RT57 State contract

Current/actual arrangements	Desired arrangements	Actual achievements
prices. The transversal contract is managed by National Treasury and awarded on an annual basis • <u>Fleet Risk Management</u> a) Independent assessors and tracing agents were utilised to minimise 3rd party settlements and optimise debt recovery • <u>Fleet Logistics</u> 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	prices • <u>Fleet Risk Management</u> a) Utilisation of independent assessors and tracing agents to minimise 3rd party settlements and optimise debt recovery • <u>Fleet Logistics</u> 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	• <u>Fleet Risk Management</u> a) Ongoing. Utilisation of independent assessors and tracing agents to minimise 3rd party settlements and optimise debt recovery • <u>Fleet Logistics</u> a) Ongoing. The GMT vehicle hiring pool was increased to meet the needs of clients

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Provision of a Government Motor Transport Service • <u>GMT Policy</u> a) GMT Circulars were published on the GMT website and continuously updated as new GMT circulars are added/published • <u>Fleet Logistics - GMT Bureau</u> a) 80% of MIS Information could be obtained from the GMT Bureau (Project is focussed on further enhancement of Financial MIS) • <u>Fleet Risk Management</u> a) A custom designed Risk Management Module within the fleet management system is available to assist with the execution of duties Case documents are scanned and stored on ECM. • <u>Fleet Logistics</u> a) GMT delivered an ongoing training service to the Transport Officers of clients (as per the GMT training schedule)	• <u>GMT Policy</u> a) GMT Circulars are published on the GMT website • <u>Fleet Logistics - GMT Bureau</u> a) MIS Information can be obtained from the GMT Bureau • <u>Fleet Risk Management</u> a) A custom designed Risk Management Module within the fleet management system is available to assist with the execution of duties • <u>Fleet Logistics</u> a) GMT delivers a training service to the Transport Officers of clients	• <u>GMT Policy</u> a) Ongoing. In the process of uploading GMT Circulars but GMT Portal has not been launched yet • <u>Fleet Logistics – GMT Bureau</u> a) Ongoing. MIS information can be obtained from the GMT Bureau • <u>Fleet Risk Management</u> a) Ongoing A custom designed Risk Management Module within the fleet management system is available to assist with the execution of duties All case documents are scanned and stored on ECM • <u>Fleet Logistics</u> a) GMT delivers an ongoing training service to the Transport Officers of clients (as per the GMT training schedule)

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Provision of a Government Motor Transport Service <u>Fleet Operations - Monthly Client Forums</u> a) Meetings were held with the Transport Officers of clients every second month <u>Fleet Operations – Clients Evaluations</u> 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> 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> a) A 24/7 Call-in centre was operational and provided the service on a daily basis <u>Fleet Risk Management – Whistle blowing</u> a) A departmental Whistle Blowers Policy was implemented within GMT	<u>Fleet Operations - Monthly Client Forums</u> a) Monthly meetings are held with the Transport Officers of clients <u>Fleet Operations – Clients Evaluations</u> a) Annually the clients evaluate GMT services. Shortcomings are identified and resolved <u>Fleet Risk Management</u> 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> 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> a) A departmental Whistle Blowers Policy is implemented within GMT	<u>Fleet Operations – Bi-Monthly Client Forums</u> a) Ongoing. Meetings held on bi-monthly basis <u>Fleet Operations - Client Evaluations</u> a) Ongoing. Evaluation done on an annual basis Previous completed November 2015 Next survey November 2016 <u>Fleet Risk Management</u> a) Ongoing. A custom designed Risk Management Module within the fleet management system is available to assist with the execution of duties All case documents are scanned and stored on ECM <u>Fleet Logistics – GMT Bureau</u> a) Ongoing. 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> a) Ongoing. A departmental Whistle Blowers Policy is 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 in the consultation phase after which implementation will commence. A revised establishment should lead to enhanced service delivery and efficiencies. In the interim and in support of the WCG job creation objective GMT periodically employed unemployed students and other people under the EPWP, PAY 1000 and Internship programmes.

GMT continued with the co-sourcing approach as the change management strategy to ensure that the financial statements for 2015/16 are prepared and submitted by the due

date. Furthermore, additional business processes were documented and standard operating procedures revisited, adjusted, or adapted for the new environment.

Owing 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 2017.

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 at Management level in GMT.

There were no strikes during 2015/16 that effected GMT in any way.

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 2015/16 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 2015/16 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 OUTCOME-ORIENTED GOAL 1:	
Access to a fit for purpose vehicle fleet	
Goal statement	To allow client's access to a fit for purpose fleet of vehicles on a full time basis that will enable them to deliver government's services efficiently and effectively and economically by 31 March 2020.
Justification	The provision of vehicles, inclusive of customised vehicles, and value adding services at competitive cost allows clients to deliver on their respective mandates.
Link to PSGs	<u>Western Cape Provincial Government (PSG 5):</u> Enable good governance and integrated service delivery through partnerships and spatial alignment. <u>Departmental Goal 1:</u> Promote good governance and an effective and efficient department.

STRATEGIC OUTCOME-ORIENTED GOAL 2: Stable, resourced financial management environment.	
Goal statement	A state of financial stability where the financial system is able to withstand financial changes and is fit to smoothly fulfil its financial management functions by 31 March 2020.
Justification	To meet the regulatory requirement of Treasury Regulations. To conduct the business of the GMT Trading Entity in a viable financial and operational manner.
Link to PSGs	<u>Western Cape Provincial Government (PSG 5):</u> Enable good governance and integrated service delivery through partnerships and spatial alignment. <u>Departmental Goal 1:</u> Promote good governance and an effective and efficient department.

STRATEGIC OUTCOME-ORIENTED GOAL 3: Effective operational systems.	
Goal statement	To enhance operational activities through technologically advanced fleet management systems and maintaining effective business processes by 31 March 2020.
Justification	To maintain the competitive edge. To sustain value adding services in the interest of the client. To render a cost effective service. To provide reliable client and management information. To be in a position to effectively respond to client's expectations in a continuously changing business environment.
Link to PSGs	<u>Western Cape Provincial Government (PSG 5):</u> Enable good governance and integrated service delivery through partnerships and spatial alignment. <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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement 2015/16	Comment on deviations
1.1	No of vehicles in the fleet	5 371	5 050	5 491	441 109%	483 Vehicles in the fleet need to be auctioned in May 2016 that will reduce the fleet to 5 008 actual active vehicles. This is in line with the planned target.

No	Strategic objectives/ Indicators	Actual Achievement 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement 2015/16	Comment on deviations
1.2	No of vehicles travelling more than 1 300 kilometres per month	2 695	4 000	3 475	(525) (13%)	Client driven. Fewer kilometres were driven by clients than forecast.
1.3	No of system enhancements achieved	13	10	21	11 210%	More resource time could be allocated due to reprioritising the work load to implement system enhancements.
2.1	No of client surveys Conducted	1	1	1	0	
3.1	Rating of financial capability	3	3	3	0	
4.1	No of business processes documented	34	25	13	(12) (48%)	Demand driven. There were no requirements for further documentation of new business processes.

4. PERFORMANCE INFORMATION

The purpose of GMT is to provide quality, integrated and cost effective motor transport to state departments and entities.

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 2014/15	Planned Target 2015/16	Actual Achievement 2015/16	Deviation from planned target to Actual Achievement for 2015/16	Comment on deviations
Improve efficiency of the government fleet through efficient utilisation, effective fleet management and	Percentage of approved budget for replacement vehicles spent	n/a	100%	56%	(44%)	All vehicles identified for replacement were replaced. Some delays were experienced with the late awarding of the transversal RT57 contract and the auctioning of redundant units.
	No. of vehicle inspections carried out	6 378	6 000	6 278	278 105%	GMT, in conjunction with Nedfleet, inspected vehicles

provision of quality services						being repaired and/or maintained for quality assurance purposes, as well as to determine the remaining useful lives of some vehicles for financial year end reporting purposes.
	No. of registered client FleetMan users	581	480	632	152 132%	Demand driven indicator.
Strengthen inter-departmental working relationship through the implementation of targeted communication and policy initiatives	No. of policy and guideline circulars issued	21	25	26	1 104%	Demand driven indicator. All required circulars were issued.
Improve quality of financial standing through good governance	Debt outstanding for current financial year	R 68 mil	R 46mil	R 48.6 mil	(R2.6 mil) (6%)	Current debt that could not be settled before month-end due to public holidays at the end of March 2016.
	Debt outstanding for all previous financial years	R 15 mil	R 20 mil	R 6.7 mil	R 13.3 mil (67%)	Positive. Additional effort to recoup old outstanding debt from the clients.
Improved operational capability through the streamlining of business processes and comprehensive incident management	No. of business processes documented	34	25	13	(12) (48%)	Demand driven indicator. There were no requirements for further documentation of business processes.
	No. of documented business processes reviewed	6	25	28	3 112%	More resource time could be allocated.
	No. of transport officers trained (operational)	189	120	142	22 118%	Special attention was given to accommodate additional training sessions over and above the original planning. This was aimed at improving service delivery levels.
	No. of transport officers trained (FleetMan)	69	40	67	36 168%	Special attention was given to accommodate additional training sessions over and above the original planning. This was aimed at improving service delivery levels.
	No. of misuse complaints processed	310	300	190	(110) (37%)	Positive. All complaints received were logged and followed up with the relevant client departments. Fewer complaints were registered.

	No. of traffic violations processed	5 763	6 800	5 244	(1 556) (23%)	Positive. All traffic violations received were logged and followed up with the relevant client departments. Fewer violations were registered.
	No. of 3 rd party claims processed	88	100	75	(25) (25%)	Positive. Fewer claims were registered.
	No. of accident and losses incidents processed	2 747	3 000	2 859	(141) (5%)	Positive. Fewer cases were registered, but within the Target Tolerance level. All incidents received were logged and followed up with the relevant client departments.

Strategy to overcome areas of under performance

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. 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

2015/16			2014/15		
Final Budget R'000	Actual Expenditure R'000	Under Expenditure R'000	Final Budget R'000	Actual Expenditure R'000	Under Expenditure R'000
410 365	392 661	17 704	390 169	384 754	5 415

5. TRANSFER PAYMENTS

None.

6. CONDITIONAL GRANTS

6.1 Conditional grants and earmarked funds paid

None.

6.2 Conditional grants and earmarked funds received

GMT received money from client departments for the purchase of additional vehicles to the fleet. The latter that are classified as Conditional Grants in accounting terms were deposited into GMT's bank account before the orders were processed. Unspent amounts at year end as reflected in the financial statements are reflected as liabilities.

7. DONOR FUNDS

None.

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 FleetMan ERP and eNaTis 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 utilise government resources effectively, efficiently and economically.

2. RISK MANAGEMENT

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

In compliance with the National Treasury Public Sector Risk Management Framework (PSRMF) and to further embed risk management within the Department, the Western Cape Government (WCG) has adopted an ERM Policy Statement which sets out the WCG's overall intention with regard to ERM. The Department adopted an ERM Policy 2015/16 – 2019/20, approved by the Accounting Officer on 29 April 2015, and an ERM Strategy and Implementation Plan for 2015/16, approved by the Accounting Officer on 29 April 2015. The ERM Implementation Plan gave effect to the departmental ERM Policy and 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 strategically and on a programme level, 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 Accounting Officer in executing her responsibilities relating to risk management. The Committee operated under a Terms of Reference approved by the Accounting Officer on 6 March 2015. ERMCO in the main evaluated the effectiveness of the mitigating strategies implemented to address the risks of the Department and recommended further action where relevant.

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 was in relation to the progress of implementation of the ERM Implementation Plan and risks faced by the Department and their relevant risk response/treatment strategies. The ERMCO comprises of selected members of the Department's senior management team. As per its terms of reference the Committee should meet at least four times a year (quarterly). The ERMCO met four times during the financial year under review and were attended as follows:

Table 2.1: Risk committee

Member	Position	Scheduled	Member
Ms J Gooch	Accounting Officer (Risk Champion and Chairperson)	4	4

Member	Position	Scheduled	Member
Mr C Ismay	Deputy Director-General: Finance – (Chief Financial Officer)	4	4
Adv C Smith	Chief Director: Supply Chain Management	4	4
Mr F Hanekom	Deputy Director-General: Strategy, Planning and Co-ordination	4	4
Mr G van Schalkwyk	Chief Director: Policy and Strategy Integration (Member from 04/11/2015)	4	1
Mr J du Plessis	Acting Chief Director: Strategic Management and Operational Support (Member until 31/08/2015)	2	2
Mr R Maharaj	Chief Director: Strategic Management and Operational Support (Member from 28/10/2015)	2	2
Mr G Kode	Deputy Director General: Provincial Public Works	4	3
Mr L Fourie	Chief Director: Road Network Management	4	4
Adv K Reinecke	Deputy Director-General: Transport Management	4	4
Ms H Robson	Deputy Director-General: Corporate Assurance (DotP)	4	4
Mr R Jansen van Rensburg	Chief Director: Provincial Forensic Services (DotP)	4	4
Ms E de Bruyn	Director: Centre of e-Innovation (DotP) (Member from 22/10/2015)	4	1
Mr D Needham	Deputy Director: Assurance Services (Fraud Champion until 31/08/2015)	2	2
Mr B Rahim	Director: Financial Governance (Fraud Champion from 01/09/2015)	2	2
Ms C Mdlalo	Director: Enterprise Risk Management (DotP)	4	4

Impact on institutional performance:

Progress with 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 Western Cape Government (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 inclusive of a policy and strategy, and a Fraud Prevention Implementation Plan which gives effect to the Fraud Prevention Plan.

Various channels for reporting allegations of fraud and corruption exist and these are described in detail in the Provincial Anti-Corruption Strategy and the Departmental Fraud Prevention Plan. Each allegation received by the 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. meets statutory requirements e.g. was made in good faith). In this regard a transversal Whistle-blowing Policy was approved on 24 February 2016 to provide guidelines to employees on how to raise concerns with the appropriate line management, specific designated persons in the WCG or external institutions, where they have reasonable grounds for believing that offences or improprieties have been or are being perpetrated within the WCG. The opportunity to remain anonymous is afforded to any person who would like to report acts of fraud, theft and corruption and should they do so in person, their identities are kept confidential by the person to whom they are reporting.

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

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

- To reinforce the rules contained in the IT End User Policy regarding profile log in details and the requirement to keep such information secure.
- To increase awareness of the manner in which internal controls are compromised when profile log in details are not secured, potentially resulting in fraud and/or corruption.
- To provide employees with an understanding of the perceptions of fraud and corruption held by the Department's respondents to the 2014/15 Fraud Perception Survey.
- To raise the potential for tip-offs by increasing the awareness of how other officials within the Department perceive whistleblowing.
- To enhance potential fraudsters' perception of detection.

- To allow officials to compare and analyse current and prior year survey results and become aware of the fraud and corruption risk management initiatives in the Department.
- To inform officials of the actions taken against suspected fraudsters when Departments do become aware thereof by sensibly communicating the outcomes of cases.

During 2015/16, three hundred and thirty three (333) officials from the department attended the training provided.

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

Table 3.1: PFS Case Movement Certificates

Cases	Number of cases
Open cases as at 1 April 2015	7
New cases (2015/16)	16
Closed cases (2015/16)	(10)
Referred cases (2015/16)	(5)
Re-allocated cases (2015/16)	(1)
Re-classified cases (2015/16)	1
Incorporated cases (2015/16)	(1)
Open cases as at 31 March 2016	7

The following table further analysis the cases:

Table 3.2: Closed cases

Outcome of cases closed	Number
Outcome	
Allegations substantiated	4
Only preliminary investigation with no findings	5
Only preliminary investigation with no findings but with recommendations	1
Total	10

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 was conducted during the 2015/16 financial year, which was under review by financial year-end. 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 managed the following processes to minimise conflict of interest in the Supply Chain domain:

- The Accounting Officer's Supply Chain Management System which 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, recommendation 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 Supply Chain Management practitioners;
 - National Treasury's Code of Conduct for Bid Adjudication Committees;
 - The process for acceptance of gratification, hospitality and gifts in the context of conflict of interest;
 - In addition, it provides for bidder/employee profile verification processes, that entails a monthly comparison of employee information on PERSAL to Western Cape Supplier Database for information of suppliers. This serves as both a preventative and detective control to identify officials doing business with government.
- The implementation of the Provincial Treasury Instructions which requires the compulsory registration on Western Cape Supplier Database by all suppliers intending to do business with the Western Cape Government. This entails pre-requisites such as:
 - Verification with Companies and Intellectual Property Commission (CIPC) for company registration and ownership information.
 - A sworn declaration in the form of the WCBD 4, by all prospective bidders.
 - Submission of BBBEE – profile which is verified against the DTI database.
 - Annual training and formal workshops on Ethics provided via Supply Chain Management.

Where conflict of interest has been identified in the Supply Chain, it is deemed to constitute abuse of the SCM System and the Accounting Officer's Supply Chain Management System 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.westerncape.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.

GMT has an operational Safety and Security Committee which includes a representative from Department of Transport and Public Works, given high responsibility for providing guidelines in Health and Safety management.

In support of emergency evacuation procedures, four (4) evacuation plans are to be reviewed in the 2016/17 financial year. Two (2) planned and two (2) unplanned evacuation exercises took place during the reporting period.

7. STANDING COMMITTEE ON TRANSPORT AND PUBLIC WORKS

REPORT OF THE STANDING COMMITTEE ON TRANSPORT AND PUBLIC WORKS ON THE ANNUAL REPORT

GMT met with the Standing Committee for Transport and Public Works on 22 October 2015. 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
None

Table 7.2: Information requested by the Committee

No	Papers, reports and information requested by the Committee	GMT's Response
1.	The organogram of staff within the different management positions.	The information was provided to the Committee Co-ordinator on 18 December 2015 under reference 4/6/5/1.
2.	The number of students, interns and contracts awarded in relation of the Expanded Public Works Programme as well as the internship programmes.	The information was provided to the Committee Co-ordinator on 18 December 2015 under reference 4/6/5/1.

8. PUBLIC ACCOUNTS COMMITTEE RESOLUTIONS

REPORT OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS ON THE ANNUAL REPORT

"The Committee noted the Auditor-General's audit opinion regarding the Entity's Annual Financial Statements for the 2014/15 financial year, having obtained a clean audit opinion. This audit opinion has thus been positively maintained from the 2013/14 financial year where the Entity obtained a clean audit opinion."

As disclosed on page 12 of the Entity's Annual Report, the Government Motor Transport spent R384,8 million of an operating budget of R390,2 million, resulting in an overall under-expenditure of R5,4 million (1,4 %).

The Entity under-collected on its revenue budget of R827,3 million by R215,5 million or 26,1% as indicated on page 9 of the Annual Report. In comparison to the 2013/14 financial year, the Entity over collected on its revenue by 4,6%".

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)
Page: 529 Paragraph 5 "General Findings" of the Public Accounts Committee report	The Committee agreed that: 1. The leadership of the departments and entities should continue to collaborate with Provincial Treasury and	Leadership of the Department and Government Motor Transport	Noted	Yes

6.4 Government Motor Transport				
Background/Concern	Recommendation	Responsible Official(s)	Response	Resolved (Yes / No)
	the Department of the Premier to address past audit findings and identify risks through the provincial governance and review outlook process.			
	2. The Committee noted the Audit Committee's internal audit coverage, as it relates to all departments and entities, and encourage internal audit to broaden its coverage.	Leadership of the Department and Government Motor Transport	Noted	Yes
	3. The Committee echoes the sentiments of its strategic partners, the Auditor-General of South Africa and the Audit Committees, in noting the following as a way forward for the 2015/16 financial year: • The approach of the Auditor-General of South Africa in assisting and seeking solutions to stakeholders challenges, is commendable and should be strengthened; • Departments and entities will have to differentiate between the different types of under-spending in their 2015/16 Annual reports since some are due to saving measures whilst others due to a lack of timely planning; • The audit outcomes of departments and entities will need to be maintained (for those with clean audit opinions), while those with unqualified and qualified audit opinions will have to be assisted by Provincial Treasury and the Department of the Premier in reaching the status of clean audit opinions; • Departments and entities should prepare for the shift from a cash basis of accounting to an accrual basis of accounting; and that • The PAC will continue to engage the Auditor-	Leadership of the Department and Government Motor Transport	Noted	Yes

6.4 Government Motor Transport				
Background/Concern	Recommendation	Responsible Official(s)	Response	Resolved (Yes / No)
	General of South Africa and Audit Committees with the aim of executing effective and efficient oversight of the departments and entities.			
	4.The Committee herewith 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 2015/16 financial year.	Leadership of the Department and Government Motor Transport	Noted	Yes

8.1 LIST OF INFORMATION REQUIRED

Reference	List of information required	Responsible Official(s)	Response	Resolved (Yes / No)
Page: 546 Paragraph 7.4.2.1 "Minimising conflict of interest" of the Government Motor Transport Annual Report 2014/15	A copy of the draft policy on the Conflict of Interest, as indicated on page 40 of the Annual Report.	Leadership of the Department and Government Motor Transport	The information was provided to the Committee Co-ordinator on 18 December 2015 under reference 4/6/5/1.	Yes
Page: 546 Paragraph 7.4.2.2 "Financial Governance directorate" of the Government Motor Transport Annual Report 2014/15	Copies of the standard operating procedures and policies to enhance financial governance, as indicated on pages 43 and 44 of the Annual Report.	Leadership of the Department and Government Motor Transport	The information was provided to the Committee Co-ordinator on 18 December 2015 under reference 4/6/5/1.	Yes

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

The Trading Entity did not receive a modification of its audit reports for the past five 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 compliance to approved delegations, compliance testing of expenditure vouchers, detecting and preventing irregular, fruitless and wasteful expenditure, conducting predetermined financial inspections as indicated on its operational plan, ad hoc investigations and to provide effective and efficient fraud and loss control management services.

Table 10.1: Financial Governance work performed

Issues	Work performed
Financial delegations	PFMA Accounting Officers Delegations – Delegation Framework 2014 Finance Instruction 6 of 2006 (Amendment 1 of 2015) issued on 11 May 2015
The development, review, and amendment of standard operating procedures and policies to enhance financial governance	• Regularity Audit process - Finance Instruction 2 of 2007: (Supplementary 2 of 2015) issued on 1 December 2015 • Enterprise Risk Management Committee Terms of Reference - Finance Instruction 5 of 2012: (Supplementary 2 of 2015) issued on 12 May 2015 (Supplementary 3 of 2015) issued on 26 October 2015 • Internal Audit Charter – Finance Instruction 11 of 2015 issued on 3 July 2015 • Personal Use (non-official) of Department's Account/Name - Finance Instruction 12 of 2015 issued on 7 July 2015 • Year End Functions - Finance Instruction 14 of 2015 issued on 1 September 2015: (Supplementary 1 of 2015) issued on 9 December 2015 • Fraud Awareness Training - Finance Instruction 15 of 2013: (Supplementary 1 of 2015) issued on 14 September 2015 • Newspaper subscriptions - Finance Instruction 15 of 2015 issued on 1 October 2015 • Rotation and Retention Strategy of Public Finance Staff - Finance Instruction 16 of 2015 issued on 17 September 2015 • Authorisation of overtime - Finance Instruction 18 of 2015 issued on 1 November 2015 • Directive on Public Administration and Management Delegations, 2014 - Finance Instruction 19 of 2015 issued on 9 November 2015 • National Treasury Risk Management Online Training - Finance Instruction 1 of 2016 issued on 27 January 2016: (Supplementary 1 of 2016) issued 15 March 2016 • Safekeeping of Basic Accounting System (BAS) creditor payment, cash receipts and journal entries (draft) • Management of leases and claims (draft) • Donation – Government Motor Transport vehicles (draft) • Refund of money incorrectly paid in the Provincial Revenue Fund (draft) • Review of SOP related to the preparation of submissions to higher authorities • BAS payments checklist (draft)
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 2015.
Internal audit process	Reports were received and the implementations of the recommendation are managed through the Departmental Corporate Governance Improvement Plan (DCGIP).
Retention of financial information	During 2015/16 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	<u>Reporting done under the administration of DTPW</u> • SCOPA resolutions - Annually • Financial Misconduct (PSC) - Annually • Corruption and Fraud (DPSA) - Quarterly • DCGIP (Top Management) – Monthly • DCGIP (Audit Committee) - Quarterly • Unauthorised, Irregular, Fruitless and Wasteful Expenditure (Top Management) - Monthly • Fraud Prevention Strategy Implementation Plan and Fraud

Issues	Work performed
	- Risk Registers (ERMCO) – Quarterly - PFS recommendations - Quarterly <u>Reporting done by GMT</u> - In-Year Monitoring (IYM)(Top Management) – Monthly - IYM (Audit Committee) – Quarterly - Interim Financial Statements (Top Management and Audit Committee) – Bi-annually - Annual Financial Statements (Top Management, Audit Committee, Auditors and Provincial Treasury) - Annually
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 on an ongoing basis.
Financial Inspections	Compliance inspections are performed on a continuous basis.
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 Expenditure case files	Opening balance on 1 April 2015 (None) New cases registered (None) Total cases investigated (None) Closed cases (None) Closing balance on 31 March 2016 (None)

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 and application of the Accounting Officer's Supply Chain Management System which makes provision for the Institutionalisation of the System, which includes the disciplines of 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	- Review of the Framework for the Infrastructure Delivery Management system (IDMS) in consultation with the Provincial Treasury. (draft) - Review of the standard for IDMS in consultation with the Provincial Treasury. (draft) - Review of the Construction Procurement Standard in consultation with the Provincial Treasury. (draft) - Formulated Chapter 16 C of the Provincial Treasury Instructions in conjunction with the Provincial Treasury and Immovable Asset management. (draft)
The development, review, and amendment of standard operating procedures and policies to	- SCM Instruction 6 of 2015/16 – Reclassification of Assets. - SCM Instruction 8 of 2015/16 – Revised Application to

Issues	Work performed
enhance supply chain management	Travel. • SCM Instruction 9 of 2015/16 – Procurement Plan 2016/17. • SCM Circular 10 of 2015/16 – Disclosure of Financial Interest. • Logistics and Asset Management Policy amended for Modified Cash Standard (draft). National updates were only issued on 31 March 2016. • Process to report Remunerative Work Outside the Public Service (RWOPS) non-compliance to Departmental Branch Heads and the Head of Department. (draft completed) • Process to request RWOPS from other government institutions. (draft completed) • Departmental Travel Fees Policy. (reviewed annually - draft)
Capacity and skills programme implemented	Attended • Introduction to NEC3 (July 2015) • 2nd Phase New Engineering Contracts (January 2015) • Smart Procurement world Conference (March 2016) • Public Sector Governance, Audit and Risk Management (June 2015, July 2015, November 2015, March 2016) • National Public Service Supply Chain Process Audit Convention (November 2016) • Intermediate Project Management (March 2016) • Fraud Awareness training (February 2016) • Risk Awareness training (March 2016) • Legislative Overview of the Western Cape (June 2016, October 2016) • Policy Analysis, Development and Implementation (July 2016) • Substance Abuse Intervention (October 2016) Conducted • Training of officials on the Central Supplier Database.
Internal stakeholders	• 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	• Procurement Statistics - Head of Department - Chief Financial Officer - Provincial Treasury - National Treasury (through the CRA system) - AGSA • Awarded contracts - CIDB register of contracts (I-Tender) • Departmental Corporate Governance Monthly Monthly Monthly Monthly Monthly Monthly Monthly

Issues	Work performed
- Improvement Plan • Top Management • Infrastructure Delivery Management Committee • SCOPA • Audit committee • Portfolio committee	Monthly Monthly As required As required As required
Procurement through bidding processes	As disclosed in the DTPW Annual Report: Formal bids: 610 (Number of contracts) R5 060 804 921 (Value of contracts) In the main focussed on construction procurement. Informal bids: 1 155 (Number of contracts) R48 257 495 (Value of contracts)
Supply Chain Management Compliance Inspections	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: • 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	As disclosed in the DTPW Annual Report: Investigate complaints and report all instances where the possibility of fraud, corruption, bid-rigging is evident (16 incidents investigated)
Bidder and Staff Verification	• 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	• 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

Issues	Work performed
	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	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 improve the operations of the Department continuously. 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;
- 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 and completed in the 2015/16 Internal Audit Plan:

- Fleet Risk Management
- Empowerment Impact Assessment
- EPWP Co-ordination
- Land Transport Permits system: IT General Controls
- Supply Chain Management
- Interim Financial Statements
- Debt Management: Leased property
- General Buildings: Maintenance Planning audit
- 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 (Auditor-General of South Africa - 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;
- 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 Contract ended	No. of Meetings attended
Mr Ameen Amod	B.Com, MBA, CIA, CRMA, CGAP	External	N/A	1 January 2013 (2 nd term)	2 nd term expired on 31 December 2015	6
Mr Wessels Pieters	M.Com (ACC) (Pret), CA (SA) (Retired)	External	N/A	1 January 2013 (2 nd term)	2 nd term expired on 31 December 2015	6
Mr Francois Barnard	M.Com (Tax); CA (SA); Postgraduate Diploma in Auditing; CTA; B.Compt (Honours); B.Proc	External	N/A	1 January 2016 (2 nd term)	N/A	7
Mr Sedick Steenkamp	Higher Diploma Accounting; CA (SA)	External	N/A	1 January 2016 (2 nd term)	N/A	5
Mr Johannes Kleyn	Finance and Business Systems, Risk Management and Compliance	External	N/A	1 January 2015	N/A	7
Ms J Gunther	CIA; AGA; Masters in Cost Accounting; B.Compt; CRMA	External	N/A	1 January 2016	N/A	1

13. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2016.

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

The Effectiveness of Internal Control

In line with the PFMA and Treasury Regulations, 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 engagements were approved by the Audit Committee and completed by Internal Audit during the year under review:

Assurance engagements

- Fleet Risk Management

The areas for improvement, as noted by Internal Audit during the performance of their work, were agreed to by management. The Audit Committee monitors the implementation of the agreed actions on a quarterly basis.

In-Year Management and Monthly/Quarterly Reports

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

Evaluation of Financial Statements

The Audit Committee has:

- reviewed and discussed the Audited Annual Financial Statements to be included in the Annual Report with the Auditor – General South Africa (AGSA) and the Accounting Officer;
- reviewed the AGSA's Management Report and management's response thereto;
- reviewed changes to accounting policies and practices as reported in the Annual Financial Statements;
- reviewed material adjustments resulting from the audit of the Department.

Compliance

The Audit Committee has reviewed the Department's processes for compliance with legal and regulatory provisions.

Performance Information

The Audit Committee has reviewed the information on predetermined objectives as reported in the Annual Report.

Report of the Auditor - General South Africa

We have on a quarterly basis reviewed the Department'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 are 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 Francois Barnard

Chairperson of the Audit Committee
Government Motor Transport
August 2016

PART D: HUMAN RESOURCE MANAGEMENT

1. LEGISLATION THAT GOVERNS PEOPLE 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 (Act 85 of 1993) (amended by Act 181 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 (Act 103 of 1994) (amended by Act 30 of 2007)**

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

- **Labour Relations Act (Act 66 of 1995) (amended by Act 6 of 2014)**

To regulate and guide the employer in recognising and fulfilling its role in effecting labour peace and the democratisation of the workplace; as well as to provide a framework in which employees and their trade unions, employers and employer organisations can bargain collectively and formulate industrial policy; and to promote orderly collective bargaining (also at sectoral level), employee participation in decision-making in the workplace (i.e. the establishment of workplace forums) and the effective resolution of labour disputes.

- **Basic Conditions of Employment Act (Act 75 of 1997) (amended by Act 20 of 2013)**

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 (Act 97 of 1998) (amended by Act 26 of 2011)**

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 (Act 55 of 1998) (amended by Act 47 of 2013)**

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

- **Public Finance Management Act (Act 1 of 1999) (amended by Act 29 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 (Act 9 of 1999) (amended by Act 24 of 2010)**

To provide for the imposition of a skills development levy; and for matters connected therewith.

- **Promotion of Access to Information Act (Act 2 of 2000) (amended by Act 54 of 2002)**

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 (Act 3 of 2000) (PAJA) (amended by Act 53 of 2002)**

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

2. INTRODUCTION

The Value of People in the Department

People are a key element in achieving the strategic objectives of the Department, inclusive of the GMT Trading Entity. It is through their efforts that the mandate of the Department is realised and that value-adding services are provided to citizens. In order to ensure sustained improvement in the way the Department conducts its business, it is important that suitable people, with the appropriate skills, competence and understanding of the provincial and departmental service delivery approach, are employed.

Planning for the consistent availability of the appropriate skills, at the right place and at the right time is often complex, as the Department has to contend with increasing budgetary constraints and dire skills shortages, especially in the highly technical and specialised occupations.

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

OVERVIEW OF PEOPLE MANAGEMENT MATTERS AT THE ENTITY

Table 2.1: Workforce planning framework and key strategies to attract and retain a skilled and capable workforce

Ranked Departmental HRP Priorities		Level of Risk	Outcomes	Approach to Mitigate Risk and Achieve Outcome
1	Recruitment and Selection (including Employment Equity)	High	Competent people in the right numbers at the right place at the right time with the right attitude. An equitable workforce.	Address prioritised people needs by talent sourcing and selection. Broaden access to employment opportunities and mainstream both disability and gender considerations in the workplace.
2	Retention, Succession Planning and Career Management	High	Competent people in the right numbers at the right place at the right time with the right attitude.	Strategically aligned people plans to address retention of employees. Succession Planning framework with effective measure to transfer skills and capacitate people for higher posts.
3	Organisational Design	High	A performance conducive workplace.	Implementation of transversally consistent and equitable work organisation policies and practices.
4	Training and Development	Medium	Competent People in the right numbers at the right place at the right time with the right attitude.	Develop and evaluate prioritised skills.
5	Employee Health and Wellness	Medium	Leaders that are exemplars of the behaviours associated with the organisation's values. Highly engaged people.	Frontline values and behaviour-based change navigation initiatives. Provide health and wellness services in support of a wellness culture.

a. Employee Performance Management Framework

One of the cornerstones of the Staff Performance Management System is the basic requirement that all employees are obliged to do what is expected of them. These expectations and the required performance standards are concretised by means of job descriptions, performance agreements, business plans and / or service level agreements. Rewards and incentives are therefore granted only for work that qualitatively and quantitatively surpasses work for which employees are remunerated.

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 compliance with acceptable performance standards.

The framework also seeks to promote a positive workplace culture that encourages formal and informal discussions about performance quality, lead practice and continuous individual improvement.

This system sets the framework in which both the employer and employee can equally realise their goals and objectives to ensure the achievement of PSG 5, namely to *Embed good governance and integrated service delivery through partnerships and spatial alignment*.

b. Employee Wellness

Developing a wellness culture in the Department is of strategic importance to ensure that employees achieve optimum levels of performance while feeling cared for and supported in the work context. The WCG's transversal Employee Health and Wellness Programme (EHW) follows a holistic approach to employee wellbeing and is largely preventative in nature, offering both primary and secondary services. The EHW Programme is monitored in the Department through monthly utilisation reports for primary services (24/7/365 telephonic counselling service, online e-Care service and reporting) and secondary services (face-to-face counselling, trauma and critical incidents, training and targeted intervention, executive coaching, advocacy).

A quarterly report is prepared by the Directorate: Organisational Behaviour within the Corporate Service Centre that provides a trend analysis of utilisation, risk identification and its impact on productivity. Furthermore, on-going reporting to the Department of Public Service and Administration (DPSA) is a requirement and such reporting focuses on four areas namely, HIV/ AIDS, Health and Productivity, Wellness Management and SHEQ (Safety Health Environment and Quality).

3. PEOPLE MANAGEMENT OVERSIGHT STATISTICS

3.1 Personnel related expenditure

The following tables summarise final audited expenditure for the Entity (Table 3.1.1) and by salary bands (Table 3.1.2).

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.

Table 3.1.1: Personnel expenditure for the Entity, 2015/16

Entity	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	392 661	32 128	749	359 784	8.2	252 976	127
Total							

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, 2015/16

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)	682	2.2	62	11
Skilled (Levels 3-5)	13 771	43.8	200	69
Highly skilled production (Levels 6-8)	12 756	40.6	319	40
Highly skilled supervision (Levels 9-12)	3 171	10.1	529	6

Salary bands	Personnel Expenditure (R'000)	% of total personnel expenditure	Average personnel expenditure per employee (R'000)	Number of Employees
Senior management (Levels 13-16)	1 050	3.3	1 050	1
Total	31 429	100.0	248	127

Note: The number of employees refers to all individuals remunerated during the reporting period, including interns, but 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 for the Entity, 2015/16

Entity	Salaries		Overtime		Housing allowance		Medical assistance	
	Amount (R'000)	Salaries as a % of personnel expenditure	Amount (R'000)	Overtime as a % of personnel expenditure	Amount (R'000)	Housing allowance as a % of personnel expenditure	Amount (R'000)	Medical assistance as a % of personnel expenditure
GMT	21 552	68.6	910	2.9	1 034	3.3	1 914	6.1
Total	21 552	68.6	910	2.9	1 034	3.3	1 914	6.1

Note: The table above does not make provision for other expenditure such as Pensions, Performance Bonus and other allowances, which make up the total personnel expenditure. Therefore, Salaries, Overtime, Housing Allowance and Medical Assistance amount to 80.8% of the total personnel expenditure.

Table 3.1.3 and 3.1.4 should essentially reflect the same totals. However, due to the fact that the data is rounded off to thousands and grouped by either programme or salary band, it could present differently.

Table 3.1.4: Salaries, Overtime, Housing Allowance and Medical Assistance by salary bands, 2015/16

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)	483	1.5	31	0.1	25	0.1	48	0.2
Skilled (Levels 3-5)	8 925	28.4	731	2.3	581	1.8	1 146	3.6
Highly skilled production (Levels 6-8)	9 193	29.3	107	0.3	411	1.3	651	2.1
Highly skilled supervision (Levels 9-12)	2 250	7.2	42	0.1	14	0.04	50	0.2
Senior management (Levels 13-16)	702	2.2	0	0	4	0.01	19	0.1
Total	21 552	68.6	910	2.9	1 034	3.3	1 914	6.1

Table 3.1.3 and 3.1.4 should essentially reflect the same totals. However, due to the fact that the data is rounded off to thousands and grouped by either programme or salary band, it could present differently.

3.2. EMPLOYMENT AND VACANCIES

The following tables summarise the number of active posts on the establishment, the number of employees, and the percentage active vacant posts as at the end of the financial year. This information is presented in terms of three key variables, namely: Programme (Table 3.2.1), Salary Band (Table 3.2.2) and Critical Occupations (Table 3.2.3). Table 3.2.3 provides establishment and vacancy information for the key critical occupations of the Department.

Table 3.2.1: Employment and vacancies for the Entity, as at 31 March 2016

Entity	Number of funded posts	Number of posts filled	Vacancy rate %
GMT	130	115	11.5%
Total	130	115	11.5%

Table 3.2.2: Employment and vacancies by salary bands, as at 31 March 2016

Salary Band	Number of funded posts	Number of posts filled	Vacancy rate %
Lower skilled (Levels 1-2)	20	15	25.0%
Skilled (Levels 3-5)	76	70	7.9%
Highly skilled production (Levels 6-8)	27	24	11.1%
Highly skilled supervision (Levels 9-12)	6	5	16.7%
Senior management (Levels 13-16)	1	1	0.0%
Total	130	115	11.5%

Note: The information in each case reflects the situation as at 31 March 2016. An indication of changes in staffing patterns for the year under review is reflected in section 3.4 (Employee Changes) in this report.

Table 3.2.3: Employment and vacancies by critical occupation, as at 31 March 2016

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

3.3. JOB EVALUATION

The Public Service Regulations, 2001 as amended, introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities are required to evaluate each new post in his or her organisation or re-evaluate any post where the post mandate or content has significantly changed. This job evaluation process determines the grading and salary level of a post.

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 2015 to 31 March 2016

Salary Band	Total number of posts as at 31 March 2016	Number of posts evaluated	% of posts evaluated	Posts Upgraded		Posts Downgraded	
				Number	Posts upgraded as a % of total posts	Number	% of number of posts
Lower skilled (Levels 1-2)	20	0	0	0	0	0	0
Skilled (Levels 3-5)	76	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	27	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	6	0	0	0	0	0	0
Senior Management Service Band A (Level 13)	1	0	0	0	0	0	0
Total	130	0	0	0	0	0	0

Table 3.3.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2015 to 31 March 2016

Beneficiaries	African	Indian	Coloured	White	Total
None					

Note: Table 3.3.2 is a breakdown of posts upgraded in table 3.3.1.

Table 3.3.3 summarises the number of cases where salary levels exceeded the grade determined by job evaluation or where higher notches awarded to employees within a particular grade. 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 2015 to 31 March 2016

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 2015 to 31 March 2016

Beneficiaries	African	Indian	Coloured	White	Total
None					

Note: Table 3.3.4 is a breakdown of table 3.3.3 by race and gender.

3.4. EMPLOYMENT CHANGES

Turnover rates provide an indication of trends in the employment profile of the Entity 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 2015 to 31 March 2016

Salary Band	Number of employees as at 31 March 2015	Turnover rate 2014/15	Appointments into the Entity	Transfers into the Entity	Terminations out of the Entity	Transfers out of the Entity	Turn-over rate 2015/16
Lower skilled (Levels 1-2)	15	12.5	0	0	0	0	0
Skilled (Levels 3-5)	70	18.4	4	0	2	0	2.9
Highly skilled production (Levels 6-8)	25	15.4	0	0	2	0	8.0
Highly skilled supervision (Levels 9-12)	5	16.7	0	0	0	0	0
Senior Management Service Band A (Level 13)	1	0.0	0	0	0	0	0
Total	116	16.8	4	0	4	0	3.4
				4	4		

Note: Transfers refer to the lateral movement of employees from one Public Service entity to another.

Table 3.4.2: Annual turnover rates by critical occupation, 1 April 2015 -31 March 2016

Critical Occupation	Number of employees as at 31 March 2015	Turnover rate 2014/15	Appointments into the Entity	Transfers into the Entity	Terminations out of the Entity	Transfers out of the Entity	Turn-over rate 2015/16
None							

Table 3.4.3: Staff leaving the employ of the Entity, 1 April 2015 to 31 March 2016

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
Resignation *	0	0	0
Expiry of contract	1	25.0	0.9
Dismissal – operational changes	0	0	0
Dismissal – misconduct	1	25.0	0.9
Dismissal – inefficiency	0	0	0
Discharged due to ill-health	1	25.0	0.9
Retirement	1	25.0	0.9
Employee initiated severance package	0	0	0
Transfers to Statutory	0	0	0
Transfers to other Public Service departments	0	0	0
Total	4	100	3.4

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

* Resignations are further discussed in tables 3.4.4 and 3.4.5.

Table 3.4.4: Reasons why staff resigned, 1 April 2015 to 31 March 2016

Resignation Reasons	Number	% of total resignations
None		

Table 3.4.5: Different age groups of staff who resigned, 1 April 2015 to 31 March 2016

Age group	Number	% of total resignations
None		

Table 3.4.6 Employee initiated severance packages

Total number of employee initiated severance packages in 2015/ 2016	None
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Table 3.4.7: Promotions by salary band, 1 April 2015 to 31 March 2016

Salary Band	Employees as at 31 March 2015	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)	4	0	0	2	50.0
Skilled (Levels 3-5)	69	0	0	41	59.4
Highly skilled production (Levels 6-8)	37	1	2.7	26	70.3
Highly skilled supervision (Levels 9-12)	5	0	0	4	80.0
Senior management (Levels 13-16)	1	0	0	1	100
Total	116	1	0.9	74	63.8

Table 3.4.8: Promotions by critical occupation, 1 April 2015 to 31 March 2016

Critical Occupation	Employees as at 31 March 2015	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 2016

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	4	0	0	38
Semi-skilled and discretionary decision making (Levels 3-5)	5	28	0	2	6	26	0	0	0	0	67
Unskilled and defined decision making (Levels 1-2)	1	1	0	1	1	0	0	0	0	0	4
Total	7	41	0	23	7	31	0	6	0	0	115
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	7	41	0	23	7	31	0	6	0	0	115

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 2016

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	0	0	0	0	0	0	0	0	0	0	0

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
specialists and mid-management (Levels 9-12)											
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	0	0	2	0	0	0	0	0	0	2
Semi-skilled and discretionary decision making (Levels 3-5)	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	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 2015 to 31 March 2016

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	3	0	1	0	0	0	0	0	0	4
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Total	0	3	0	1	0	0	0	0	0	0	4
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	3	0	1	0	0	0	0	0	0	4

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

Note: Recruitment refers to the appointment of new employees to the staff establishment of the Entity. The totals include transfers from other government departments and / or institutions, as per Table 3.4.1.

Table 3.5.4: Promotions, 1 April 2015 to 31 March 2016

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	1	0	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making (Levels 3-5)	0	0	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Total	0	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 who have advanced to a higher post level within the Entity, as per Table 3.4.7.

Table 3.5.5: Terminations, 1 April 2015 to 31 March 2016

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)	2	0	0	0	0	0	0	0	0	0	2
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Total	2	0	0	2	0	0	0	0	0	0	4
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	2	0	0	2	0	0	0	0	0	0	4

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

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

Table 3.5.6: Disciplinary actions, 1 April 2015 to 31 March 2016

Disciplinary actions	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Dismissal	1	0	0	0	0	0	0	0	0	0	1
TOTAL	1	0	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 2015 to 31 March 2016

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	1	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	0	2	0	1	0	1	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	0	0	1	0	2	0	1	4
Semi-skilled and discretionary decision making (Levels 3-5)	0	5	0	1	1	6	0	0	13
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0
Total	0	7	0	4	1	9	0	1	22
Temporary employees	0	0	0	0	0	0	0	0	0
Grand total	0	7	0	4	1	9	0	1	22

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

Note: The above table refers to the total number of employees including interns who have received training during the period under review, and not the number of training interventions attended by individuals. For further information on the actual training provided, 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 2015

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: This table refers only to employees who are appointed as Senior Management Service (SMS) members. Employees who are remunerated higher than a SL12, but who are not SMS members have been excluded. Furthermore, the table reflects post salary details and not the individual salary level of employees. The allocation of performance-related rewards (cash bonus) for SMS members is dealt with later in the report. Refer to Table 3.8.5 in this regard.

Table 3.6.2: Reasons for not having concluded Performance Agreements with all SMS on 31 May 2015

Reasons for not concluding Performance Agreements with all SMS
Not Required

Table 3.6.3: Disciplinary steps taken against SMS Members for not having concluded Performance Agreements on 31 May 2015

Disciplinary steps taken against SMS Members for not having concluded Performance Agreements
Not Required

3.7. FILLING OF SMS POSTS

Table 3.7.1: SMS posts information, as at 30 September 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 3.7.2: SMS posts information, as at 31 March 2016

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 2016

SMS Level	Advertising	Filling of Posts	
	Number of Vacancies per Level Advertised in 6 Months of becoming Vacant	Number of Vacancies per Level Filled in 6 Months after becoming Vacant	Number of Vacancies per Level not Filled in 6 Months but Filled in 12 Months
Salary Level 13	0	0	0
Total	0	0	0

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
Salary Level 13	None Required

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

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

3.8. EMPLOYEE PERFORMANCE

Table 3.8.1: Notch progressions by salary band, 1 April 2015 to 31 March 2016

Salary Band	Employees as at 31 March 2015	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	4	2	50
Skilled (Levels 3-5)	69	41	59.4
Highly skilled production (Levels 6-8)	37	26	70.3
Highly skilled supervision (Levels 9-12)	5	4	80
Senior management (Levels 13-16)	1	1	100
Total	116	74	63.8

Table 3.8.2: Notch progressions by critical occupation, 1 April 2015 to 31 March 2016

Critical Occupations	Employees as at 31 March 2015	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 to employees for the performance period 2014/15, but paid in the financial year 2015/16. Not all employees are eligible for performance rewards. Those who perform satisfactorily, on probation and under performers do not qualify. For details of the Performance Management Framework, refer to the introduction to Part D. 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 2015 to 31 March 2016

Race Gender and	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2015	% of total within group	Cost (R'000)	Average cost per beneficiary (R)
African	5	16	31.3	30	6 018
Male	3	9	33.3	17	5 716
Female	2	7	28.6	13	6 470
Coloured	23	70	32.9	232	10 087
Male	7	39	17.9	112	16 038
Female	16	31	51.6	120	7 484
Indian	0	0	0.0	0	0
Male	0	0	0.0	0	0
Female	0	0	0.0	0	0
White	11	27	40.7	167	15 148
Male	8	24	33.3	113	14 120
Female	3	3	100.0	54	17 889
Employees with a disability	3	3	100	62	20 765
Total	42	116	36.2	491	11 691

Table 3.8.4: Performance rewards by salary bands for personnel below Senior Management Service level, 1 April 2015 to 31 March 2016

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficia- ries	Total number of employees in group as at 31 March 2015	% 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	15	0.0	0	0	0.0
Skilled (Levels 3-5)	22	70	31.4	145	6 575	0.5
Highly skilled production (Levels 6-8)	14	25	56.0	166	11 873	0.5
Highly skilled supervision (Levels 9-12)	5	5	100.0	133	26 662	0.4
Total	41	115	35.7	444	10 834	1.5

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, 1 April 2015 to 31 March 2016

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2015	% 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	47	46 829	4.5
Total	1	1	100	47	46 829	4.5

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 (cash bonus) by critical occupations, 1 April 2015 to 31 March 2016

Critical Occupation	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2015	% 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 2015 to 31 March 2016

Salary Band	1 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% change
None						

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

Table 3.9.2: Foreign Workers by major occupation, 1 April 2015 to 31 March 2016

Major Occupation	1 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% change
None						

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

3.10. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2015 TO 31 DECEMBER 2015

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 instances, the estimated cost of the leave is also provided.

Table 3.10.1: Sick leave, 1 January 2015 to 31 December 2015

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)	13	76.9	3	4	75.0	4	4
Skilled (Levels 3-5)	525	79.8	61	69	88.4	9	265
Highly skilled production (Levels 6-8)	202	70.8	29	40	72.5	7	184
Highly skilled supervision (Levels 9-12)	15	73.3	4	6	66.7	4	26
Senior management (Levels 13-16)	13	100	1	1	100	13	34
Total	768	77.6	98	120	81.7	8	513

Note: The three-year sick leave cycle started in January 2013 and ended in December 2015. The information in each case reflects the totals excluding incapacity leave taken by employees. For an indication of incapacity leave taken, refer to Table 3.10.2.

Table 3.10.2: Incapacity leave, 1 January 2015 to 31 December 2015

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	4	0	0	0
Skilled (Levels 3-5)	38	100	8	69	11.6	5	19
Highly skilled production (Levels 6-8)	251	100	4	40	10	63	193
Highly skilled supervision (Levels 9-12)	0	0	0	6	0	0	0
Senior management (Levels 13-16)	0	0	0	1	0	0	0
Total	289	100.0	12	120	10.0	24	212

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 Co-ordinating Bargaining Council (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 2015 to 31 December 2015

Salary Band	Total days taken	Total number employees using annual leave	Average days per employee
Lower skilled (Levels 1-2)	138	14	10
Skilled (Levels 3-5)	1 622	71	23
Highly skilled production (Levels 6-8)	1 115	38	29
Highly skilled supervision (Levels 9-12)	141	5	28
Senior management (Levels 13-16)	38	1	38
Total	3 054	129	24

Table 3.10.4: Capped leave, 1 January 2015 to 31 December 2015

Salary Band	Total capped leave available as at 31 Dec 2014	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 2015
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	813.96	13	3	4	20	809.96
Highly skilled production (Levels 6-8)	971.77	9	3	3	25	962.77
Highly skilled supervision (Levels 9-12)	168.92	0	0	0	5	168.92
Senior management (Levels 13-16)	99	7	1	7	1	92
Total	2 054	29	7	4	51	1 957

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 capped- and annual leave payments made to employees as a result of non-utilisation.

Table 3.10.5: Leave pay-outs, 1 April 2015 to 31 March 2016

Reason	Total Amount (R'000)	Number of Employees	Average payment per employee (R')
Leave pay-outs for 2014/15 due to non-utilisation of leave for the previous cycle	12	1	12 074
Capped leave pay-outs on termination of service for 2014/15	82	1	82 124
Current leave pay-outs on termination of service 2014/15	30	3	10 011
Total	124	5	24 846

3.11. HIV AND AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.11.1: Steps taken to reduce the risk of occupational exposure, 1 April 2015 to 31 March 2016

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	HIV/AIDS Counselling and Testing [HCT] and Wellness screenings sessions were conducted in general. The outsourced Health and Wellness

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
have been targeted at all levels within the Department	contract (Employee Health and Wellness Programme [EHWP]) provides employees with their immediate family members [it means the spouse or partner of an employee or children living with an employee] are provided with a range of services. These services include the following: ▪ 24/7/365 Telephone counselling; ▪ Face to face counselling (4 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 2015 to 31 March 2016

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.	√		The Corporate Services Centre (CSC) within the Department of the Premier provides a transversal service to eleven (11) participating departments, including the Department of the Premier. A designated Employee Health and Wellness unit within the Directorate Organisational Behaviour and the Chief Directorate Organisation Development serves to promote the health and wellbeing of employees in the eleven (11) departments. The unit consists of a Deputy Director, three (3) Assistant Directors, and four (3) team members. Budget R 2.5 mil.

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.	√		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]. The Department conducted interventions namely, Managerial Referral, Financial Management, Self-Development, Stress and Work-Life Balance, Mental Health Awareness, Stress and Resilience, Substance Abuse, Relationship Enrichment, Employee Information Session 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 2014/15. The reports were based on the utilisation of the EHW services and management information in order to target appropriate interventions to address these trends. The targeted interventions were aimed at improving employee engagement through awareness and educational interventions that promote healthy lifestyles and coping skills. This involves presentations to create awareness and encourage employees to have a pro-active approach to limit the impact of these problems in the workplace. The above-mentioned interventions were conducted for the targeted departments, managers and supervisors as well as executive coaching for SMS members. The department also provided information sessions, as requested by various departments in the Western Cape Government [WCG] to inform employees of the EHW service, how to access the Employee Health and Wellness Programme [EHWP]. Promotional material such as pamphlets, posters and brochures were distributed.
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.	√		A Health and Wellness Steering Committee has been established with members nominated by each department. The Department of Transport and Public Works is represented by C Marx and Z De Monk.

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.	√		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. In this regard, all employment policies make provision for fair practices, regardless of the HIV status of staff or applicants. During the period under review, the Department of the Premier has developed a Transversal Employee Health and Wellness Management and HIV/AIDS and TB Management policies, which was ratified and approved on 8th March 2016. 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.
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.	√		The Department implemented the Provincial Strategic Plan on HIV/AIDS, STIs and TB 2012-2016 to mainstream HIV and TB and its gender and rights-based dimensions into the core mandates to reduce HIV-related stigma. The overarching aim of the said Provincial Strategic Plan is to protect HIV-positive employees by advocating the implementation of the Three Zeros in line with the Joint United Nations Programme on HIV & AIDS (UNAIDS). These are Educational programmes and information sessions developed to eradicate stigma and discrimination and to raise awareness through: ▪ Zero new HIV, STI and TB infections ▪ Zero deaths associated with HIV and TB ▪ Zero discrimination Also, the department is conducting the HCT and Wellness screening sessions to ensure that every employee in the department is tested for HIV and screened for TB, at least annually. The aim was to: ▪ Reduce HIV and TB discrimination in the workplace. This included campaigns against unfair discrimination and empowerment of employees. ▪ Reduce unfair discrimination in access to services. This included ensuring that Employee Relations Directorate addresses complaints or grievances and provides training to employees. Other key elements that addressed anti HIV/AIDS discrimination issues were: Wellness Screenings and TB Testing Sessions with specific requests from departments were conducted, posters and pamphlets were distributed, HIV/AIDS counselling [HCT] and TB Testing were conducted, condom programme and spot talks, including [HIV/AIDS speak out programme] were conducted as well.

Question	Yes	No	Details, if yes
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 participated in 8 HCT and Wellness screening sessions. 312 Employees were tested and counselled for HIV, Tuberculosis and Sexually Transmitted Infections (STI's). There was no clinical referral for TB, HIV or any other STIs, and 3 for Diabetes.
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 2015 – 2016. 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

Table 3.12.1: Collective agreements, 1 April 2015 to 31 March 2016

Total collective agreements	None
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Table 3.12.2 summarises the outcome of disciplinary hearings conducted within the Department for the period.

Table 3.12.2: Misconduct and disciplinary hearings finalised, 1 April 2015 to 31 March 2016

Outcomes of disciplinary hearings	Number	% of total
Dismissal	1	100
Total	1	100
Percentage of total employment		0.8

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

Table 3.12.3: Types of misconduct addressed at disciplinary hearings, 1 April 2015 to 31 March 2016

Type of misconduct	Number	% of total
Fraud	1	100
Total	1	100

Table 3.12.4: Grievances lodged, 1 April 2015 to 31 March 2016

Grievances lodged	Number	% of total
None		

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

Table 3.12.5: Disputes lodged with Councils, 1 April 2015 to 31 March 2016

Disputes lodged with Councils	Number	% of total
None		

Note: Councils refer to the Public Service Co-ordinating Bargaining Council (PSCBC) and General Public Service Sector Bargaining Council (GPSSBC). When a dispute is "upheld", it means that the Council endorses the appeal as legitimate and credible in favour of the aggrieved. When a dispute is "dismissed", it means that the Council is not ruling in favour of the aggrieved.

Table 3.12.6: Strike actions, 1 April 2015 to 31 March 2016

Strike actions	Number
None	

Table 3.12.7: Precautionary suspensions, 1 April 2015 to 31 March 2016

Precautionary suspensions	Number
None	

Note: Precautionary suspensions refer to staff who were suspended with full pay, whilst the case was 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 2015 to 31 March 2016

Occupational Categories	Gender	Number of employees as at 1 April 2015	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	27	0	7	0	7
	Male	31	0	8	0	8
Clerks	Female	19	0	12	0	12
	Male	16	0	7	0	7
Service and sales	Female	0	0	0	0	0

Occupational Categories	Gender	Number of employees as at 1 April 2015	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
workers	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	11	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	9	0	0	0	0
Elementary occupations	Female	1	0	0	0	0
	Male	5	0	2	0	2
Sub Total	Female	47	0	19	0	19
	Male	75	0	17	0	17
Total		122	0	36	0	36
Employees with disabilities	Female	0	0	0	0	0
	Male	3	0	0	0	0

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

Table 3.13.2: Training provided, 1 April 2015 to 31 March 2016

Occupational Categories	Gender	Number of employees as at 31 March 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	0	0	1	0	1
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	27	0	9	0	9
	Male	31	0	11	0	11
Clerks	Female	16	0	11	0	11
	Male	12	0	2	0	2
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	Female	0	0	0	0	0

Occupational Categories	Gender	Number of employees as at 31 March 2016	Training provided within the reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
trades workers	Male	11	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	9	0	0	0	0
Elementary occupations	Female	1	0	0	0	0
	Male	5	0	0	0	0
Sub Total	Female	44	0	20	0	20
	Male	71	0	14	0	14
Total		115	0	34	0	34
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 3.14.1 provides basic information on injury on duty.

Table 3.14.1: Injury on duty, 1 April 2015 to 31 March 2016

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	33.3
Temporary disablement	2	66.7
Permanent disablement	0	0
Fatal	0	0
Total	3	100
Percentage of total employment		2.4

3.15. UTILISATION OF CONSULTANTS

Table 3.15.1: Utilisation of consultants/private contractors

APPOINTMENT OF CONSULTANTS FOR THE FINANCIAL YEAR 2015/2016									
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	2	143	1 767 046	2	2	4
	R Wiggill	Rendering of accounting services	Accounting Services	1	229	1 125 660	1	1	N
	Third Quarter Consultancy CC	Rendering of Information Communication Services	Electronic systems implementation, development, configuration and maintenance services	47	10 870	26 850 429	18	47	6
		Total		50	11 242	29 743 135	21	50	

NOTES:

PART E: FINANCIAL INFORMATION

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Government Motor Transport Trading Entity set out on pages 82 to 145, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of the Generally Recognised Accounting Practise (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 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

Additional matter

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

Unaudited supplementary schedules

8. The supplementary information set out on pages 33 to 34 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

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 objective presented in the annual performance report of the trading entity for the year ended 31 March 2016:
- Objective 1: Improve efficiency of the government fleet through efficient utilisation, effective fleet management and provision of quality services on pages 31 to 32.
11. 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 (FMPPi).
12. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
13. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objective:
- Objective 1: Improve efficiency of the government fleet through efficient utilisation, effective fleet management and provision of quality services on pages 31 to 32.

Additional matter

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

Achievement of planned targets

15. Refer to the annual performance report on pages 31 to 33 for information on the achievement of the planned targets for the year.

Compliance with legislation

16. 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

17. 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 2016



Auditing to build public confidence

2. ANNUAL FINANCIAL STATEMENTS

General information

Country of incorporation and domicile	South Africa
Legal form of entity	Government Business Enterprise (schedule 3D) Trading Entity
Nature of business and principal activities	Provision of vehicle fleet services to Provincial and National clients
Business address	34 Roeland Street Cape Town 8000
Postal Address	Private Bag X9014 Cape Town 8000
Bankers	Nedbank
Auditors	Auditor-General of South Africa
Accounting Officer	J Gooch

GOVERNMENT MOTOR TRANSPORT ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

Accounting Officer's Responsibility and Approval

The Accounting Officer is required by the Public Finance Management Act, 1999 (Act No. 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements. It is the responsibility of the Accounting Officer to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period that ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and were given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that she is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour is applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement.

In the light of the current financial position and the expected future cash flows for the 12 months ended 31 March 2017, the Accounting Officer is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Annual Financial Statements, which have been prepared on the going concern basis, are approved by the Accounting Officer.


J Gooch
Accounting Officer

Date: 2016-05-30

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Notes	2015/16 R'000	Restated 2014/15 R'000
EQUITY AND LIABILITIES			
Net Assets			
Accumulated Surplus		2 023 659	1 763 122
Total Net Assets		2 023 659	1 763 122
Non-current liabilities			
Employee Benefit Liability	1	909	888
Provisions	2	1 539	1 762
Total Non-current liabilities		2 448	2 650
Current liabilities			
Payables from Exchange Transactions	3	9 396	5 409
Payables from Non-exchange Transactions	4	4 494	3 568
Unspent Conditional Grants and Receipts	5	55 242	47 240
Provisions	6	993	557
Total current liabilities		70 125	56 774
Total liabilities		72 573	59 423
Total Net Assets and Liabilities		2 096 232	1 822 545
ASSETS			
Non-current Assets			
Property, Plant and Equipment	7	237 377	240 286
Intangible Assets	8	104 021	87 524
Heritage Assets	9	140	140
Finance Lease Receivables	10	650 682	622 588
Total Non-current assets		992 219	950 538
Current Assets			
Inventory	11	42	45
Receivables from Exchange Transactions	12	54 926	37 876
Receivables from Non-exchange Transactions	13	3 018	2 788
Cash and Cash Equivalents	14	944 860	739 874
Finance Lease Receivables	10	101 167	91 424
Total current assets		1 104 013	872 007
Total Assets		2 096 232	1 822 545

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2015/16 R'000	Restated 2014/15 R'000
REVENUE			
Revenue from Exchange Transactions			
Revenue	15	571 036	545 497
Other income	16	10 718	13 881
Interest earned	17	46 640	32 963
Government Grants and Subsidies Received	18	23 764	19 468
Revenue from Non-exchange Transactions			
Other grants and subsidies received	18	1 039	-
Total Revenue		653 198	611 808
EXPENDITURE			
Administrative expenses	19	(23 093)	(19 767)
Employee costs	20	(32 128)	(29 369)
Operating expenditure	21	(293 168)	(300 615)
Depreciation	22	(15 684)	(12 221)
Amortisation	23	(9 466)	(7 381)
Accidents and Impairment losses	24	(3 792)	(574)
Operating leases	31	(15 329)	(14 827)
Total Expenditure		(392 661)	(384 753)
SURPLUS FOR THE YEAR		260 537	227 055

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2016**

Description	Retained earnings	Total equity
	R'000	R'000
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
Changes in net assets for the year ended 31 March 2016		
Surplus for the year ended 31 March 2016	260 537	260 537
Balance at 31 March 2016	2 023 659	2 023 659

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2015/16 R'000	2014/15 R'000
CASH FROM OPERATING ACTIVITIES			
Receipts			
Charges for services provided		553 987	544 872
Other receipts		8 646	9 991
Interest earned		46 640	32 963
Government Grants and Subsidies Received		32 791	37 715
Payments			
Employee costs		(31 712)	(28 866)
Suppliers paid		(239 806)	(262 616)
Other payments		(37 493)	(34 573)
NET CASH FLOWS FROM OPERATING ACTIVITIES	25	333 053	299 486
CASH FROM INVESTING ACTIVITIES			
Proceeds on disposal of Property, Plant and Equipment		10 398	16 009
Acquisition of Property, Plant and Equipment		(74 666)	(136 143)
Intangible Assets - development cost capitalised		(25 962)	(28 178)
Investment in Finance Lease Receivables		(37 837)	(22 492)
NET CASH FROM INVESTING ACTIVITIES		(128 067)	(170 804)
NET INCREASE IN CASH AND CASH EQUIVALENTS		204 986	128 683
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR		739 874	611 191
CASH AND CASH EQUIVALENTS - END OF THE YEAR	26	944 860	739 874

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2016

31 March 2016

Description	Original Budget R'000	Budget commitments from PY R'000	Budget Adjustments R'000	Final Adjustments Budget R'000	Additional Budget R'000	Shifting of funds R'000	Final Budget R'000	Actual Outcome R'000	Unauthorised Expenditure R'000	Variance R'000	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
FINANCIAL POSITION												
Current Assets												
Inventories	-	-	-	-	-	-	-	42	-	42	-	-
Receivables from Exchange Transactions	-	-	-	-	-	-	-	54 926	-	54 926	-	-
Receivables from Non-exchange Transactions	-	-	-	-	-	-	-	3 018	-	3 018	-	-
Cash and Cash Equivalents	-	-	-	-	-	-	-	944 860	-	944 860	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	101 167	-	101 167	-	-
Non-current Assets												
Property, Plant and Equipment	230 864	47 994	-	278 858	-	107 169	386 027	237 377	-	(148 650)	61	103
Intangible Assets	29 202	7 606	-	36 808	-	2 810	39 618	104 021	-	64 403	263	356
Heritage Assets	-	-	-	-	-	-	-	140	-	140	-	-
Finance Lease Receivables	-	-	-	-	-	-	-	650 682	-	650 682	-	-
Total Assets	260 066	55 600	-	315 666	-	109 979	425 645	2 096 232	-	1 670 587	492	806
Current Liabilities												
Payables from Exchange Transactions	-	-	-	-	-	-	-	9 396	-	9 396	-	-
Payables from Non-exchange Transactions	-	-	-	-	-	-	-	4 494	-	4 494	-	-
Unspent Conditional Grants and Receipts	-	-	-	-	-	-	-	55 242	-	55 242	-	-
Provisions	-	-	-	-	-	-	-	993	-	993	-	-
Non-current Liabilities												
Employee Benefit Liability	-	-	-	-	-	-	-	909	-	909	-	-
Provisions	-	-	-	-	-	-	-	1 539	-	1 539	-	-
Total Liabilities	-	-	-	-	-	-	-	72 573	-	72 573	-	-
Total Assets and Liabilities	260 066	55 600	-	315 666	-	109 979	425 645	2 023 659	-	1 598 014	475	806
Net Assets (Equity)												
Accumulated Surplus	-	-	-	-	-	-	-	2 023 659	-	2 023 659	-	-
Total Net Assets	-	-	-	-	-	-	-	2 023 659	-	2 023 659	-	-

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2016

31 March 2016

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	(692 149)	-	-	(692 149)	-	-	(692 149)	(571 036)	-	121 113	83	83
Other income	(13 656)	-	-	(13 656)	-	-	(13 656)	(10 718)	-	2 938	78	78
Interest earned	(25 495)	-	-	(25 495)	-	-	(25 495)	(46 640)	-	(21 145)	183	183
Government Grants and Subsidies Received	(20 400)	-	-	(20 400)	-	-	(20 400)	(23 764)	-	(3 364)	116	116
Revenue from Non-exchange Transactions												
Other grants and subsidies received	-	-	-	-	-	-	-	(1 039)	-	(1 039)	-	-
Financing of Capital Budget	(24 194)	-	-	(24 194)	-	-	(24 194)	-	-	24 194	-	-
Total Revenue	(775 894)	-	-	(775 894)	-	-	(775 894)	(653 198)	-	122 696	84	84
Expenditure												
Administrative expenses	25 666	1 338	-	27 004	-	(3 456)	23 548	23 093	-	(455)	98	90
Employee costs	36 975	-	-	36 975	-	-	36 975	32 128	-	(4 847)	87	87
Operating expenditure	360 082	2 890	-	362 972	-	(59 132)	303 840	293 168	-	(10 672)	96	81
Depreciation	13 193	-	-	13 193	-	2 592	15 785	15 684	-	(101)	99	119
Amortisation	10 104	-	-	10 104	-	477	10 581	9 466	-	(1 115)	89	94
Accidents and Impairment losses	1 800	-	-	1 800	-	2 002	3 802	3 792	-	(10)	100	211
Operating leases	68 008	288	-	68 296	-	(52 462)	15 834	15 329	-	(505)	97	23
Total Expenditure	515 828	4 516	-	520 344	-	(109 979)	410 365	392 661	-	(17 705)	96	76
Surplus for the year	-	4 516	-	(255 551)	-	(109 979)	(365 529)	(260 537)	-	104 992	-	-

GOVERNMENT MOTOR TRANSPORT

**NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2016**

31 March 2016

Explanation of variances between the Original and Final Budget

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

STATEMENT OF FINANCIAL PERFORMANCE

EXPENDITURE

Administrative expenses

A budget commitment increase of R1.338 million between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds decrease of R3.456 million between the Final Adjustments Budget to the Final Budget. The budget commitment of R1.338 million was for purchase orders raised during the 2014/15 financial year which were not yet invoiced by 31 March 2015. The shifting of funds of R3.456 million was done due to less expenditure being incurred on costs associated with auctioning and advertising. The transversal procurement contract was issued in June 2015 which resulted in vehicles purchased later during the financial year than expected. Fewer vehicles were also purchased. The resultant costs occurred later in the financial year, thus the volumes could not be attained as originally anticipated. The actual expenditure was thus lower than the budget. Lower advertisement fees were incurred as the organisational study is still in the process of approval and staff positions could not be advertised for the filling of posts.

Operating expenditure

A budget commitment increase of R2.89 million between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds decrease of R59.132 million between the Final Adjustments Budget and Final Budget. The budget commitment of R2.89 million was for purchase orders raised during the 2014/15 financial year which were not yet invoiced by 31 March 2015. The shifting of funds decrease of R59.132 million was done due to lower actual expenditure incurred on audit fees, the anticipated move in GMT's operating site not occurring, fuel and maintenance, and loss on the disposal of vehicles were lower than expected. The average fuel price per litre decreased from the period when the budget was prepared to that of the actual expenditure being incurred. Fewer vehicles were auctioned than what was expected and the smaller volume of disposals resulted in a lower total loss in the disposal of vehicles.

Depreciation

A shifting of funds increase of R2.591 million between the Final Adjustments Budget and the Final Budget was done due to a higher volume of vehicles being classified as Property, Plant and Equipment than what was anticipated, therefore there were more vehicles depreciating on GMT's Chart of Accounts than anticipated during the budget preparation.

Amortisation

A shifting of funds of R477,000 increase between the Final Adjustments Budget and the Final Budget was done. The number of projects being placed in the production environment was higher than was expected during the budget preparation process. Projects such as Oracle Enterprise Database, Advanced Procurement and FleetBase enhancements (Phase one) went live during the 2015/16 financial year.

Accidents and impairment losses

A shifting of funds increase of R2.002 million between the Final Adjustments Budget and the Final Budget was done as higher accidents and impairment expenditure was incurred. The budget was based on actuals amounts from previous reporting periods' totals and considering the number of registered cases at the time of the budget preparation process. The amount of the expenditure incurred on the accidents and impairments increased due to the type of claims and incidents which occurred, resulting in higher expenditure than what was expected.

Operating leases

A budget commitment increase of R288,000 between the Original Budget and Final Adjustments budget was done as well as a shifting of funds decrease of R52.462 million between the Final Adjustments Budget and the Final Budget. The budget commitment of R288,000 is for purchase orders raised during the 2014/15 financial year and were not yet invoiced by 31 March 2015. The shifting of funds decrease of R52.462 million was due to the reclassification of the non-rental components of tracking to operating expenditure.

STATEMENT OF FINANCIAL POSITION

Non-current assets

Property, Plant and Equipment

A budget commitment increase of R47.994 million between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds increase of R107.169 million from Final Adjustments Budget and Final Budget. The budget commitments of R47.994 million was for purchase orders raised during the 2014/15 financial year which were not yet invoiced by 31 March 2015. This was done due to planned vehicle purchases which were going to be purchased during the 2014/15 financial year but the actual expenditure was only incurred during 2015/16. The transversal vehicle procurement contract was only issued in June 2015 which resulted in vehicle purchase orders being issued later during the financial year than what was expected when the budget was prepared. Fewer vehicles were also purchased due to space and human resources constraints which hampered procurement and licensing of new vehicles. Further delays occurred due to the capacity constraints experienced by a vehicle converter.

GOVERNMENT MOTOR TRANSPORT

**NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2016**

31 March 2016

Explanation of variances between the Original and Final budget

Intangible Assets

A budget commitments increase of R7.606 million between the Original and Final Adjustments Budget as well as a shifting of funds increase of R2.81 million from the Final Adjustments Budget and Final Budget was done. The budget commitments of R7.606 million was for purchase orders raised during the 2014/15 financial year which were not yet invoiced by 31 March 2015. The shifting of funds increase of R2.81 million was due to reprioritisation of IT projects. The IT projects Oracle Enterprise Database, Advanced Procurement and FleetBase enhancements (Phase one) went live during the 2015/16 financial year.

Explanations of Variances between the Final Budget and the Actual outcome

The reasons for variances greater than 10% between Final Budget and Actual outcome on the various items disclosed in the Statement of Financial Performance and Statement of Financial Position are explained below:

STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

Revenue from Exchange Transactions

Revenue

The variance of R121.113 million under budget between the Final Budget and Actual revenue is due to the budget which includes the capital component of the total daily tariffs charged to clients. These are deemed to be instalments for the lease of vehicles classified as Finance Lease Receivables. The actual revenue only includes the interest earned portion of the daily tariffs. The capital component of the daily tariff payments are re-allocated to the Finance Lease Receivables which are disclosed as Current and Non-current assets.

Other income

The variance of R2.938 million under budget between the Final Budget and Actual revenue is due to lower profit earned on the disposal of vehicles. There were lower volumes of vehicles disposed during the financial year than what was expected during the budget preparation.

Interest earned

The variance of R21.145 million over budget between the Final Budget and Actual revenue is due to the interest earned on bank account being higher than the budgeted amount. The budget was based on a lower bank balance and Prime-linked interest rate than the actual balance and rate on which the interest was earned during the financial year. The South African Reserve Bank increased Repo rates during 2015/16 which resulted in Prime-linked interest rates to increase from levels on which the budget was prepared. The increase in the bank balance was due to the inflow of cash funds which exceeded the expenditure.

Government Grants and Subsidies Received

The variance of R3.364 million over budget in the Final Budget and the Actual revenue is due to the budget being prepared on previous actual totals. The additional vehicles value which was allocated to the Western Cape Departments of Health and Community Safety was higher than expected. The allocation of additional vehicles depends on the expansion of the clients footprint, the operations and fulfilling its mandate. The balances of Unspent Conditional Grants and Receipts on 31 March 2016 will be recognised as revenue when the vehicles are allocated to clients.

Other Grants and Subsidies Received

The variance of R1.039 million over budget between the Final Budget and the Actual revenue is due to take-in vehicles from the Western Cape Department of Environmental Affairs and Development Planning and Justice and Constitutional Development. The revenue was not budgeted for due to the uncertainty on which the events might occur.

Financing of Capital Budget

The variance of R24.194 million over budget between the Final Budget and Actual is due to the net effect on the budget for revenue and expenditure items.

EXPENDITURE

Employee Costs

The variance of R4.847 million under budget between the Final Budget and the Actual expenditure is due to vacancies during the financial year. The budget was based on expenditure being incurred for all the positions on the organogram being filled.

Amortisation

The variance of R1.115 million under budget between the Final Budget and the Actual expenditure is due to reprioritisation of IT projects.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2016

31 March 2016

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

FINANCIAL POSITION

The Final Budget is the total of the expected revenue earned and expenditure incurred during the 2015/16 financial year. The actual balances on the Statement of Financial Position is the carrying value of the line item which has accrued since its recognition (which can be prior to the 2015/16 financial year) until 31 March 2016.

Current assets

Inventories

The variance of R42,000 over budget is due to the budget being prepared on the cash basis. The expense is budgeted under Administrative expenditure.

Receivables from Exchange Transactions

The variance of R54.926 million over budget is due to the budget being prepared on the cash basis. The revenue is budgeted under Revenue and not under this line item.

Receivables from Non-exchange Transactions

The variance of R3.018 million over budget is due to the budget being prepared on the cash basis. The revenue is budgeted under Administrative expenditure and not under this line item.

Cash and Cash Equivalents

The variance of R944.86 million 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 not under this line item.

Finance Lease Receivables

The variance of R101.167 million over budget is due to the budget being prepared on the cash basis. The revenue is budgeted under Revenue and not under this line item.

Non-current assets

Property, Plant and Equipment

The variance of R148.65 million under budget between the Actual outcome and Final budget is due to an increase in the budget commitments of R47.994 million from the Original Budget to the Final Adjustments Budget was made, as well as a shifting of funds of R107.169 million. The budget commitments of R47.994 million were for purchase orders raised during 2014/15 and not yet invoiced by 31 March 2015. The transversal procurement contract was only issued in June 2015 which resulted in vehicle purchase orders being issued later during the financial year than what was expected when the budget was prepared. Fewer vehicles were also purchased due to space and human resources constraints which hampered procurement and licensing of new vehicles. Further delays occurred due to the capacity constraints experienced by a vehicle converter.

Intangible Assets

The variance of R64.403 million over budget is due to the budget being prepared on the cash basis. The budgeted expenditure is the expenditure which is expected to be incurred during 2015/16 while the balance of R104.022 million is the carrying value of the line item which has accrued since its recognition (which is prior to the 2015/16 financial year) until 31 March 2016.

Heritage Assets

The variance of R140,000 over budget is due to the budget being prepared on the cash basis. No cash funds were incurred during 2015/16 which had an impact on the carrying value of the asset. The value of this item must be disclosed in terms of the accounting standard on Heritage assets, thus the carrying value of R140,000 is reflected on the Statement of Financial Position.

Finance Lease Receivables

The variance of R650.682 million over budget is due to the budget being prepared on the cash basis. The revenue is budgeted for under Revenue with a reallocation of the capital component of the daily tariffs which is included in revenue. The reallocation is made to Finance Lease Receivables.

Current liabilities

Payables from Exchange Transactions

The variance of R9.396 million over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted under the relevant expenditure items on the Statement of Financial Performance and not under this line item.

Payables from Non-exchange Transactions

The variance of R4.494 million over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted under the relevant expenditure items on the Statement of Financial Performance and not under this line item.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2016

31 March 2016

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

Unspent Conditional Grants and Receipts

The variance of R55.242 million over budget is due to the budget being prepared on the cash basis. The revenue is budgeted under the relevant expenditure items on the Statement of Financial Performance and not under this line item.

Provisions

The variance of R993,000 over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted under the relevant expenditure items on the Statement of Financial Performance and not under this line item.

Non-current liabilities

Employee Benefit Liability

The variance of R909,000 over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted under the relevant expenditure items on the Statement of Financial Performance and not under this line item.

Provisions

The variance of R1.539 million over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted under the relevant expenditure items on the Statement of Financial Performance and not under this line item.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 R'000
1 EMPLOYEE BENEFIT LIABILITY		
Provision for Long Service Awards	<u>909</u>	<u>888</u>
The movement in the Employee Benefit Liability is reconciled as follows:		
Balance at beginning of the year	888	753
Contributions to provision	145	188
	<u>1 033</u>	<u>941</u>
Transfer to current provisions	(124)	(53)
Balance at end of the year	<u>909</u>	<u>888</u>

Government Motor Transport operates an unfunded defined benefit plan for 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 2016 by Mr N Fourie, Fellow Member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service 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 2016, 95 (31 March 2015: 96) employees were eligible for long service bonuses.

The current service cost for the year ending 31 March 2016 is estimated to be R45,000, whereas the cost for the 2016/17 financial year is estimated to be R48,000 (31 March 2015: R37,000).

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

Discount Rate	8.67%	7.39%
CPI (Consumer Price Inflation)	6.80%	5.56%
Normal Salary Increase Rate	7.80%	6.56%
Net Effective Discount Rate	0.81%	0.78%
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 2016

1

	2015/16 R'000	2014/15 R'000	
EMPLOYEE BENEFIT LIABILITY (continued)			
Movements in the present value of the Defined Benefit Obligation were as follows:			
Balance at the beginning of the year	941	753	
Current service costs	45	37	
Interest cost	71	63	
Benefits paid	(35)	(25)	
Actuarial losses / (gains)	11	113	
Present Value of Fund Obligation at the end of the year	1 033	941	
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations	1 033	941	
Fair value of plan assets	-	-	
Total Benefit Liability	1 033	941	
The amounts recognised in the Statement of Financial Performance are as follows:			
Current service cost	45	37	
Interest cost	71	63	
Actuarial losses / (gains)	11	113	
Total Post-retirement Benefit included in Employee costs	127	213	
The history of experienced adjustments is as follows:			
	2015/16 R'000	2014/15 R'000	2013/14 R'000
Present Value of Defined Benefit Obligation	1 033	941	753
Fair Value of Plan Assets	-	-	-
Deficit	1 033	941	753
	2015/16 R'000	2014/15 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	150	125	
Effect on the defined benefit obligation	1 100	1 008	
Decrease:			
Effect on the aggregate of the current service cost and the interest cost	130	108	
Effect on the defined benefit obligation	971	880	

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 R'000
2 PROVISIONS		
Capped leave pay:		
Opening balance	1 762	1 624
Provisions made /(redeemed) during the year	41	138
Less: Current portion transferred to current liabilities	(263)	-
	1 539	1 762

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	8 424	5 181
Sundry creditors	972	227
Operating lease liability (see note 31)	-	1
	9 396	5 409

Sundry creditors are third party claims and refunds to clients 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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 R'000
4 PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Staff Leave accrued	932	815
Staff Bonuses	756	693
Other Creditors	2 806	2 060
	4 494	3 568

Staff Leave accrues to the employees 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 employees of the entity on an annual basis. The liability is an estimate of the amount due at the reporting date.

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

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.

	2015/16 R'000	2014/15 R'000
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Grants from Provincial Departments	55 242	46 400
Department of Community Safety	2 089	3 406
Department of Cultural Affairs and Sport	1 580	1 047
Department of Economic Development and Tourism	-	945
Department of Health	32 938	39 887
Department of Local Government	10 000	665
Department of Transport and Public Works	8 480	300
Department of Education	155	150
Grants from National Departments	-	840
Department of Justice and Constitutional Development	-	840
Total Conditional Grants and Receipts	55 242	47 240

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 Community Safety

Balance unspent at beginning of the year	3 406	2 073
Current period receipts	2 143	3 038
Prior year recognition	-	(9)
Conditions met - transferred to revenue	(3 273)	(1 632)
Unspent grants refunded to departments	(187)	(64)
	2 089	3 406

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 R'000
5.1 Grants from Provincial Departments (continued):		
5.1.2 Department of Cultural Affairs and Sport		
Balance unspent at beginning of the year	1 047	-
Current period receipts	1 580	5 953
Conditions met - transferred to revenue	(960)	(4 906)
Unspent grants refunded to departments	(87)	-
	1 580	1 047
5.1.3 Department of Economic Development and Tourism		
Balance unspent at beginning of the year	945	2 342
Current period receipts	969	937
Conditions met - transferred to revenue	(1 819)	(2 321)
Unspent grants refunded to departments	(95)	(13)
	-	945
5.1.4 Department of Health		
Balance unspent at beginning of the year	39 887	22 211
Current period receipts	11 210	25 910
Reversal from prior year	-	(67)
Conditions met - transferred to revenue	(14 548)	(8 009)
Unspent grants refunded to departments	(3 611)	(156)
	32 938	39 887
5.1.5 Department of Human Settlements		
Balance unspent at beginning of the year	-	24
Conditions met - transferred to revenue	-	(6)
Unspent grants refunded to departments	-	(18)
	-	-
5.1.6 Department of the Premier		
Balance unspent at beginning of the year	-	708
Current period receipts	320	-
Conditions met - transferred to revenue	(314)	-
Unspent grants refunded to departments	(6)	(708)
	-	-
5.1.7 Department of Local Government		
Balance unspent at beginning of the year	665	300
Current period receipts	10 000	665
Conditions met - transferred to Revenue	(662)	(291)
Unspent grants refunded to departments	(3)	(9)
	10 000	665

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 R'000
5.1 Grants from Provincial Departments (continued):		
5.1.8 Department of Transport and Public Works		
Balance unspent at beginning of the year	300	-
Current period receipts	8 751	300
Conditions met - transferred to revenue	(271)	-
Other adjustments	(300)	-
	8 480	300
5.1.9 Department of Provincial Treasury		
Balance unspent at beginning of the year	-	-
Current period receipts	264	-
Conditions met - transferred to revenue	(264)	-
	-	-
5.1.10 Department of Education		
Balance unspent at beginning of the year	150	400
Current period receipts	155	171
Conditions met - transferred to revenue	(142)	(421)
Unspent grants refunded to departments	(8)	-
	155	150
5.2 Grants from National Departments:		
5.2.1 Department of Justice and Constitutional Development		
Balance unspent at beginning of the year	840	934
Current period receipts	1 511	1 788
Conditions met - transferred to revenue	(1 511)	(1 882)
Other adjustments	(840)	-
	-	840
6 PROVISIONS		
Personnel expense related commitments:		
Performance bonuses	606	504
Employee Benefit Liability	124	53
Capped leave	263	-
	993	557

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.

Employee Benefit Liabilities are 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.

Capped leave are the amounts payable within one year from the reporting date due to employees leaving GMT's service.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

6 PROVISIONS (continued)

The movement on current provisions are reconciled as follows:

31 March 2015:	Performance bonuses R'000	Employee Benefit Liability R'000	Capped leave provision R'000	Total R'000
Balance at beginning of year	401	8	81	491
Contributions/(reductions) to provision	481	-	(81)	400
Transfer from non-current	-	53	-	53
Expenditure incurred	(379)	(8)	-	(387)
Balance at end of the year	504	53	-	557

31 March 2016:	Performance bonuses R'000	Employee Benefit Liability R'000	Capped leave provision R'000	Total R'000
Balance at beginning of the year	504	53	-	557
Contributions/(reductions) to provision	512	(53)	-	459
Transfer from non-current	-	124	263	387
Expenditure incurred	(411)	-	-	(411)
Balance at end of the year	606	124	263	993

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

7 PROPERTY, PLANT AND EQUIPMENT

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	806	135 336	136 142
Depreciation	(1 104)	(11 117)	(12 221)
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	17 069	290 563	307 633
Accumulated depreciation	(14 041)	(52 727)	(66 769)
Accumulated impairment losses	(4)	(574)	(578)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

7 PROPERTY, PLANT AND EQUIPMENT (continued)

31 MARCH 2016

Reconciliation of Carrying Value

Description	Plant and Equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2015	3 024	237 262	240 286
Gross carrying amount	17 069	290 563	307 633
Accumulated depreciation:	(14 041)	(52 727)	(66 769)
Accumulated impairment losses	(4)	(574)	(578)
Additions at cost	423	74 243	74 666
Take in assets	14	-	14
Depreciation	(1 493)	(14 191)	(15 684)
Impairment losses	-	(3 792)	(3 792)
Carrying value of disposals	-	(8 739)	(8 739)
Cost	-	(22 986)	(22 986)
Accumulated depreciation	-	13 673	13 673
Accumulated impairment	-	574	574
Vehicles moved from Departments to GMT	-	46 332	46 332
Cost	-	91 684	91 684
Accumulated depreciation	-	(45 352)	(45 352)
Vehicles moved from GMT to Departments	-	(95 705)	(95 705)
Cost	-	(98 214)	(98 214)
Accumulated depreciation	-	2 510	2 510
Net Carrying amount - 31 March 2016	1 968	235 410	237 377
Cost	17 507	335 289	352 797
Accumulated depreciation	(15 534)	(96 088)	(111 622)
Accumulated impairment losses	(4)	(3 792)	(3 796)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 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. The commitments for the acquisition of Property, Plant and Equipment is disclosed under the note for commitments for expenditure.		
7.1 Audio Equipment		
Carrying amount at the beginning of the year	4	2
Cost	54	42
Accumulated depreciation	(50)	(40)
Depreciation	(3)	(9)
Additions	-	12
Carrying amount at the end of the year	1	4
Cost	54	54
Accumulated depreciation	(53)	(50)
7.2 Computer Equipment		
Carrying amount at the beginning of the year	2 234	2 491
Cost	5 811	5 271
Accumulated depreciation	(3 577)	(2 780)
Additions at cost	295	540
Depreciation	(1 170)	(797)
Carrying amount at the end of the year	1 359	2 234
Cost	6 106	5 811
Accumulated depreciation	(4 747)	(3 577)
7.3 Telephone		
Carrying amount at the beginning of the year	101	5
Cost	124	14
Accumulated depreciation	(23)	(9)
Additions at cost	-	110
Depreciation	(20)	(14)
Carrying amount at the end of the year	81	101
Cost	124	124
Accumulated depreciation	(43)	(23)
7.4 Workshop Equipment		
Carrying amount at the beginning of the year	146	59
Cost	210	103
Accumulated depreciation	(63)	(43)
Accumulated impairment losses	(1)	(1)
Additions at cost	2	107
Depreciation	(32)	(20)
Carrying amount at the end of the year	115	146
Cost	211	210
Accumulated depreciation	(95)	(63)
Accumulated impairment losses	(1)	(1)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.5 Office Furniture and Fittings		
Carrying amount at the beginning of the year	406	541
Cost	1 546	1 532
Accumulated depreciation	(1 139)	(990)
Accumulated impairment losses	(1)	(1)
Additions at cost	52	14
Depreciation	(191)	(149)
Carrying amount at the end of the year	267	406
Cost	1 598	1 546
Accumulated depreciation	(1 330)	(1 139)
Accumulated impairment losses	(1)	(1)
7.6 Office Equipment		
Carrying amount at the beginning of the year	49	47
Cost	132	119
Accumulated depreciation	(83)	(72)
Additions at cost	65	13
Depreciation	(22)	(11)
Carrying amount at the end of the year	91	49
Cost	196	132
Accumulated depreciation	(105)	(83)
7.7 Domestic Equipment		
Carrying amount at the beginning of the year	17	14
Cost	32	23
Accumulated depreciation	(15)	(9)
Additions at cost	-	9
Depreciation	(6)	(5)
Carrying amount at the end of the year	11	17
Cost	32	32
Accumulated depreciation	(21)	(15)
7.8 Domestic Furniture		
Carrying amount at the beginning of the year	8	9
Cost	14	14
Accumulated depreciation	(6)	(5)
Depreciation	(3)	(1)
Carrying amount at the end of the year	5	8
Cost	14	14
Accumulated depreciation	(9)	(6)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.9 Kitchen Appliances		
Carrying amount at the beginning of the year	12	12
Cost	30	29
Accumulated depreciation	(18)	(17)
Additions at cost	9	1
Depreciation	(6)	(1)
Carrying amount at the end of the year	16	12
Cost	40	30
Accumulated depreciation	(24)	(18)
7.10 Photographic Equipment		
Carrying amount at the beginning of the year	9	11
Cost	28	28
Accumulated depreciation	(17)	(16)
Accumulated impairment losses	(1)	(1)
Depreciation	(5)	(2)
Take in assets	14	-
Carrying amount at the end of the year	18	9
Cost	42	28
Accumulated depreciation	(22)	(17)
Accumulated impairment losses	(1)	(1)
7.11 Crockery		
Carrying amount at the beginning of the year	2	3
Cost	4	4
Accumulated depreciation	(2)	(1)
Depreciation	(1)	(1)
Carrying amount at the end of the year	1	2
Cost	4	4
Accumulated depreciation	(3)	(2)
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	34	128
Cost	9 083	9 083
Accumulated depreciation	(9 049)	(8 955)
Depreciation	(34)	(94)
Carrying amount at the end of the year	-	34
Cost	9 083	9 083
Accumulated depreciation	(9 083)	(9 049)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 R'000
8 INTANGIBLE ASSETS		
Net Carrying value at beginning of the year	87 523	66 727
Cost	115 094	86 918
Cost - Software Applications	26 799	25 646
Cost - Software License Fees Capitalised	4 972	3 078
Cost - Internal Development	83 323	58 195
Accumulated Amortisation	(27 571)	(20 191)
Accumulated Amortisation - Software Applications	(3 582)	(2 182)
Accumulated Amortisation - Software License Fees	(279)	(75)
Accumulated Amortisation - Internal Development	(23 711)	(17 934)
Software License Fees - Capitalised during the year	1 722	1 895
Application modules acquired	1 319	1 153
Internal Development - Cost capitalised	22 922	25 129
Amortisation during the year	(9 466)	(7 381)
Software Applications	(1 820)	(1 399)
Software License Fees	(462)	(204)
Internal Development	(7 184)	(5 777)
Net Carrying value at end of the year	104 021	87 524
Cost	141 058	115 095
Cost - Software Applications	27 245	26 799
Cost - Software License Fees Capitalised	6 694	4 972
Cost - Internal Development	107 119	83 323
Accumulated Amortisation	(37 037)	(27 571)
Accumulated Amortisation - Software Applications	(5 402)	(3 582)
Accumulated Amortisation - Software License Fees	(740)	(279)
Accumulated Amortisation - Internal Development	(30 895)	(23 711)
<u>Breakdown between systems:</u>		
8.1 FleetMan System:		
Net Carrying amount at beginning of the year	18 581	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)
Transfer from Oracle EBS	873	-
Internal Development - Cost capitalised	2 053	3 649
Amortisation during the year	(4 941)	(3 841)
Internal Development	(4 941)	(3 841)
Net Carrying amount at end of the year	16 566	18 581
Cost	39 088	36 162
Cost - Internal Development	39 088	36 162
Accumulated Amortisation	(22 522)	(17 581)
Accumulated Amortisation - Internal Development	(22 522)	(17 581)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 R'000
8 INTANGIBLE ASSETS (continued)		
8.2 Oracle Financial System:		
Net Carrying amount at beginning of the year	68 943	47 954
Cost	78 933	54 405
Cost - Software Applications	26 799	25 645
Cost - Software License Fees	4 972	3 078
Cost - Internal Development	47 162	25 682
Accumulated Amortisation	(9 990)	(6 451)
Accumulated Amortisation - Software Applications	(3 582)	(2 182)
Accumulated Amortisation - Software License Fees	(279)	(75)
Accumulated Amortisation - Internal Development	(6 130)	(4 194)
Transfer to FleetMan	(873)	-
Software License Fees - capitalised during the year	1 722	1 895
Application modules acquired	1 319	1 153
Internal Development	20 869	21 480
Amortisation during the year	(4 525)	(3 538)
Software Applications	(1 820)	(1 399)
Software License Fees	(462)	(204)
Internal Development	(2 243)	(1 936)
Net Carrying amount at end of the year	87 455	68 943
Cost	101 970	78 933
Cost - Software Applications	27 245	26 799
Cost - Software License Fees Capitalised	6 694	4 972
Cost - Internal Development	68 031	47 162
Accumulated Amortisation	(14 515)	(9 990)
Accumulated Amortisation - Software Applications	(5 402)	(3 582)
Accumulated Amortisation - Software License Fees	(740)	(279)
Accumulated Amortisation - Internal Development	(8 373)	(6 130)

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 the Statement of Financial Performance. 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 currency exchange rate affects certain components of the costs which are capitalised as part of intangible assets.

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 2016

9	HERITAGE ASSETS	2015/16 R'000	2014/15 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	2015/16 R'000	2014/15 R'000
	Finance Lease Receivables	751 849	714 012
	Sub-total	751 849	714 012
	Less: Current Portion transferred to Current Assets:	101 167	91 424
	Finance Lease Receivables	101 167	91 424
	Total Long-term portion of Finance Lease Receivables	650 682	622 588

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 Receivables are for vehicles which are permanently allocated to clients with remaining lease terms of between 1 and 14 years as at 31 March 2016 (31 March 2015: 1 and 15 years). GDC634G and GCC394G, both Toyota Hino trucks, have remaining lease terms of 11 and 14 years respectively as at 31 March 2016. If these vehicles are excluded, the remaining lease terms for the fleet are between 1 and 9 years. The effective annual interest rate on new vehicles purchased and permanently allocated to clients during the period under review is between 2.02% and 72.86% (31 March 2015: 9.84% and 78.46%).

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 clients are therefore disclosed.

Ownership of the leased vehicles is not transferred to the clients at the conclusion of the lease agreements. GMT's rights under Finance Lease Receivables are secured by the lessors' title to the leased assets.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

10 FINANCE LEASE RECEIVABLES (continued)

The amounts receivable under Finance Leases are as follows:

	Minimum Lease Receivables		Present Value of Minimum Lease Receivables	
	2015/16 R'000	2014/15 R'000	2015/16 R'000	2014/15 R'000
Amounts receivable under finance leases:				
Within one year	308 588	295 944	101 167	91 424
In the second to fifth years, inclusive	1 044 871	1 024 996	629 462	540 150
Over five years	25 526	96 874	21 220	82 439
	<u>1 378 986</u>	<u>1 417 814</u>	<u>751 849</u>	<u>714 012</u>
Less: Unearned Future Finance Income	627 137	703 802	-	-
Present Value of Minimum Lease Receivables	<u>751 849</u>	<u>714 012</u>	<u>751 849</u>	<u>714 012</u>
Less: Amounts due for settlement within 12 months (Current portion)			101 167	91 424
Finance lease receivables due for settlement after 12 months (Non-current portion)			<u>650 682</u>	<u>622 588</u>
GMT has finance lease agreements for the following significant classes of assets:				
- Vehicles				
Unguaranteed residual values (R'000)			363 321	329 051
Included in these classes are the following significant leases:				
i) GCG574G				
- Instalments are payable monthly in arrears				
- Average effective interest rate			31.34%	31.48%
- Average monthly instalment (Rands only)			R 7 045	R 6 699
- Annual escalation			5.27%	5.37%
ii) GCD412G				
- Instalments are payable monthly in arrears				
- Average effective interest rate			31.94%	32.07%
- Average monthly instalment (Rands only)			R 4 548	R 4 344
- Annual escalation			5.27%	5.37%

11 INVENTORY

Consumables store	42	45
Total Inventory	<u>42</u>	<u>45</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 period amounted to R398,979 (2014/15: R253,925).

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

12 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Accounts receivable	54 926	37 876
Less: Provision for impairment	-	-
Total receivables from Exchange Transactions	<u>54 926</u>	<u>37 876</u>

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 R'000
12 RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
12.1 Ageing of Receivables from Exchange Transactions		
Current: 0 - 30 days	50 876	45 973
Gross Balances	50 876	45 973
Less: Provision for Impairment	-	-
More than 30 days and not more than 60 days	2 006	241
Gross Balances	2 006	241
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	1 792	166
Gross Balances	1 792	166
Less: Provision for Impairment	-	-
More than 90 days	11 248	7 477
Gross Balances	11 248	7 477
Less: Provision for Impairment	-	-
Adjustment for daily tariffs included in the finance lease receivables	(10 996)	(15 982)
Net Balances	54 926	37 876
As at 31 March 2016 receivables of R15.046 million (31 March 2015: R7.884 million) 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	2 006	241
Gross Balances	2 006	241
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	1 792	166
Gross Balances	1 792	166
Less: Provision for Impairment	-	-
More than 90 days	11 248	7 477
Gross Balances	11 248	7 477
Less: Provision for Impairment	-	-
Net Balances	15 046	7 884
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	107
<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	779
Less: Provision for Impairment	-	-
Total Trade Receivables by Customer Classification	37 096	779
As at 31 March 2016		
<u>Current:</u>		
0 - 30 days	39 865	15
<u>Past Due:</u>		
More than 30 days and not more than 60 days	2 057	-51
More than 60 days and not more than 90 days	1 792	-
More than 90 days	10 499	749
Sub-total	54 212	714
Less: Provision for Impairment	-	-
Total Trade Receivables by Customer Classification	54 212	714

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 R'000
13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Payments made in advance		
Software license fees	2 910	2 701
Employees with over utilised leave	39	87
Warranties	70	-
Total Receivables from Non-exchange Transactions	<u>3 018</u>	<u>2 788</u>
Software license fees are for payments for Oracle license fees for application modules which are paid for periods after the reporting period.		
Warranties are prepayments for scanners which have been paid for periods after the reporting period.		
None of the receivables have been pledged as security for the entity's financial liabilities.		
14 CASH AND CASH EQUIVALENTS		
Bank Accounts	444 858	739 872
Cash-on-hand	2	2
Current Investment Deposits	500 000	-
	<u>944 860</u>	<u>739 874</u>
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		
Nedbank Account		
Cash book balance at the beginning of the year	3 076	969
Cash book balance at the end of the year	<u>9 166</u>	<u>3 076</u>
Nedbank Account Number: 1452 049 831		
Bank statement balance at the beginning of the year	3 076	969
Bank statement balance at the end of the year	<u>9 166</u>	<u>3 076</u>
Primary bank account		
Nedbank Account		
Cash book balance at the beginning of the year	736 796	610 217
Cash book balance at the end of the year	<u>435 692</u>	<u>736 796</u>
Nedbank Account Number: 1452 056 226		
Bank statement balance at the beginning of the year	736 801	610 223
Bank statement balance at the end of the year	<u>435 692</u>	<u>736 801</u>
14.2 Cash-on-hand		
Cash float	<u>2</u>	<u>2</u>
14.3 Current Investment Deposits		
Investment held in the Provincial Exchequer Account	<u>500 000</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>944 860</u>	<u>739 874</u>

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.

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

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

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

Nedbank Limited has a credit rating of BBB- through Standards and Poor's Ratings Services.

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

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 R'000
15 REVENUE		
An analysis of the entity's revenue is as follows:		
Rendering of services:		
National Departments	48 536	44 242
Provincial Departments	300 915	282 888
Interest earned:		
Finance Lease Receivables	221 586	218 367
	571 036	545 497
An analysis of the entity's revenue as per:		
Kilometre tariffs	294 390	273 722
Daily tariffs	55 061	53 408
Interest earned	221 586	218 367
	571 036	545 497
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	1 843	3 557
Reimbursive income	8 875	10 325
Total Other Income	10 718	13 881
17 INTEREST EARNED		
Bank accounts:		
- Interest earned	44 505	32 498
Outstanding Accounts Receivable:		
- Interest earned	2 136	464
Total Interest Earned	46 640	32 963
18 GOVERNMENT GRANTS AND SUBSIDIES RECEIVED		
Conditional Grants		
Grants from Provincial Departments	22 253	17 586
Department of Community Safety	3 273	1 632
Department of Cultural Affairs and Sport	960	4 906
Department of Economic Development and Tourism	1 819	2 321
Department of Health	14 548	8 009
Department of Human Settlements	-	6
Department of the Premier	314	-
Department of Local Government	662	291
Department of Transport and Public Works	271	-
Department of the Provincial Treasury	264	-
Department of Education	142	421
Grants from National Departments	1 511	1 882
Department of Justice and Constitutional Development	1 511	1 882
Government Grants and Subsidies from exchange transactions	23 764	19 468
Government Grants and Subsidies from non-exchange transactions		
Other grants and subsidies received	1 039	-
	24 803	19 468

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 take-in vehicles.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 R'000
19 ADMINISTRATIVE EXPENSES		
Bank charges	6 053	5 418
Fees for services		
- Housing and Hosting	5 934	5 439
Legal fees	91	73
License and software support fees	8 126	6 137
Other administrative expenses	1 164	1 000
Stationery and printing	901	737
Training and staff development	749	864
Travel and subsistence	75	98
	23 093	19 767

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		
Basic salaries	21 667	20 267
Performance awards	593	520
Periodic payments	1 586	1 300
Other non-pensionable allowances	2 545	2 687
Overtime and long service awards	956	663
Social contributions		
Medical	2 032	1 480
Official unions and associations	8	8
Pension	2 584	2 218
Injury on duty	29	12
Defined Benefit Plan Expense (see note 1):		
Current service cost	45	37
Interest cost	71	63
Net Actuarial (gains) / losses recognised	11	113
Total Employee costs	32 128	29 369

Employee costs are shown at cost to entity package, based upon salary, bonuses, allowances and employee benefit contributions by GMT for the period. Employee 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 2016

20 EMPLOYEE COSTS (continued)

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

	Salary	Performance Bonus	Medical Aid Contribution	Pension Contribution	Total
	R'000	R'000	R'000	R'000	R'000
Year ended 31 March 2016					
Director	893	47	19	91	1 050
Deputy Director: Fleet Finance	636	30	-	64	731
Deputy Director: Fleet Logistics	534	29	26	60	649
Deputy Director: Fleet Operations	588	30	6	64	689
Deputy Director: Fleet Risk Management	544	28	-	59	630
TOTAL	3 195	164	51	339	3 749

	Salary	Performance Bonus	Medical Aid Contribution	Pension Contribution	Total
	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 2016

	2015/16 R'000	2014/15 R'000
21 OPERATING EXPENDITURE		
Consultant, contractors and special services	32 512	37 307
- Audit fees	2 576	2 732
- Computers and systems service providers	24 702	30 197
- Consultant fees - Contracted Accountants	2 892	2 137
- Consultant fees - Project Management	2 149	2 089
- Contractors' services - wash bay and removal services	194	152
Maintenance, repairs and running costs	202 141	197 623
- Machinery, equipment and vehicles	202 141	197 623
Loss on sale of vehicles	184	732
Loss on Finance Lease Receivables	21 268	28 481
Tracking costs	34 604	34 329
Third party claims	1 314	1 168
Stores and consumables	416	283
Communication costs	661	626
Courier and delivery charges	15	15
Municipal services	54	49
	293 168	300 615
22 DEPRECIATION		
Plant and Equipment	1 493	1 105
Vehicles	14 191	11 117
	15 684	12 221
23 AMORTISATION		
Intangible asset - FleetMan	4 941	3 841
Intangible asset - Oracle Financial System	4 525	3 540
	9 466	7 381
24 ACCIDENTS AND IMPAIRMENT LOSSES		
24.1 Impairment losses on fixed assets		
<i>Impairment losses recognised:</i>		
Property, Plant and Equipment	3 792	574
- Vehicles	3 792	574
	3 792	574
25 RECONCILIATION OF CASH GENERATED FROM OPERATIONS		
Profit for the period	260 537	227 055
Adjustment for:		
Depreciation - Property, Plant and Equipment	15 684	12 221
Amortisation - Intangible assets	9 466	7 381
Vehicles moved from GMT to Departments	95 705	69 265
Vehicles moved from Departments to GMT	(46 332)	(13 840)
Impairment losses	3 792	574
Loss on disposal of Property, Plant and Equipment	184	732
Profit on disposal of Property, Plant and Equipment	(1 843)	(3 557)
Increase in Provisions	680	751
Operating cash flows before working capital changes	337 873	300 581
Working capital changes	(4 820)	(1 095)
(Increase)/Decrease in Inventories	3	(42)
(Increase)/Decrease in Trade Receivables from Exchange Transactions	(17 049)	(625)
(Increase)/Decrease in Trade Receivables from Non-exchange Transactions	(230)	(333)
Increase/(Decrease) in Payables from Non-exchange Transactions	926	(547)
Increase/(Decrease) in Payables from Exchange Transactions	3 987	(17 383)
Increase/(Decrease) in Unspent Conditional Grants and Receipts	7 988	18 247
Cash payments made against Provisions	(446)	(412)
Cash generated from operations	333 053	299 486

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2015/16 R'000	2014/15 R'000
26 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, Investments and Cash-on-hand	944 860	739 874
	944 860	739 874

27 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).

28 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 R16,033 for the year (2014/15: R58,185) in respect of claims made against GMT as at 31 March 2016 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 2016 amounts to R2,895,671. Therefore, a contingent liability of R2,879,638 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.

29 COMMITMENTS FOR EXPENDITURE

29.1 Capital commitments

Commitments for the acquisition of capital expenditure:

Approved and contracted for:

Property, Plant and Equipment

Intangible Assets

Total capital commitments

This expenditure will be financed from:

Own resources

	53 613	71 654
Property, Plant and Equipment	37 691	65 201
Intangible Assets	15 922	6 453
Total capital commitments	53 613	71 654
This expenditure will be financed from:		
Own resources	53 613	71 654

29.2 Other commitments

Non-cancellable operating lease commitments are disclosed in note 31.

30 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:

Third Party claims

16 (Sixteen) cases with an estimated claim value of R226,845 was issued to GMT after 31 March 2016.

Damages/Losses - government vehicles

94 cases were registered after 31 March 2016 with a probable loss amount of R525,576.

Adjusting events

Two cases settled in terms of agreed payment after the reporting period but before the financial statements were issued amounts to R16,033. (31 March 2015: R58,185).

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

31 OPERATING LEASE ARRANGEMENTS

GMT as Lessor:

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 and 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.

	2015/16 R'000	2014/15 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	16 149	14 158
2 to 5 years	9 392	21 797
More than 5 years	-	-
Total Operating Lease Arrangements	25 541	35 956

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

Minimum lease payments	15 329	14 827
Contingent rentals	-	-
Total Operating Lease Expenses - as Lessee	15 329	14 827

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	1	20
Operating expenses recorded	15 329	14 827
Operating lease payments effected	(15 330)	(14 846)
Total Operating Lease Liabilities	-	1

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

32 RELATED PARTY TRANSACTIONS

32.1 Western Cape Department of Transport and Public Works

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

32.1.1 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 the property and registration occurred on 9 May 2013. The Western Cape Department of Transport and Public Works incurred costs of R15,934,731 during the year ended 31 March 2016 (31 March 2015: R11,566,368) 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:

	2015/16 R'000	2014/15 R'000
Revenue		
Transport claims	50 257	47 722
Reimbursive income	3 880	958
Interest earned on Finance Lease Receivables	20 389	18 606
	74 526	67 286
Expenditure		
License fees	3 472	3 781
The amount of outstanding balances as at reporting date		
Finance Lease Receivables	77 989	60 294
Trade Receivables from Exchange Transactions	4 737	4 202
	82 726	64 496

The increases in the totals and balances are due to a higher number of vehicles that is allocated to the Western Cape Department of Transport and Public Works than that of the comparative period. There were 512 vehicles allocated to the Department on 31 March 2016 (31 March 2015: 459 vehicles).

The increase in the Reimbursive income was due to events which occurred during 2015/16 for a project that was located in the Garden Route area. This commenced during 2015/16, hence the increase in the total from 2014/15.

32.2 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

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:

Management	Family Member	Relationship	Remuneration R
Anthonie Janse van Rensburg - Deputy Director: Fleet Operations	Mr. H. Janse van Rensburg (Administration Clerk)	Brother	225 609
Kathy Proctor Fourie - Deputy Director: Fleet Finance	Mr. JC Fourie (Acting Assistant Director: Technical Services)	Husband	385 779

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

32 RELATED PARTY TRANSACTIONS (continued)

32.3 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

32.4 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.

33 FINANCIAL INSTRUMENTS

33.1 Classification of financial instruments

Financial Assets:

In accordance with GRAP 104 the financial assets of the GMT are classified as follows:

<u>Financial Assets:</u>	<u>Classification</u>	2015/16 R'000	2014/15 R'000
Finance lease receivables (Non-current portion)	Financial Assets at Amortised Cost	650 682	622 588
Receivables from Exchange Transactions	Financial Assets at Amortised Cost	54 926	37 876
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost	3 018	2 788
Cash and Cash equivalents	Financial Assets at Amortised Cost	944 860	739 874
Finance lease receivables (Current portion)	Financial Assets at Amortised Cost	101 167	91 424
Total financial assets		1 754 654	1 494 550

Summary of financial assets:

Financial Assets at Amortised Cost:

Finance lease receivables (Non-current portion)	650 682	622 588
Finance lease receivables (Current portion)	101 167	91 424
Receivables from Exchange Transactions	54 926	37 876
Receivables from Non-exchange Transactions	3 018	2 788
Cash and Cash equivalents	944 860	739 874
	1 754 654	1 494 550
Total Financial Assets	1 754 654	1 494 550

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

33 FINANCIAL INSTRUMENTS (continued)

Financial Liabilities:

In accordance with GRAP 104 the Financial Liabilities of the entity are classified as follows (FLAC = Financial Liabilities at Amortised Cost):

<u>Financial Liabilities</u>	<u>Classification</u>	2015/16 R'000	2014/15 R'000
Payables from Exchange Transactions			
Trade creditors	FLAC	8 424	5 181
Sundry creditors	FLAC	972	227
Operating lease liability	FLAC	-	1
Payables from Non-exchange Transactions			
Staff Leave Accrued	FLAC	932	815
Staff Bonuses	FLAC	756	693
Other Creditors	FLAC	2 806	2 060
Total financial liabilities		13 890	8 976

Summary of financial liabilities:

Financial Liabilities at Amortised Cost (FLAC):

Trade creditors	8 424	5 181
Sundry creditors	972	227
Operating lease liability	-	1
Staff Leave Accrued	932	815
Staff Bonuses	756	693
Other Creditors	2 806	2 060
	13 890	8 976
Total Financial Liabilities	13 890	8 976

33.2 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 clients through the optimisation of the debt and equity balance.

Gearing ratio

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

Debt	72 573	59 423
Equity	2 023 659	1 763 122
Debt to equity ratio	4%	3%

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

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

33.3 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.

33.4 Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenue and expenditure are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies to the financial statements.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

33 FINANCIAL INSTRUMENTS (continued)

33.5 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- through Standards and Poor's Ratings Services.

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.

33.6 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.

	2015/16 R'000	2014/15 R'000
Maximum credit risk exposure		
Finance Lease Receivables (Non-current portion)	650 682	622 588
Cash and cash equivalents	944 860	739 874
Receivables from Exchange Transactions	54 926	37 876
Receivables from Non-exchange Transactions	3 018	2 788
Finance lease receivables (Current portion)	101 167	91 424
	1 754 654	1 494 550

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

	2015/16 R'000	2014/15 R'000
Financial assets past due		
<i>Accounts Receivable:</i>		
More than 30 days and not more than 60 days	2 006	241
More than 60 days and not more than 90 days	1 792	166
More than 90 days and not more than 120 days	11 248	7 477
Total	15 046	7 884

33.7 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.

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
2014/15:			
<i>Non-interest Bearing:</i>			
Payables from Non-exchange Transactions	3 568	-	-
<i>Variable Interest Rate Instruments:</i>			
Payables from Exchange Transactions	5 409	-	-
	8 976	-	-
2015/16:			
<i>Non-interest Bearing:</i>			
Payables from Non-exchange Transactions	4 494	-	-
<i>Variable Interest Rate Instruments:</i>			
Payables from Exchange Transactions	9 396	-	-
	13 890	-	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

33 FINANCIAL INSTRUMENTS (continued)

33.8 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.

34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

34.1 Unauthorised Expenditure

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

34.2 Fruitless and Wasteful Expenditure

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

34.3 Irregular Expenditure

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

	2015/16 R'000	2014/15 R'000
Irregular Expenditure		
Reconciliation of Irregular expenditure:		
Opening balance	-	-
Irregular expenditure incurred during the year - under investigation	-	19
Expenditure condoned or written off	-	(19)
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 Western Cape Suppliers Database	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 Western Cape Suppliers Database	3	The case was referred to financial control for investigation
	19	
2015/16		
Irregular expenditure condoned		
None	-	
Irregular expenditure incurred		
None	-	
	-	

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

35 GOING CONCERN

Management considered the following matters relating to the going concern:

- (i) On 10 March 2015 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.
 - (ii) The entity's budget is subjected to an assessment process. The budget is cash backed.
 - (iii) Strict daily cash management processes are embedded in the entity's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the budget. The cash management processes is complemented with monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.
 - (iv) As the entity has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of services. Certain key financial ratios, such as liquidity and solvency are closely monitored and the necessary corrective actions instituted.
- Taking the aforementioned into account, management has prepared the Annual Financial Statements on the going concern basis.

36 CORRECTION OF ERROR

36.1 Related party transactions (note 32)

The revenue of Reimbursive Income for 2014/15 has been restated due to accounts listed on the Chart of Accounts that were not previously included in the total of revenue earned from this source.

Total for the year ended 31 March 2015

Total previously reported:

776

Adjusted for:

Component	Detail
Reimbursive income earned from the Western Cape Department of Transport and Public Works	Accounts listed on the chart of accounts that were not previously included in the total of revenue earned for the financial year ended 31 March 2015

182

Restated total for the year ended 31 March 2015

958

36.2 Cash Flow Statement disclosure and the Cash generated from Operations note

Government Motor Transport adopted the Standards of Generally Recognised Accounting Practice (GRAP) for the first time during the 2013/14 financial year as disclosed in the Accounting Policies. The disclosure of cash flows from operating activities in the Statement of Cash Flows has been corrected to separately disclose each of the major classes of gross cash receipts and gross cash payments according to the requirements of GRAP 2.

2014/15
R'000

Previously reported:

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	558 666
Cash paid to suppliers and employees	(292 143)
Cash generated from operations	266 523
Interest earned	32 963
NET CASH FLOWS FROM OPERATING ACTIVITIES	299 486

Restated:

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts	
Charges for services provided	544 872
Other Income	9 991
Interest Earned	32 963
Government Grants and Subsidies Received	37 715
Payments	
Employee costs	(28 866)
Suppliers Paid	(262 616)
Other payments	(34 573)
NET CASH FLOWS FROM OPERATING ACTIVITIES	299 486

Reconciliation of Cash Generated from Operations (note 25)

Cash generated from operations	266 523
Add back interest earned	32 963
NET CASH FLOWS FROM OPERATING ACTIVITIES	299 486

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

36 CORRECTION OF ERROR

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

Receivables from Non-exchange transactions as at 31 March 2015 has been restated due to the reclassification of employees with over utilised leave.

Balance as at 31 March 2015

Balance previously reported:

2 701

Adjusted for:

Component	Detail
Receivables from Exchange Transactions: Balance as at 31 March 2015	Employees with over utilised leave on 31 March 2015 has been reclassified from Receivables from Exchange Transactions

87

Restated balance as at 31 March 2015

2 788

36.4 Receivables from Exchange Transactions (refer to note 12)

Receivables from Exchange transactions as at 31 March 2015 has been restated due to the reclassification of employees with over utilised leave.

Balance as at 31 March 2015

Balance previously reported:

37 963

Adjusted for:

Component	Detail
Receivables from Exchange Transactions: Balance as at 31 March 2015	Employees with over utilised leave on 31 March 2015 has been reclassified from Receivables from Exchange Transactions

(87)

Restated balance as at 31 March 2015

37 876

36.5 Tracking costs (included under Operating expenditure (note 21))

The operating lease commitments have been restated to reflect the rental payable for tracking units over the remainder of the contract. The calculations of the commitments were based on 31 March 2016 on an end date that was a month earlier than the start of the renewed contract.

Balance as at 31 March 2015

Total previously reported:

34 419

Adjusted for:

Component	Detail
The Operating leases total for 2014/15 has been restated	The non-rental component of tracking units leased as operating leases was reallocated to Operating leases

(90)

Restated total as at 31 March 2015

34 329

36.6 Operating leases (note 31)

The operating lease commitments have been restated to reflect the rental payable for tracking units over the remainder of the contract. The calculations of the commitments were based on 31 March 2016 on an end date that was a month earlier than the start of the renewed contract.

Balance as at 31 March 2015

Total previously reported:

14 737

Adjusted for:

Component	Detail
The Operating expenditure total for 2014/15 has been restated	The non-rental component of tracking units leased as operating leases was reallocated to Operating leases

90

Restated total as at 31 March 2015

14 827

36.7 Operating lease arrangements (note 31)

The operating lease commitments have been restated to reflect the rental payable for tracking units over the remainder of the contract. The calculations of the commitments were based on 31 March 2016 on an end date that was a month earlier than the start of the renewed contract.

2014/15
R'000

Previously reported:

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

2 to 5 years

20 658

More than 5 years

-

Total Operating Lease Arrangements

34 816

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

	2014/15 R'000
36 CORRECTION OF ERROR (continued)	
The following payments have been recognised as an expense in the Statement of Financial Performance:	
Minimum lease payments	14 737
Contingent rentals	-
Total Operating Lease Expenses - as Lessee	14 737
36.7 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
Operating expenses recorded	14 737
Operating lease payments effected	(14 757)
Total Operating Lease Liabilities	1
Restated:	
At the reporting date GMT had outstanding commitments under non-cancellable operating leases, which fall due as follows:	
Up to 1 year	14 158
2 to 5 years	21 797
More than 5 years	-
Total Operating Lease Arrangements	35 956
The following payments have been recognised as an expense in the Statement of Financial Performance:	
Minimum lease payments	14 827
Contingent rentals	-
Total Operating Lease Expenses - as Lessee	14 827
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
Operating expenses recorded	14 827
Operating lease payments effected	(14 846)
Total Operating Lease Liabilities	1
37 CHANGE IN ESTIMATES	2015/16 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, on all vehicles purchased in prior years which were available for use as at 31 March 2015 and 31 March 2016, are as follows:	
Depreciation expense:	
Decrease in the depreciation expense for the year ended 31 March 2016	(123)
Decrease in the depreciation expense for future periods	(458)
	(581)
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, on vehicles purchased in prior years which were still permanently allocated to client departments as at 31 March 2016, is as follows:	
Revenue	
Increase in interest earned on finance lease receivables for the year ended 31 March 2016	4 373
Decrease in interest earned on finance lease receivables for future periods	(10 206)
	(5 833)
Amounts receivable under finance leases	
Decrease in the present value of finance lease receivables for the year ended 31 March 2016	(3 693)
Increase in the present value of finance lease receivables for future periods	3 693
	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

38 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 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%) 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 2016

39 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 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 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	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. 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.	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
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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

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 standard 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

	2015/16 R'000	2014/15 R'000
40 RECONCILIATION BETWEEN BUDGET AND THE STATEMENT OF FINANCIAL PERFORMANCE		
Reconciliation between budget surplus with the surplus in the Statement of Financial Performance		
Surplus per the Statement of Financial Performance	260 537	227 055
Over budgeted income and expenses		
Over budgeted depreciation for permanently allocated vehicles subject to finance leases	(101)	-
Over budgeted revenue from daily tariffs for permanently allocated vehicles subject to finance leases	121 113	204 753
Financing of capital budget	24 194	(89 806)
Over/under spending of approved budget:		
Revenue		
Under budgeted interest income from bank accounts and accounts receivable	(21 145)	(8 774)
(Under)/over budgeted on Government Grants and Subsidies received	(4 403)	9 168
Over budgeted Other income	2 938	10 332
Expenditure		
Over budgeted Administrative expenditure	(455)	(2 149)
Over budgeted Employee costs	(4 847)	-
Over budgeted Operating expenditure	(10 672)	(3 069)
Over budgeted Amortization	(1 115)	-
Over budgeted accident and impairment losses	(10)	-
Over budgeted Operating lease expenditure	(505)	(198)
Surplus per approved budget	365 529	347 315
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 2016

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 Practice (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 where 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 GMT 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.

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

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

Management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

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

In assessing the remaining useful lives and residual values of PPE, management have made judgements based on historical evidence as well as the current condition of PPE under its control.

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

Accounting policy 11.1 and 11.2 on PPE - Impairment of cash generating and 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.

Accounting Policies
for the year ended 31 March 2016

➤ **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 GMT is satisfied that the impairment of financial assets recorded during the period 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 period 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 describes 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.

➤ **Provisions and contingent liabilities**

Provisions for capped leave

GMT 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 GMT which is identified as 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 1 to the Annual Financial Statements.

Accounting Policies
for the year ended 31 March 2016

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 Annual 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 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 GMT 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 GMT 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.

Accounting Policies

for the year ended 31 March 2016

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:

- 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 Financial Performance 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 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.

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

Accounting Policies

for the year ended 31 March 2016

6.2 Defined contribution plan

A defined contribution plan is a plan under which the entity pays fixed contributions into a separate fund. 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 made on behalf of the employees to the fund 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 its employees. The fund has a defined benefit plan but is accounted for as a defined contribution plan due to insufficient information being available to apply the rules of the defined benefit plan. The assets generated by this plan consists of contributions made by both GMT and the employees and are generally held in a separate administered fund, namely the Government Employees' Pension Fund. This fund is administered on behalf of GMT by pension fund administrators and is governed by the Pensions Fund Act, 1956 as amended. The following rates of contribution are applied: employee contribution is 7.5 % of pensionable salary (basic salary plus annual bonus) as well as GMT contribute 13 % on the same basis.

The contributions to the above-mentioned fund obligation for the payment of the retirement benefit are charged against revenue in the period 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 period 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.

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.

Accounting Policies
for the year ended 31 March 2016

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 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.

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.

Accounting Policies

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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)
➤ 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)
➤ Crockery and Cutlery:	Straight-line (3 years)
➤ Domestic Furniture and Fittings:	Straight-line (6 years)
➤ Gardening Equipment:	Straight-line (5 years)
➤ Kitchen Appliances:	Straight-line (6 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.

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. 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)
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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.

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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 is 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 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.

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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.

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 10 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 (10 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.

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

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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:

- 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.

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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.

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;

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- 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:

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.

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:

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- 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:

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.

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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 and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions 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 and deposits held with banks. 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:

- Payables from Exchange transactions; and
- Payables from Non-exchange transactions.

Type of Financial Liabilities	Classification in terms of GRAP 104
Payables from Exchange transactions	Financial Liability at Amortised Cost
Payables from Non-exchange transactions	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 Receivables from exchange Transactions, Trade Receivables from Non-exchange Transactions and Finance 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. Payables from Exchange transactions and Payables from Non-exchange transactions are subsequently measured at amortised cost using the effective interest rate method.

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

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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.

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 period.

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. Refer to the note on the reconciliation of budget and actual figures.

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

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

- (a) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or
 - (b) the amount of the obligation cannot be measured with sufficient reliability.
- The Entity discloses for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and, where practicable:
- (a) an estimate of its financial effect;
 - (b) an indication of the uncertainties relating to the amount or timing of any outflow, and
 - (c) the possibility of any reimbursement.

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 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; and
- (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 personnel are defined as the Director and all other managers reporting directly to the Director or as designated by the Director.

Government Motor Transport operates as a trading entity under the administration of the Western Cape Department of Transport and Public Works and is therefore also regarded as a related party.

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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 the note on the 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 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 of corrections of errors recorded during the period under review.

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