



Western Cape
Government

Transport and Public Works



Annual Report 2020/2021

Government Motor Transport



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VOTE 10

ANNUAL REPORT
2020-2021

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PART A

General Information

Part A: General information

1 Trading entity's general information

Country of incorporation and domicile	South Africa
Registration number	Not applicable
Nature of business and principal activities	Provision of cost-effective and innovative mobility solutions to all client institutions
Business address	3 Rusper Street Maitland Cape Town 7405
Postal address	PO Box 352 Maitland 7404 or Private Bag X9014 Cape Town 8000
Telephone number	0800 092 468
Fax number	021 467 4777
Email address	GMT.Communications@westerncape.gov.za
Web address	www.westerncape.gov.za
Bankers	Nedbank
Bank address	Fifth Floor, Nedbank Clock Tower Campus Clock Tower Precinct Cape Town 8001
Auditors	Auditor-General of South Africa
Auditors' address	Auditor-General of South Africa 17 Park Lane Building Park Lane Century City 7441
Accounting Officer	JT Gooch
Organisation Secretary	Riaan Wiggill CA (SA), FCMA, CGMA
Telephone Number	083 610 0398

2 Acronyms

AARTO	Administrative Adjudication of Road Traffic Offences Act, 1998
ACFE	Association of Certified Fraud Examiners
AGSA	Auditor-General of South Africa
AIDS	Acquired Immune Deficiency Syndrome
ANPR	Automatic Number Plate Recognition system
AOS	Accounting Officer System
ASB	Accounting Standards Board
BAS	Basic Accounting System
BBBEE	Broad-based black economic empowerment
BCP	Business Continuity Plan
CBD	Central business district
CCC	GMT Client Care Centre
CCGMT	Coordinating Committee for GMTs
Ce-I	Centre for e-Innovation (DotP)
CFO	Chief Financial Officer
CIDB	Construction Industry Development Board
CIPC	Companies and Intellectual Property Commission
CIS	Construction information sessions
CLO	Client liaison officer
COF	Certificate of Fitness (for vehicles)
COTO	Committee of Transport Officials
COVID-19	Coronavirus disease 2019
CSC	Corporate Services Centre (DotP)
CSD	Central Supplier Database
DCGIP	Departmental Corporate Governance Improvement Plan
D:ERM	Directorate Enterprise Risk Management (DotP)
DORA	Division of Revenue Act
DotP	Department of the Premier
DPSA	Department of Public Service and Administration
DTIC	Department of Trade, Industry and Competition
DTPW	Department of Transport and Public Works
EHW	Employee health and wellness
EHWP	Employee Health and Wellness Programme
EMS	Emergency Medical Services
EPWP	Expanded Public Works Programme
ERM	Enterprise risk management
ERMCO	Ethics and Enterprise Risk Management Committee
ERP	Enterprise resource planning
FleetMan	Fleet Management ERP System
FleetCare	Fleet repairs and maintenance module of FleetMan
GAP	Gap Analysis Project
GMT	Government Motor Transport Western Cape

GRAP	Generally Recognised Accounting Practice
HCT	HIV and AIDS counselling and testing
HIV	Human immunodeficiency virus
ICT	Information and communication technology
IESBA code	International Ethics Standards Board for Accountants' Code of Ethics
IGRAP	Interpretation of the Standards of GRAP
IoT	Internet of things
IPSAS	International Public Sector Accounting Standards
ISAs	International Standards on Auditing
ITSM	Information technology service management
IVT	In-vehicle technology
IYM	In-year monitoring
km	Kilometres
LOGIS	Logistical Information System
LRA	Labour Relations Act, 1995
MEC	Member of the Executive Council (Provincial Minister)
MPC	Monetary Policy Committee of the South African Reserve Bank
MSaas	Mobility solutions as a service
MSS	GMT Management Support Services
MTEF	Medium Term Expenditure Framework
MTP	Massive Transformative Purpose
NATIS	National Administration Traffic Information System
NDP	National Development Plan
NQF	National Qualifications Framework
NTI	National Treasury Instruction
PAA	Public Audit Act, 2004
Paas	Platform as a service
PAC	Public Accounts Committee
PAJA	Promotion of Administrative Justice Act, 2000
PERMIS	Performance Management Information System
PERSAL	Personnel and Salary Administration System
PFMA	Public Finance Management Act, 1999
PFS	Provincial Forensic Services
PILIR	Policy on Incapacity Leave and Ill-Health Retirement
PPE	Property, plant and equipment
PPRs	Preferential Procurement Regulations
PSCBC	Public Service Coordinating Bargaining Council
PSP	Provincial Strategic Plan
PSR	Public Service Regulations
PSRMF	Public Sector Risk Management Framework
R&D	Research and development
R&M	Repair and maintenance
RTMC	Road Traffic Management Corporation
RWOPS	Remunerative Work Outside the Public Service

SaaS	Software as a service
SAPS	South African Police Service
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SHERQ	Safety, health, environment, risk and quality
SL	Service level
SMMEs	Small, medium and micro-enterprises
SMS	Senior Management Service
STI	Sexually transmitted infection
TB	Tuberculosis
TOR	Terms of reference
VAT	Value-added Tax
VIP	Vision Inspired Priority
WCBD	Western Cape Bid Document
WCG	Western Cape Government
WCGMT	Western Cape Government Motor Transport
WCSEB	Western Cape Supplier Evidence Bank

3 Foreword by the Provincial Minister

FULFILLING THE ROLE OF A GOOD CORPORATE CITIZEN WITH A HUMAN CENTRIC APPROACH

I am pleased to present the Annual Report of Government Motor Transport (GMT) for the period 1 April 2020 to 31 March 2021. The purpose of this report is to provide a summary of GMT's achievements, along with the risks and challenges experienced by the GMT trading entity during the first year of implementation of its five-year Strategic Plan: 2020–2025, and the envisaged outcomes set by the entity in that plan, namely:

- Leaders in mobility solutions;
- Greening the fleet; and
- Satisfied stakeholders.



During 2020/21, GMT achieved an “unqualified with no findings” audit outcome for the ninth consecutive year. This positive audit outcome confirms the effective functioning of internal control processes in the preparation of financial statements, which were confirmed to be free from material misstatements. It also confirms that the performance information, measured against predetermined objectives, is reliable and that the trading entity complies with the relevant governance prescripts.

Five themes were identified during the development of the entity's strategy: thought leadership, design thinking, collaboration, service delivery and story-telling. These themes were used to develop an envisaged outcome of greening the fleet, namely minimising the entity's environmental footprint. GMT recognises its role in this area and the requirement to realign its business activities to promote sustainability. During the year, the entity procured five electric vehicles. This was envisaged to be the first step as part of adopting alternatives to the fossil fuel-driven vehicles which were exclusively used in the fleet up to that point.

GMT also plans, directs and controls its resource allocation to promote the key enablers in achieving its vision and goals. These enable clear strategic direction for people, processes, technology, and data.

The COVID-19 pandemic continues to have a devastating impact on the macro economy and a significant number of the institutions in it. GMT faces the pandemic-induced challenges from a position of financial strength and relatively secure operational systems. The entity manages its financial affairs in a prudent manner. Options to provide cost-effective pricing structures to client institutions will continue to be evaluated. GMT maintained its daily tariffs at the 2019/20 pricing levels during 2020/21. Fluctuations in the fuel component of the kilometre tariff reflected monthly changes in the fuel price as determined by the national Department of Mineral Resources and Energy. The entity's ability to convert its accounts receivable to cash is encouraging. I believe that the entity has sufficient liquidity to continue operating in these unprecedented times, while investing in and recapitalising its asset base and operational systems.

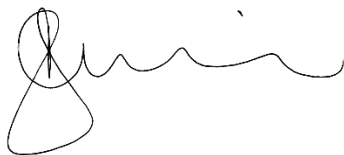
As a fleet management entity, GMT is vulnerable to the impacts of changing economic conditions. These include high fuel costs which are affected by external factors such as oil prices, levies, margins, transport and delivery costs, as well as fluctuations in the exchange rate, all of which are influenced by local and international events. Fuel prices are one of **GMT's main** cost drivers. Expenditure on fuel in the year under review totalled R140.9 million (2019/20: R166.4 million) and fuel prices are expected to increase with adverse economic conditions. Grants and subsidies of R150 million and fuel are the two largest expense items, comprising 48.6% of **GMT's** expenditure in 2020/21.

The construction of the Phase 2 Office block at GMT's Maitland premises to accommodate the Directorate: Fleet Finance and sub-directorate: Management Support Services is progressing well. Construction is expected to be completed during the 2021/22 financial year.

GMT's fleet size increased to 5 830 vehicles on 31 March 2021 (31 March 2020: 5 640 vehicles).

I would like to thank my predecessor Bonginkosi Madikizela for the valuable contribution he made to the Transport and Public Works portfolio. I hereby pledge to continue to build on the work he did to support **GMT's service delivery to improve the lives of citizens**.

In closing, I would like to thank the management and staff of GMT for their dedication and support in delivering an excellent service in a challenging environment. I also wish to thank our client institutions for their continued support.



Daylin Mitchell

Provincial Minister of Transport and Public Works

Date: 28/09/2021

4 Report of the Accounting Officer

4.1 Overview of operations of the trading entity

The 2020/21 financial year brought with it many challenges for GMT, including the need to support its clients in managing the uncertainty and added pressures brought about by the COVID-19 pandemic. The trading entity remained focused on the achievement of its Massive Transformative Purpose (MTP), “Innovative mobility solutions to co-create a better life for all”, and the three strategic outcomes as defined in GMT Strategy 2020–2025, namely:

- Leaders in mobility solutions;
- Greening the fleet; and
- Satisfied stakeholders.



During the year under review, the focus of the trading entity was on maintaining and stabilising its financial position while responding to client institutions' increasing needs and decreasing budgets brought about by the global impact of the COVID-19 pandemic and the implementation of the National State of Disaster shortly before the start of the financial year.

In support of clients' needs and the safety of its own staff and drivers of its vehicles, GMT implemented, amongst others, the following initiatives in partnership with clients:



- Regular sanitising of vehicles including vehicles contracted by the Department of Transport and Public Works (DTPW) for the Red Dot taxi service to transport people to and from quarantine and isolation facilities, and to take public sector health workers home;
- Fitment of safety screens in ambulances for Emergency Medical Services (EMS);
- Managing the fitment of vehicle trackers in Red Dot vehicles on behalf of DTPW;
- Integrating GMT systems and reports with transport systems and apps for DTPW (Red Dot and the Blue Dot taxi service);
- Regular communication on safety protocols;
- Early warnings to clients on potentially unsafe operating areas through the GMT portal and its communication mechanisms;
- Redistribution of larger capacity vehicles between clients in response to COVID-19 needs;
- Setting limits on the number of passengers in line with Disaster Management Act regulations; and
- Keeping GMT Fleet Rental services operational as an essential service to clients.

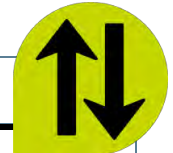
The financial position of the trading entity was maintained through strengthened expenditure management, capital management, and prudent financial management

which enhanced cash collection from client institutions, while maintaining debt levels within the prescribed governance norms.

GMT earns interest on its main bank account and invested funds. The interest yields on these instruments are directly affected by the prime interest rate determined by the South African Reserve Bank's Monetary Policy Committee (MPC). To respond to the pandemic, the MPC reduced the prime interest rate several times. Subsequently, the interest yield estimates and actual yields for 2020/21 were as follows:

Table 1: Interest yield estimates and actual yields for 2020/21

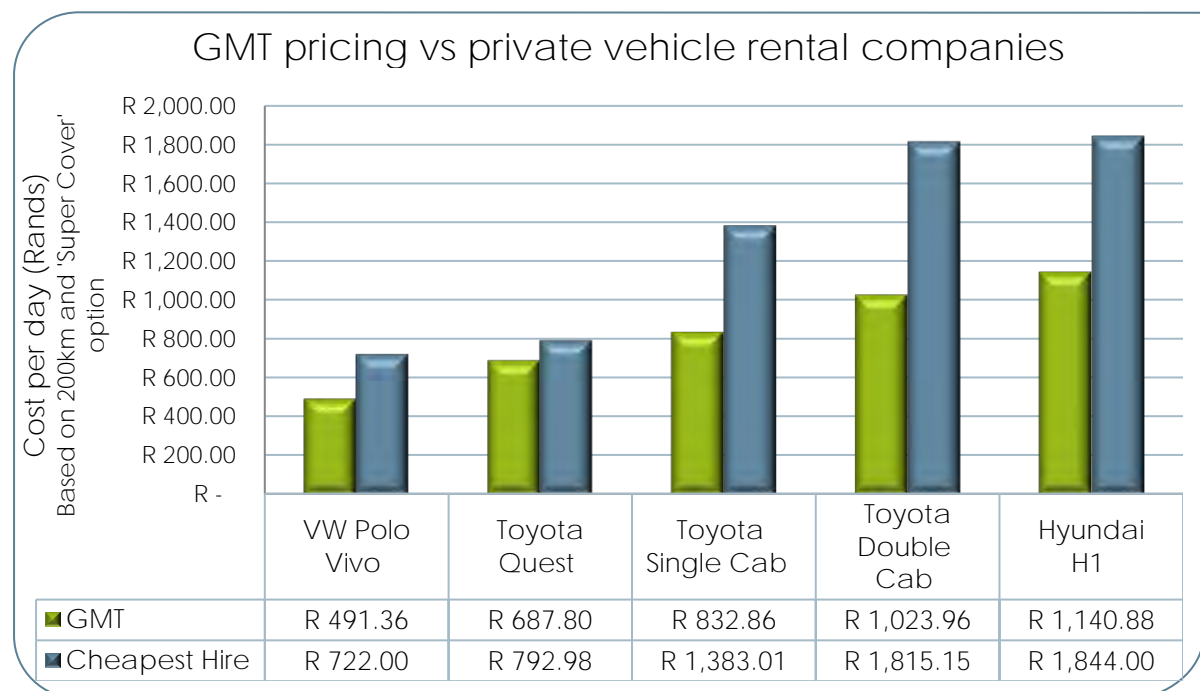
Main bank account estimates:
5.5% to 5.75%, actual 3% to 4.75%; and
Invested funds:
estimate 8.5%, actual 3.81% to 6.93%



The resulting estimated financial effect of the reduced interest yields was R25.977 million during the year under review.

In order to ensure that the services offered by GMT are competitive, the entity's finance team does regular pricing comparisons with private sector vehicle rental companies. These comparisons show that GMT's service offerings are well priced, offering moderate to substantial savings to clients in all vehicle categories available in the market. Figure 1 shows the pricing comparison done on 27 January 2021.

Figure 1: GMT pricing vs private vehicle rental companies



Note: Some of the most common makes and models are included in the graph.

In addition to cheaper rentals compared to private sector rental companies, GMT offers the following value-added services:

- Client institution access to the FleetMan system;
- Vehicle tracking services and reports for client institutions;
- Fuel management;
- Toll management;
- Traffic infringement management and related fines management;
- Insurance;
- Driver and transport officer training;
- Third party claims management;
- Providing evidence in disciplinary hearings;
- Providing shuttle services to various pick-up points;
- Repair and maintenance management;
- Providing VIP after hour support services;
- Not charging booking and administration fees;
- Not charging statutory charges such as Value-added Tax (VAT);
- Deeming daily rentals to be 24 hours;
- General hire pool access;
- Availability of specialised vehicles; and
- No funds hold on bank accounts during rental periods.

GMT aligned its financial management with the requirements contained in Directive 5 and Directive 9 of the GRAP (Generally Recognised Accounting Practice) reporting framework issued by the Accounting Standards Board (ASB) for the 2020/21 financial year.

The programme for the replacement of vehicles and recapitalisation of the fleet will pick up momentum over the coming years as GMT's office accommodation constraint is set to be addressed in the 2021/22 financial year, with the planned completion of its new facility at Rusper Street, Maitland, and acquisition of additional space for vehicle parking and preparation.

Figure 2: GMT Ruser Street Maitland



Photos showing construction progress of the Ruser Street facility between 1 April 2020 (top) to 31 March 2021 (bottom).

Source: Government Motor Transport.

The new GMT Regional Hub in George was completed and put into operation in Quarter 3 of the year under review. The new facility provides office accommodation for a small team of GMT staff and parking for some 157 GMT vehicles to be managed as a regional pool for clients in the Garden Route region.

Figure 3: GMT George Regional Hub



Source: Government Motor Transport.

IVT Implementation

During the 2020/21 financial year the implementation of a project with the DTPW to introduce in-vehicle technology (IVT) into Provincial Traffic Services vehicles to enhance the deployment of traffic officers and to improve their safety reached critical milestones. The project entailed the fitment of Automatic Number Plate Recognition (ANPR) cameras in traffic patrol vehicles to scan the number plates of passing vehicles and automatically query these numbers against the National Traffic Information System (NATIS). Alerts for vehicles linked to infringements are communicated to **traffic officers'** hand-held devices with a communication link to control centres.

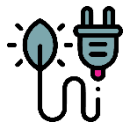
Figure 4: In-vehicle technology



By 31 March 2021, the number of provincial traffic vehicles fitted with IVT had grown to 184. During the latter part of the year, GMT assisted Provincial Traffic Services with the procurement of vehicles and installation of IVT for its “interceptor” fleet for highway patrols. The full contingent of “interceptor” vehicles was handed over to the Provincial Traffic Services in August 2020.

Figure 5: Interceptor vehicles in Caledon





In December 2020, GMT received delivery of five electric vehicles in support of the Western Cape Government's (WCG) goal of a "green economy", and GMT's strategy of "greening the fleet".

Figure 6: GMT electric vehicles



These vehicles will be used in a pilot project to further research and develop the use of electric and alternative fuel vehicles as GMT develops and refines a holistic strategy to roll out electric vehicles with the required supporting infrastructure in the province. These vehicles will also be part of a campaign to evaluate and test the rebranding strategy that the entity is embarking on, with the strategy also focusing on dispelling many of the myths, misgivings and fears that still impede the uptake of electric vehicles in South Africa.



Driver tag implementation

The number of driver tags issued to client institutions increased to 6 370 by 31 March 2021. GMT will continue with its phased plans to issue driver identification technology to all drivers of GMT vehicles. The roll-out of driver tags is now expected to be completed during the 2021/22 financial year, having been delayed by the COVID-19 pandemic.

The implementation of driver tags forms a significant part of GMT's preparation for the expected national implementation of the Administrative Adjudication of Road Traffic Offences Act (AARTO) on 1 July 2021. The driver must insert a GMT driver tag to start the vehicle. The tag links the vehicle trip details recorded on the



vehicle tracking system with the **driver's name** and contact details, e.g. cell phone number.

GMT is continuing to maintain its driver database in order to have up to date contact details. Having a mobile phone number can facilitate the process of GMT rendering speedy roadside assistance to drivers, as well as providing client service messages to drivers and transport officers in real time.

Driver tags will also allow GMT to build up driver profiles to effectively monitor and manage driver behaviour.



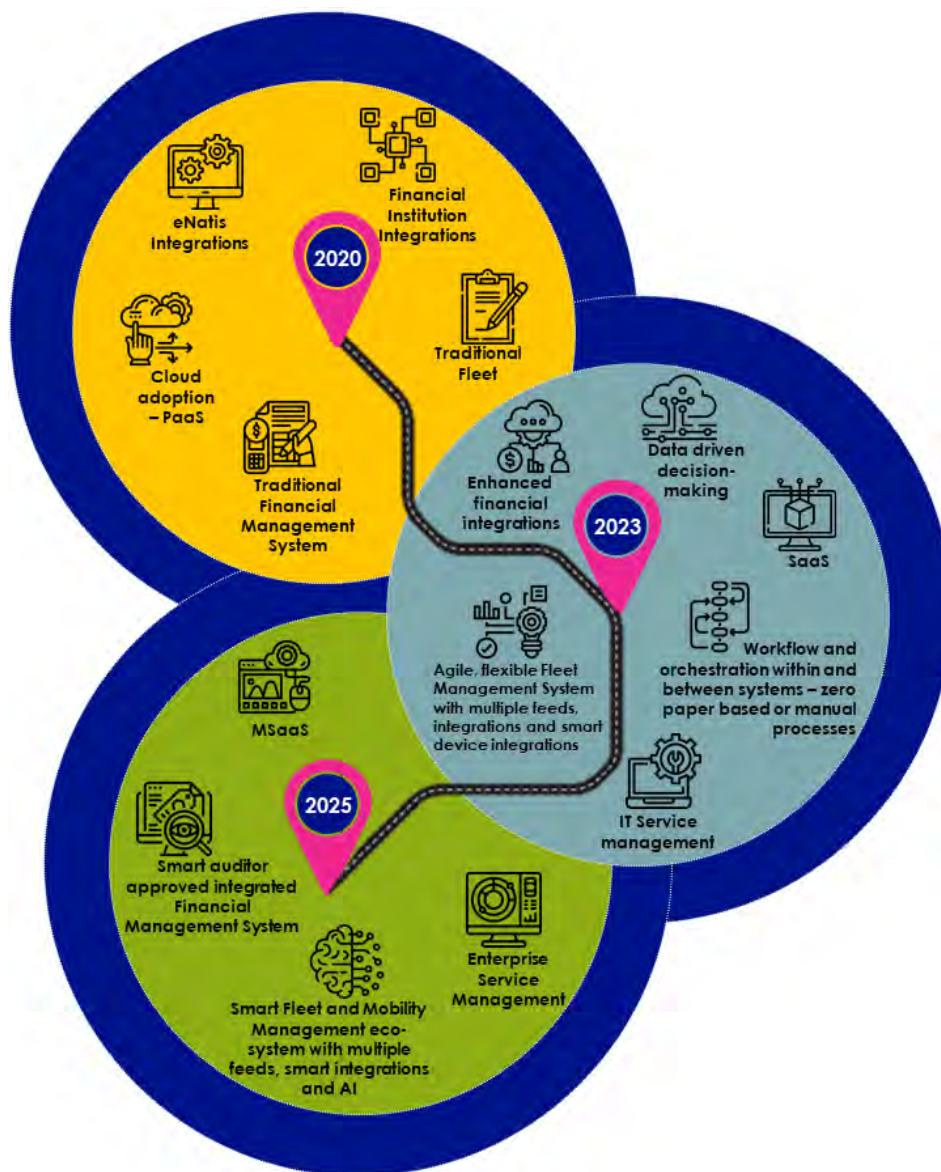
ICT Roadmap

During the year under review, the information and communication technology (ICT) Management Services team initiated the Enterprise Architecture Programme which aims to align people, processes and technology with **GMT's strategy and vision**. The ICT roadmap for the next five years will enable GMT to leverage leading and emerging technologies such as the internet of things (IoT), robotics and artificial intelligence to gain a competitive advantage in mobility solutions. The ICT Management Services team made good progress in the year under review with delivering approved ICT projects which included the migration to cloud hosting to support **GMT's strategic objectives**.

The migration to the Azure cloud allowed ICT Management Services to leverage technologies like the Azure data lake and data warehouse. Together with the existing Oracle warehouse, this stack enables GMT decision-making dashboards.

One of the key focus areas for the 2021/2022 financial period is to strengthen the ICT foundations by improving the adoption of appropriate ICT and information technology service management (ITSM) practices. Another key focus area is to prove new, faster, smarter and more efficient methods of application development with a view to replacing legacy ICT systems where it makes sense, without compromising the auditability and current value derived by GMT.

Figure 7: GMT ICT systems roadmap



Source: Government Motor Transport

Paas = Platform as a service, Saas = Software as a service, MSaaS = Mobility solutions as a service

Document management was improved, with tighter integration between operational systems and MyContent. Improvements were made to the client application/ interface in FleetMan to **better serve GMT's client institutions**. GMT minimised operations downtime despite the demands on its infrastructure and network. GMT continued to update its workflows and procedures to improve service delivery to client institutions and to ensure regulatory compliance.

During the year under review, the ICT Management Services team successfully developed and implemented its first **mobile application "Application to Travel"** which will eventually replace the paper-based forms and integrate the app with GMT's core systems. The development of such applications which add value and improve client access is a feature of **the entity's** strategy for growth into the future.

Further enhancement of the fleet repairs and maintenance systems and capabilities continued during the 2020/21 financial year. This enables GMT and client institutions to monitor and track vehicles as they are booked in for repairs and maintenance. This fully integrated software solution provides easy access to management information and is expected to improve vehicle downtime management and enhance service delivery for GMT and its client institutions.

Fleet Risk Management reported a decrease in the number of traffic violations processed, from 7 077 in 2019/20 to 3 600 during the year under review.

This decrease in the number of traffic violations can be linked to the decrease in the number of kilometres covered by GMT vehicles due to the global COVID-19 pandemic.

Figure 8: Relationship between the number of traffic violations processed and kilometres travelled

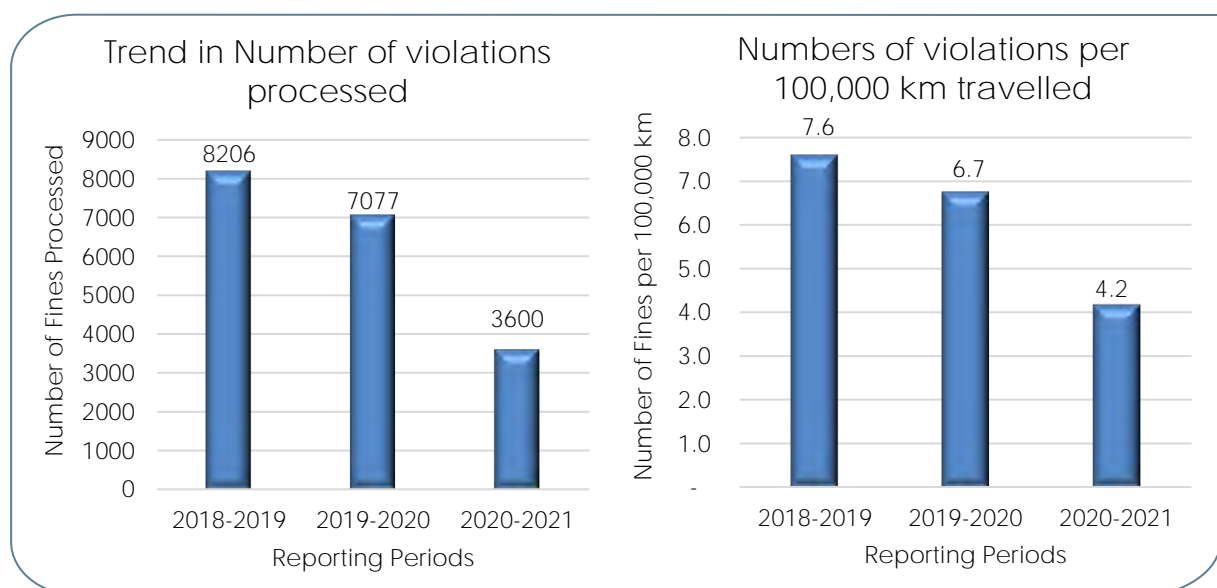
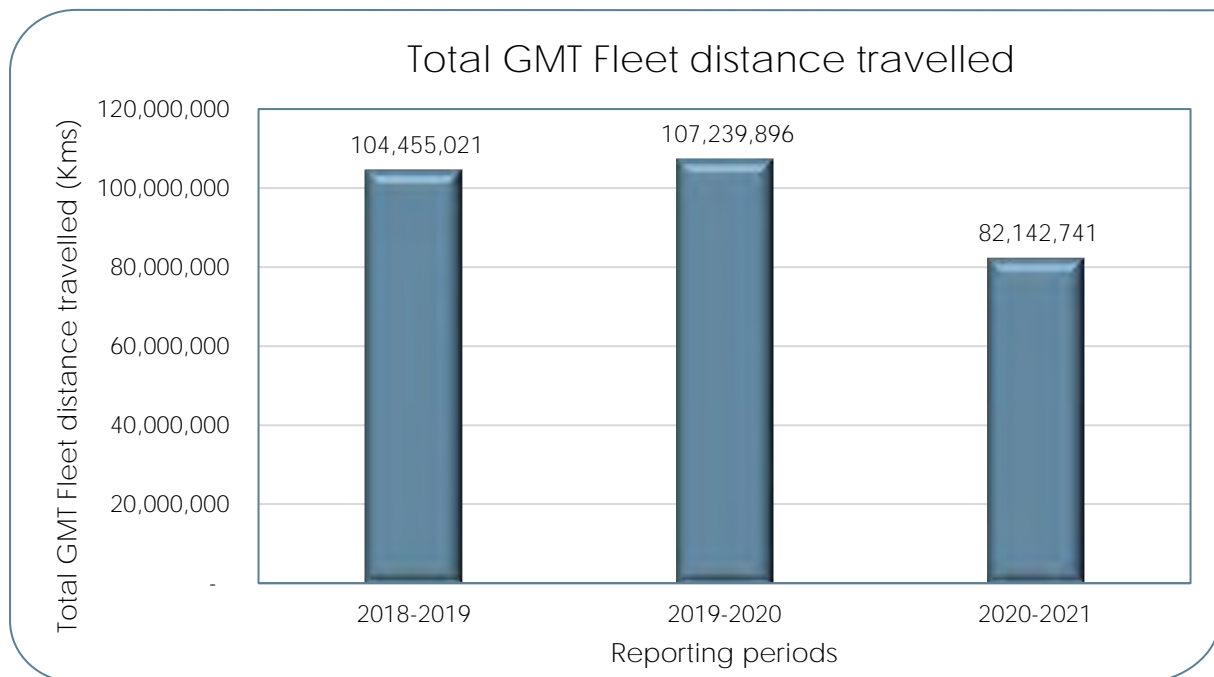


Figure 9: Total kilometres GMT fleet travelled



Growth and developments in GMT

During the National State of Disaster, the Management Support Services (MSS) team provided logistical and ICT support to staff for the shift from office-based work to being able to operate remotely. Seven new staff members joined GMT.

GMT publishes a periodic internal newsletter which provides the GMT community with a channel of communication to keep abreast with developments in the organisation as well as to share stories and experiences. In December 2020, in response to the new way of working as necessitated by COVID-19, GMT launched its pilot quarterly internal e-newsletter *Siya Phambili*, which means "we are moving forward". The newsletter aims to keep staff informed of developments and achievements within the GMT environment, especially to those staff members and units who are isolated from the developments – either as a result of working from home because of COVID-19, or being located at remote GMT centres. This focus on improving internal communication flowed directly from the GMT strategic planning process in 2019, during which a task team comprised of a broad spectrum of GMT staff from across the organisation and from all levels appealed for improved internal communication to achieve inclusion in the strategic implementation process.

Figure 10: GMT Siya Phambili e-newsletter



Source: Government Motor Transport.

This platform is an interactive collaborative space directly in line with GMT's MTP and mission. During the 2020/21 year, GMT distributed the first two issues.

Benchmarking

During the year under review, the entity hosted one of its provincial counterpart entities, g-Fleet, in an inward benchmarking exercise.

GMT also embarked on an outward benchmarking exercise with the Gauteng GMT in the last quarter of the year under review. Such benchmarking initiatives allow GMT to continually improve its service offerings to clients



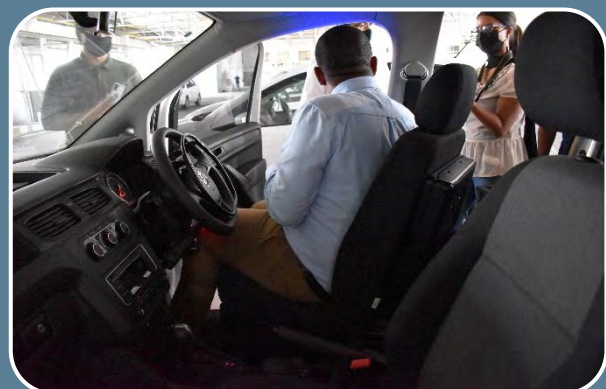
through incorporating best practices and lessons learned from stakeholders and colleagues in the same “market” in support of GMT’s aim of being the *leader in mobility solutions*.

Lessons learned and collaboration opportunities resulting from the benchmarking initiatives include:

- System improvements;
- The possible review of vehicle branding, policies and processes in order to streamline vehicle life-cycle management;
- Streamlining vehicle withdrawal processes; and
- Prototyping vehicle conversions for purposes of, for example, drivers with disabilities (including paraplegics), and mobile service centres.

In support of the envisaged outcome of *satisfied stakeholders*, the stakeholder relations team initiated the review and strengthening of the roles, functions and tools available to the client liaison officers (CLOs).

With the implementation of the different COVID-19 alert levels, business continuity was maintained, through the stakeholder relations team introducing various online training interventions and methods of remote engagements such as meetings via MS Teams.



Benchmarking activities with other entities in the vehicle and fleet management industries.

Source: Government Motor Transport.

4.2 Overview of the financial results

Statement of financial performance

Revenue

Revenue decreased by 9% to R758.1 million during the year under review, compared to R833.1 million during 2019/20. The decrease is attributed to decreases in interest earned on investments and the bank account, grants and subsidies received, revenue earned from kilometre charges, as well as profits on the sale of vehicles.

Interest earned on investments and the main bank account decreased by 23% to R87.4 million (2019/20: R113.2 million). The decrease is due to the decrease in interest yields earned during 2020/21 compared to 2019/20. The following details the actual interest rate yields:

- Investments - 2020/21: 3.81% to 6.93% (2019/20: 5.06% to 8.87%); and
- Main bank account – 2020/21: 3% to 4.75% (2019/20: 4.75% to 6.25%).

Grants and subsidies received decreased by 87% to R1.2 million (2019/20: R9 million). Revenue 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 between GMT and the client institution for the procurement of mobility assets. During 2020/21, fewer assets were allocated to the departments of Transport and Public Works, Health and Economic Development and Tourism and funding received was allocated to the relevant client institutions as unspent conditional grants and receipts.

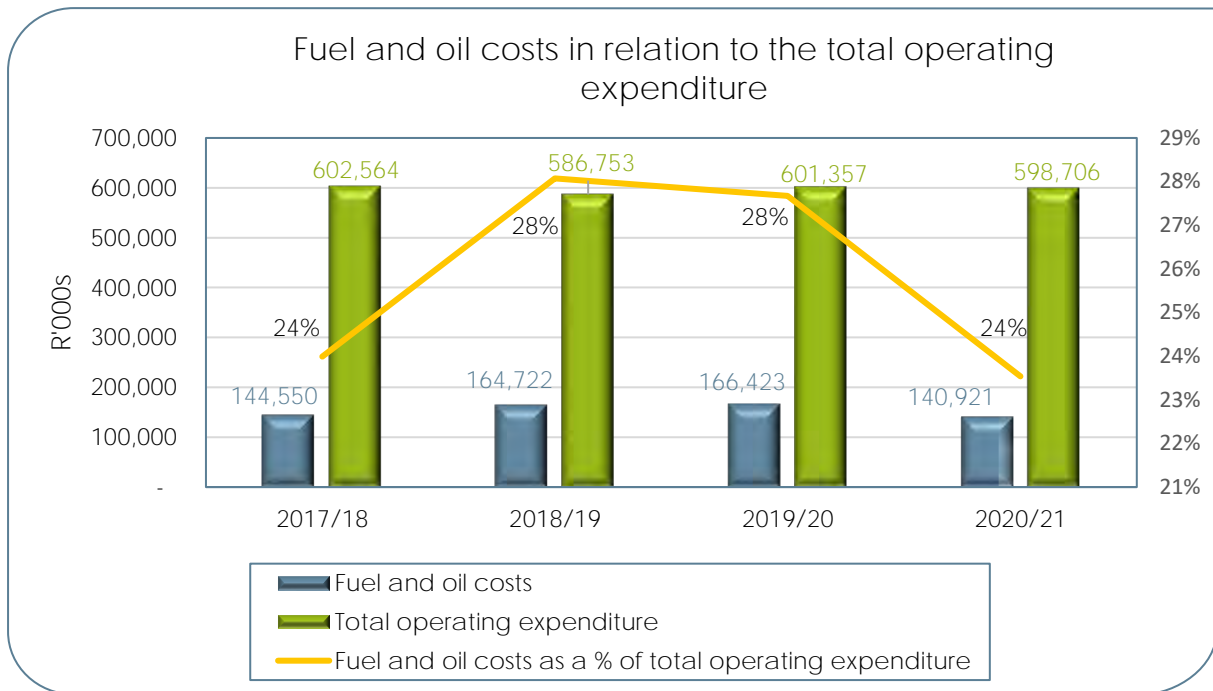
Revenue earned from kilometre tariffs decreased by 18% to R277.1 million (2019/20: R336.4 million). The COVID-19 National State of Disaster pandemic resulted in fewer kilometres driven by client institutions and this resulted in lower kilometre tariff revenue.

The profit on the sale of vehicles decreased by 62% to R3.6 million (2019/20: R9.6 million). Fewer auctions were held during the reporting period due to the National State of Disaster declared on 15 March 2020 under the Disaster Management Act in response to the COVID-19 pandemic. This had a significant impact on various operational-, staff- and reporting structures within the GMT environment. A total of 121 vehicle disposals generated profits during 2020/21 (2019/20: 539).

Expenditure

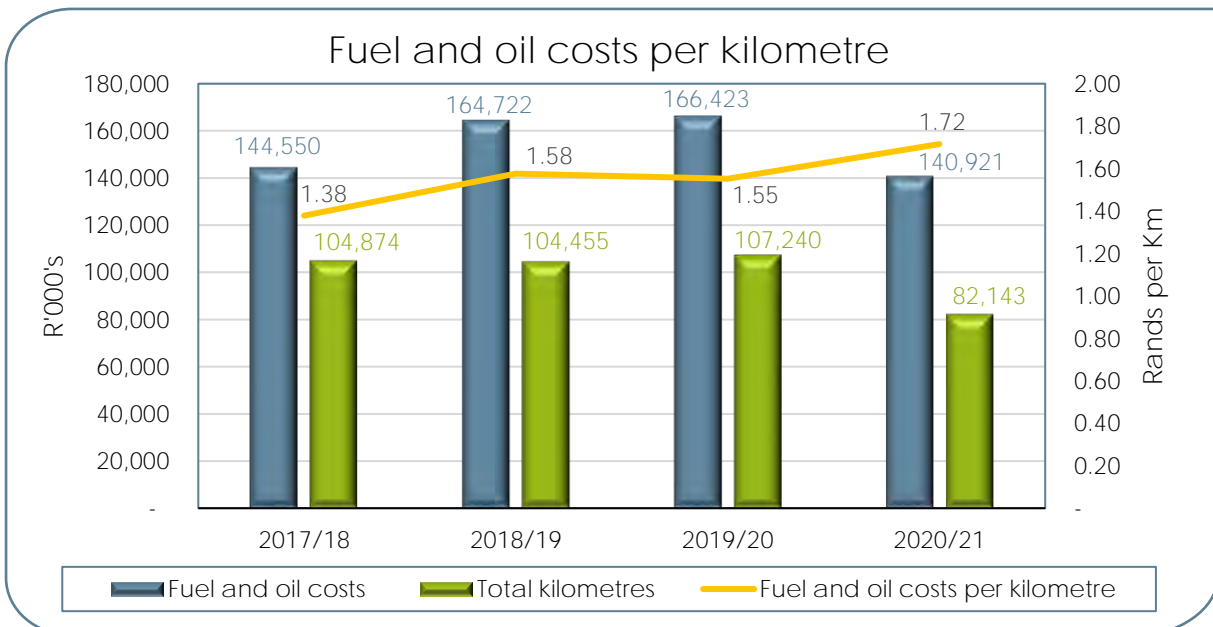
Total expenditure decreased by 1% to R598.7 million (2019/20: R601.4 million). This is mainly due to the decrease in operating expenditure and amortisation from their 2019/20 levels.

Figure 11: Fuel and oil costs in relation to the total operating expenditure



As shown in Figure 12 below, the fuel and oil component of the running costs decreased from R166.4 million during 2019/20 to R140.9 million in 2020/21. This is due to the decrease in kilometres travelled and fluctuations in fuel prices during 2020/21.

Figure 12: Fuel and oil costs per kilometre



Statement of financial position

The entity has a strong asset base. Significant asset classes include finance lease receivables, property, plant and equipment (PPE), intangible assets, and cash funds.

The carrying value of non-current assets increased by 9% to R1.145 billion (2019/20: R1.050 billion). The increase is mainly due to increases of R37.7 million in the cash receipts from finance lease receivables included under investing activities and R92.8 million of vehicle additions included under property, plant and equipment.

The carrying value of current assets increased by 7% to R1.937 billion (2019/20: R1.81 billion). This increase is due to increases in the carrying values of the receivables from exchange transactions, receivables from non-exchange transactions and cash funds.

The increase in cash funds is the net effect of expenditure payments and revenue collected from receivables and other revenue sources. The increase in the receivables from exchange transactions is due to an increase in the receivable amounts for mobility services rendered by GMT during which tariffs are charged from its client institutions. Balances are included under receivables from non-exchange transactions for business transactions entered into by GMT on behalf of the Department of Transport and Public Works for which the amounts are recoverable from the Department.

The accumulated surplus increased from R2.798 billion on 31 March 2020 to R2.957 billion on 31 March 2021.

Cash flow statement

Net cash generated from operating activities decreased by R84.9 million (2019/20: net outflow of R69.9 million). This is mainly due to the increase in transactions entered by GMT on behalf of client institutions during 2020/21.

The net cash outflow from investing activities decreased to R207.9 million (2019/20: R304.3 million). The cash receipts from finance lease receivables result in the net cash inflow from investing activities.

Cash generated through operating and investing activities resulted in a net increase of R123 million (2019/20: R234.4 million).

4.3 Receipts

GMT's revenue is derived primarily through the charging of daily and kilometre tariffs. Other revenue streams include interest earned, profit on the sale of assets, government grants and subsidies received, and services in-kind.

The results of the collections for 2020/21 and the comparative totals for the previous year are presented in Table 2.

Table 2: Revenue collected

Category of revenue	2020/21			2019/20		
	Estimate R'000	Actual amount R'000	(Over)/ Under R'000	Estimate R'000	Actual amount R'000	(Over)/ Under R'000
Daily-, kilometre tariffs and interest earned on finance lease receivables	675 414	654 945	20 469	615 925	692 722	(76 797)
Other income	25 756	3 616	22 139	24 837	9 731	15 106
Government grants and other subsidies received (funding received from clients for additional vehicles)	-	1 231	(1 231)	-	8 978	(8 978)
Services in-kind	8 402	10 714	(2 312)	5 362	8 267	(2 905)
Interest earned – accounts receivables, and cash and cash equivalents	113 570	87 593	25 977	89 533	113 387	(23 854)
Total	823 142	758 100	65 042	735 657	833 084	(97 427)

The above tariffs are the only category of income that is forecast per financial year. Tariffs claimed, but not paid by clients 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 2020/21 is shown in Table 3.

Table 3: Claims and accounts receivable comparison

Type	2014/15 R'000	2015/16 R'000	2016/17 R'000	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000
Daily-, kilometre tariffs and interest earned on finance lease receivables	545 497	571 036	544 187	582 704	630 986	692 722	654 945
Accumulative debt at year-end	53 858	65 922	33 841	64 192	35 177	45 606	49 320
% debt at year-end to daily, kilometre tariffs and interest earned on finance lease receivables	10	12	6	11	6	7	8

Table 4 reflects the outstanding debt per client.

Table 4: Outstanding debt per client as at the end of March 2021

Client	Outstanding balance 2021 R'000	Outstanding balance 2020 R'000
Western Cape Education Department	588	-
CapeNature	2 324	2 424
Department of Transport and Public Works	6 345	6 123

Client	Outstanding balance 2021 R'000	Outstanding balance 2020 R'000
Western Cape Provincial Parliament	354	196
Department of Health (Western Cape)	13 396	9 774
Department of Cultural Affairs and Sport	71	-
Department of Human Settlements	106	663
Provincial Treasury	-	239
Department of Social Development	87	4 157
Department of Environmental Affairs and Development Planning	466	379
Department of the Premier	1 041	961
Department of Agriculture (Western Cape)	2 166	2 319
Department of Local Government	14	11
Department of Economic Development and Tourism	-	11
Western Cape Liquor Authority	383	263
Department of Community Safety	760	-
Stellenbosch Municipality	177	597
Department of Justice and Constitutional Development	4 286	3 384
National Prosecuting Authority	126	84
Public Service Commission	9	13
Marine Living Resource Fund	2 626	449
Department of Agriculture, Forestry and Fisheries	5 141	598
Department of Home Affairs	-	764
Department of Agriculture (National)	52	48
Department of Rural Development and Land Reform	344	327
Department of Environmental Affairs	78	50
National Parliament	90	186
Department of International Relations and Cooperation	353	331
South African National Defence Force	571	105
Office of the Chief Justice	7 691	5 983
Grand Total	49 646	40 439

Tariffs

Client institutions are charged tariffs to lease vehicles from GMT. The duration of these leases is for short-term rentals or full-life-cycle-term rentals. After delivery of newly procured vehicles, details are captured on the financial system that interfaces with the fleet management system, and that also constitutes the central vehicle register. Thereafter, a daily tariff is charged to recover the replacement costs (capital) and GMT overhead costs over the economic life cycles of vehicles. All GMT rental and replacement vehicles are funded from the GMT primary bank account. The kilometre tariff income provides for the running costs of vehicles. The Provincial Treasury approved revised tariffs for 2020/21 on 2 April 2020.

Free services

No free services were rendered.

Sale of capital assets

Public auctions were held in respect of three categories of vehicles – vehicles that: had reached the end of the period that they are expected to be available for use by client institutions; vehicles that had completed the number of kilometres they were expected to be used for; and vehicles that were irreparably damaged in crashes.

4.4 Expenditure

GMT's expenditure in relation to its budget is depicted in Table 5.

Table 5: Expenditure versus budget

2020/21			2019/20		
Final Budget	Actual expenditure	Variance	Final budget	Actual expenditure	Variance
R'000	R'000	R'000	R'000	R'000	R'000
649 008	598 706	50 302	651 832	601 357	50 475

Table 6: Reasons for under-spending

Expenditure	Final Budget	Actual Expenditure	Variance	Reasons for variance
	R'000	R'000	R'000	<i>*Variance below R1 million is considered insignificant</i>
Administrative expenses	20 449	19 271	1 178	Under-spending on costs associated with hosting systems, stationery, travelling and subsistence.
Employee costs	65 592	44 758	17 834	Under-spending due to filling of vacancies being slower than planned, unforeseen resignations and transfers.
Operating expenditure	352 133	324 905	27 228	Under-spending due to cost savings on certain categories of consultant fees, vehicle repairs, maintenance and running costs.
Depreciation	17 716	16 639	1 077	Under-spending due to lower-than-expected depreciable amounts for property, plant and equipment.
Amortisation	6 804	6 475	329	Variance considered insignificant.
Accidents and impairment losses	4 688	4 447	241	Variance considered insignificant.

Expenditure	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Reasons for variance <i>*Variance below R1 million is considered insignificant</i>
Grants and subsidies paid	150 000	150 000	-	n/a
Operating leases	34 626	32 213	2 413	Under-spending due to lower-than-expected pricing on operating lease schedules for tracking and related services as well as office equipment rental.
Total	649 008	598 706	50 302	

4.5 Virements/ roll overs

Virements

No virements were effected in 2020/21.

Roll overs

No rollovers were requested from 2019/20 to 2020/21.

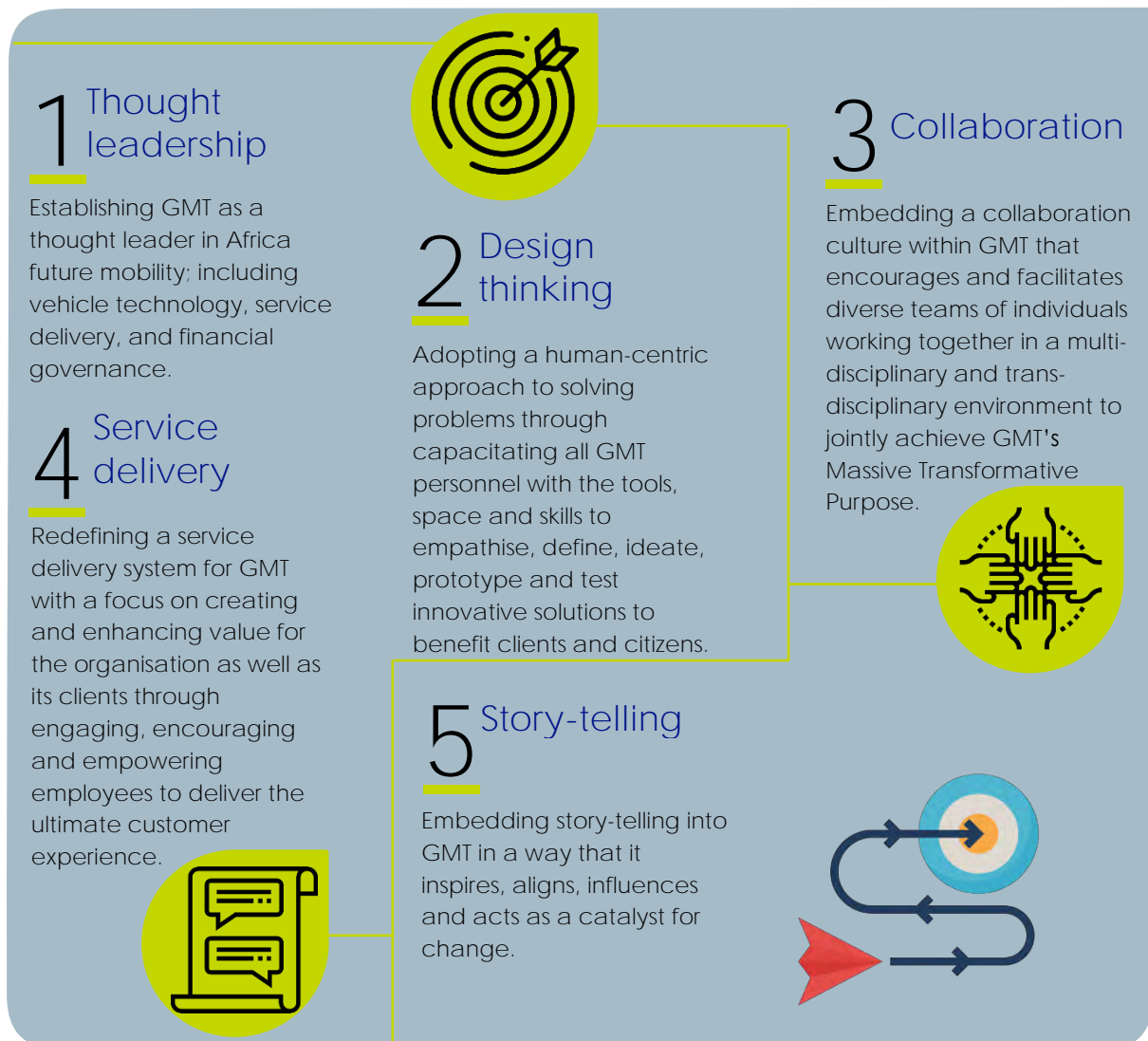
4.6 Unauthorised, irregular, fruitless and wasteful expenditure

According to GMT management's best knowledge, no unauthorised, irregular, fruitless or wasteful expenditure was incurred during the year under review.

4.7 Strategic focus over the short to medium term period

The 2020/21 year was the first year of implementation of GMT's Strategy 2020–2025, so its strategic focus during the year and over the medium-term period will remain the execution of the three broad focus areas (Strategic Outcomes), and the five themes as identified in the Strategic Plan, namely:

Figure 13: GMT five strategic themes



Source: Government Motor Transport Annual Performance Plan 2020/21.

GMT will continue to review and expand its value proposition to its clients through innovative and efficient service offerings, while also looking to expand its client base in a prudent manner. The entity will continue to deliver mobility solutions to its client base and will focus more on short-term rentals for client institutions in order to reduce costs to clients and ensure more efficient use of vehicles in the fleet. Further enhancements to electronic systems and associated business processes, coupled with the introduction of new technology to achieve more efficient use of the fleet, will continue to drive the business forward.

A key focus for GMT into the future will remain the "greening of the fleet" in order to reduce the entity's carbon footprint through, inter alia, the introduction of electric and alternative fuel vehicles, and more efficient use of the fleet.

4.8 Public-private partnerships

No public-private partnerships were entered into during the year under review.

4.9 Discontinued key activities/ activities to be discontinued

The trading entity did not discontinue any activities in the year under review, nor is it planning to discontinue any activities in the 2020/21 financial year.

4.10 New or proposed key activities

Construction on Phase 2 of the GMT facility at 3 Rusper Street, Maitland, will continue and is scheduled for completion during 2021. Upon completion of the new facility, all GMT operational management units will, for the first time, be housed in one building. This will open up opportunities for more effective and efficient management processes and systems. Additional parking space for vehicles will also allow GMT the opportunity to address the backlog in the recapitalisation of the fleet.

With the COVID-19 pandemic still a major factor to be considered, GMT will continue to implement systems, processes and measures to ensure the safety and well-being of its staff and clients.

4.11 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 the risk of irregular, fruitless and wasteful, and unauthorised expenditure, through the design and implementation of detective, preventative, and corrective controls. GMT has introduced an internal control function which performs oversight and maintains adherence to governance and compliance prescripts. These controls are incorporated in the current Supply Chain Management (SCM) System and Delegation Framework, to which the GMT Enterprise Resource Planning (ERP) system is aligned.

Since much of the SCM system is manual, structured capacity building and training programmes are in place to promote department-wide awareness of SCM systems, standard operating procedures, policies, templates and tools.

4.12 Gifts and donations received in kind from non-related parties

No gifts and donations in kind were received from non-related parties during 2020/21.

4.13 Exemptions and deviations received from the National Treasury

The trading entity received no exemption in terms of the Public Finance Management Act, 1999, or Treasury Regulations, or any deviation from the financial reporting requirements for the current and previous financial year.

4.14 Events after the reporting date

The details of the adjusting and non-adjusting events after reporting date are disclosed in the notes of the Annual Financial Statements for the 2020/21 financial year. Refer to pages 178 to 182 for the details on these events.

4.15 Acknowledgements

The GMT trading entity lived up to the high expectations of the administrative and executive management by achieving its ninth consecutive unqualified with no findings audit outcome, while also delivering high-quality, effective and efficient services to its clients. It operates as an independent business unit which carries responsibility for vehicle fleet management in the Western Cape; a fleet in which the majority of vehicles are optimally utilised. The entity made a special effort to prioritise the training of transport officers to raise the service delivery bar. Furthermore, it has maintained its financial reporting processes with adjustments made to accommodate changes in the GRAP reporting framework.

4.16 Conclusion

The fleet management environment remains a challenging and constantly changing one. Rapid developments in electric and alternative fuel technologies are already changing the landscape in this environment, with many European nations having set themselves the goal of banning the sale of new internal combustion vehicles by 2030. GMT will position itself to maintain and improve its excellent service delivery record through the implementation of international best practices in fleet and mobility management, while also changing the composition of the fleet to better respond to the climate change imperative of a permanent reduction in carbon emissions.

The Annual Financial Statements set out on pages 128 to 217 are hereby approved.



JT Gooch
ACCOUNTING OFFICER

DATE: 23/09/2021

5 Statement of responsibility and confirmation of accuracy for the Annual Report

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

- All information and amounts disclosed throughout the Annual Report are consistent;
- 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 Generally Recognised Accounting Practice including any interpretations, guidelines and directives issued by the Accounting Standards Board;
- The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information;
- The Accounting Officer is responsible for establishing, and implementing a system of internal control that 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; and
- In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Government Motor Transport trading entity for the financial year ended 31 March 2021.

Yours faithfully



JT Gooch

ACCOUNTING OFFICER

DATE: 23/09/2021

6 Strategic overview

6.1 Vision

The Department of Transport and Public Works embraces the Western Cape Government's vision as contained in the Provincial Strategic Plan 2020–2025:

"A safe Western Cape where everyone prospers."

The DTPW's own vision is:

"Enabled communities leading dignified lives. #JUST dignity."

GMT's vision is:

"Innovative mobility solutions to co-create a better life for all. #Ubuntumobility."

6.2 Mission

The Department adopted the following mission:

"To tirelessly pursue the delivery of infrastructure and transport services that is: Inclusive, safe and technologically relevant, seeking to heal, skill, integrate, connect, link and empower every citizen in the Western Cape, driven by passion, ethics and a steadfast commitment to the environment and people as our cornerstone."

GMT's mission is:

"To co-create, with our clients and stakeholders, a better life for all citizens through collaboration and partnerships, driving culture change, growing thought leadership and embracing design thinking to inspire story-telling."

6.3 Values

The core values of the Western Cape Government, to which the Department and GMT subscribes, are presented in Figure 14.

Figure 14: Core values of the WCG



These values are all underpinned by teamwork and a detailed explanation of what each core value encapsulates is presented in Table 7.

Table 7: Provincial values and behavioural statements

Value	Behavioural statement
Caring	<p>We will endeavour to understand people's needs and pay attention to them.</p> <p>We will show respect for others.</p> <p>We will treat staff members as more than just workers and value them as people.</p> <p>We will empathise with staff members.</p> <p>We will emphasise positive features of the workplace.</p> <p>We will provide constructive criticism when needed.</p>
Competence	<p>We will endeavour to ensure that staff members are able to do the tasks they are appointed to do, that they internalise the DTPW's values, and that they always strive for excellence.</p> <p>We will deliver on our outcomes and targets with quality work, within budget, and on time.</p> <p>We will strive to achieve the best results in the service of all the people in the Western Cape.</p> <p>We will work together to meet our constitutional and electoral mandate commitments.</p>
Accountability	<p>We fully understand our objectives, roles, delegations, and responsibilities.</p> <p>We are committed to delivering all agreed outputs on time.</p> <p>We will hold each other accountable in the spirit of mutual trust in honouring all our commitments.</p> <p>As individuals we take responsibility for and ownership of our outcomes and accept the consequence of failure to do so.</p>
Integrity	<p>We will seek greater understanding of the truth in every situation and act with integrity at all times.</p> <p>We will be honest, show respect, and practice positive values.</p> <p>We will be reliable and trustworthy, at all times, doing what we say we will.</p> <p>We will act with integrity at all times and in all instances, ensuring that we remain corruption-free.</p>
Innovation	<p>We seek to implement new ideas, create dynamic service options and improve services.</p> <p>We strive to be creative thinkers who view challenges and opportunities from all possible perspectives.</p> <p>We are citizen-centric and have the ability to consider all options and find a resourceful solution.</p> <p>We value employees who question existing practices with the aim of renewing, rejuvenating and improving them.</p> <p>We foster an environment where innovative ideas are encouraged and rewarded.</p> <p>We understand mistakes made in good faith and allow employees to learn from them.</p> <p>We problem-solve collaboratively to realise our strategic organisational goals.</p>
Responsiveness	<p>We will take public opinion seriously, listening to and hearing the voice of the people (more listening and less talking).</p> <p>We will respond to all situations timeously, always asking ourselves whether it is the right response, where we could go wrong, and how we can provide better service.</p> <p>We will engage collaboratively with each other, our stakeholders, and the media, providing full information.</p> <p>We will strive to achieve the best results for the people we serve and to act on their feedback.</p>

7 Legislative and other mandates

The mandate of the DTPW (including GMT) is derived from the Constitution of the Republic of South Africa, 1996, (hereafter referred to as the Constitution) and the Constitution of the Western Cape, 1998 (Act 1 of 1998). Certain mandates are concurrent responsibilities, while others are exclusively the responsibility of the provincial sphere of government. These mandates, as well as those derived from the functional legislation and policies, are outlined in this section.

Table 8: National and provincial legislation

Function	Legislation
Transport	Administrative Adjudication of Road Traffic Offences Act, 1998 (Act 46 of 1998) Promotes road safety by providing for a process to discourage road traffic contraventions; facilitates the adjudication of road traffic infringements; supports the prosecution of offenders in terms of national and provincial laws relating to road traffic; implements a demerit points system; provides for the establishment of an agency to administer the process; provides for the establishment of a board to represent the agency; and provides for related matters.
	Advertising Along Roads and Ribbon Development Act, 1940 (Act 21 of 1940) Requires the DTPW to regulate the display of advertisements outside certain urban areas at places visible from provincially proclaimed roads; and the depositing or leaving of disused machinery or refuse; and the erection, construction, or laying of structures and other objects near certain provincially proclaimed roads; and the access to certain land from such roads.
	National Land Transport Act, 2009 (Act 5 of 2009) Provides for the process of transformation and restructuring of the National Land Transport System initiated by the National Land Transport Transition Act, 2000 (Act 22 of 2000), through: <ul style="list-style-type: none"> the formulation and implementation of provincial land transport policy and strategy; the planning, coordination, and facilitation of land transport functions; collaboration between municipalities; and liaison with other government departments.
	National Road Traffic Act, 1996 (Act 93 of 1996) The DTPW, with the Member of the Executive Council (MEC) [Provincial Minister] as designated authority, must ensure that all functions relating to the registration and licensing of motor vehicles, driver fitness testing and vehicle fitness testing are performed. In addition, the DTPW is responsible for the management of events that take place on provincial roads. The Act regulates fitness, registration and licensing of motor vehicles, manufacturers, importers and builders; fitness of drivers; operator fitness; road safety; road traffic signs; speed limits; accidents and accident reports; reckless or negligent driving; inconsiderate driving; driving while under the influence of intoxicating liquor or a drug having a narcotic effect; and miscellaneous road traffic offences.
	National Qualifications Framework Act, 2008 (Act 67 of 2008) Provides for the further development, organisation and governance of the National Qualifications Framework (NQF). Applies to: education programmes or learning programmes that lead to qualifications or part-qualifications offered within the Republic by education institutions; and skills development providers.

Function	Legislation
	Road Safety Act, 1972 (Act 9 of 1972) Promotes road safety; for that purpose, to establishes a national road safety council and a central road safety fund; repeals the South African Road Safety Council Act, 1960; and provides for related matters.
	Road Traffic Management Corporation Act, 1999 (Act 20 of 1999) Provides, in the public interest, for cooperative and coordinated strategic planning, regulation, facilitation, and law enforcement in respect of road traffic matters by the national, provincial, and local spheres of government; regulates the contracting out of road traffic services; provides for the phasing in of private investment in road traffic and, to that end, provides for the establishment of the Road Traffic Management Corporation and related matters.
	Road Transportation Act, 1977 (Act 74 of 1977) Provides for the control of certain forms of road transportation and related matters.
	Western Cape Provincial Road Traffic Administration Act, 2012 (Act 6 of 2012) Regulates certain road traffic matters in the province and the determination and review of motor vehicle registration and licence fees.
	Western Cape Road Transportation Act Amendment Law (Act 8 of 1996) Makes provision for the establishment of a provincial transport registrar and the registration of minibus taxi associations, operators, and vehicles.
	Western Cape Toll Road Act, 1999 (Act 11 of 1999) Provides for the tolling of provincial public roads in the Western Cape and for the planning, design, declaration, construction, operation, management, control, maintenance, and rehabilitation of provincial toll roads.
	Western Cape Transport Infrastructure Act, 2013 (Act 1 of 2013) Provides for the planning, design, declaration, construction, maintenance, control, management, regulation, upgrading and rehabilitation of roads, railway lines and other transport infrastructure in the Western Cape.
	Roads Ordinance, 1976 (Ordinance 19 of 1976) Provides that the province has sole authority over relaxations of the statutory 5.0 metre and 95 metre building lines pertaining to various classes of provincially proclaimed roads, and provides for the alteration/ change of a road's classification (section 4). Such applications are usually received from the district municipality with jurisdiction over the area in question via the District Roads Engineer, but they can also originate from the DTPW's head office.
Public Works and Property Management	Expropriation Act, 1975 (Act 63 of 1975) Provides for the expropriation of land and other property for public and certain other purposes.
	Extension of Security of Tenure Act, 1997 (Act 62 of 1997) Provides for measures with State assistance to facilitate long-term security of land tenure; regulates conditions of residence on certain land; regulates the conditions on and circumstances under which the right of persons to reside on land may be terminated; regulates the conditions and circumstances under which persons whose right of residence has been terminated may be evicted from land; substitutes the provision of subsidies with tenure grants; further regulates the rights of occupiers; provides for legal representation for occupiers; furthers regulate the eviction of occupiers by enforcing alternative resolution mechanisms provided for in the Act; provides for the establishment and operation of a Land Rights Management Board; and provides for the establishment and operation of land rights management committees to identify, monitor and settle land rights disputes.

Function	Legislation
	Government Immovable Asset Management Act, 2007 (Act 19 of 2007) Promotes government's service delivery objectives through the sound management of immovable assets they use or control. The Act stipulates the responsibilities of the user and those of the custodian which, in the Western Cape, is DTPW Provincial Public Works.
	National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977) Requires the DTPW, as custodian and regulator of the built environment in the Western Cape, to ensure that all building and construction work on government property complies with the law.
	National Heritage Resources Act, 1999 (Act 25 of 1999) Introduces an integrated and interactive system for the management of the national heritage resources; sets down general principles for governing heritage resources management; introduces an integrated system for the identification, assessment and management of heritage resources; and enables the provinces to establish heritage authorities which must adopt powers to protect and manage certain categories of heritage resources. Requires the DTPW to subject properties identified for development or regeneration activities to comprehensive heritage impact assessments (where required by the Act) and an approval process to preserve the heritage aspects of the properties in question.
	Western Cape Land Administration Act, 1998 (Act 6 of 1998) Provides for the acquisition of immovable property and the disposal of land that vests in the Western Cape Government, and for the management of incidental matters. The DTPW is responsible for continually updating the asset and property register, procuring additional properties that may be required, and relinquishing or redeveloping properties that fall into disuse.
Transversal	Basic Conditions of Employment Act, 1997 (Act 75 of 1997) Gives effect 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 Organization.
	Basic Conditions of Employment Act, 1997 (Act of 1997): Ministerial Determination 4: EPWP, gazetted 4 May 2012 Contains the standard terms and conditions for workers employed in elementary occupations in an Expanded Public Works Programme (EPWP) project.
	Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003) Establishes a legislative framework for the promotion of broad-based black economic empowerment (BBBEE); empowers the Minister to issue codes of good practice and to publish transformation charters; establishes the Black Economic Empowerment Advisory Council; promotes compliance of organs of state and public entities with the Act; strengthens the evaluation and monitoring of compliance; includes incentive schemes to support black-owned and -managed enterprises in the strategy for BBBEE; provides for the cancellation of a contract or authorisation; and establishes the Broad-Based Black Economic Empowerment Commission to deal with compliance.
	Competition Act, 1998 (Act 89 of 1998) Provides for the establishment of a Competition Commission responsible for the investigation, control and evaluation of restrictive practices, abuse of dominant position, and mergers; for the establishment of a Competition Tribunal responsible for adjudicating such matters; for the establishment of a Competition Appeal Court; and for related matters.

Function	Legislation
	<p>Construction Industry Development Board Act, 2000 (Act 38 of 2000) Establishes the Construction Industry Development Board (CIDB), which is responsible for, among other things, developing the industry for the improved delivery of infrastructure to the South African public; working with all stakeholders for the sustainable growth of construction enterprises and the best practice of employers, contractors and the professions; identifying best practice and setting national standards; and promoting common and ethical standards for construction delivery and contracts.</p>
	<p>Consumer Protection Act, 2008 (Act 68 of 2008) Constitutes an overarching framework for consumer protection. All other laws which provide for consumer protection (usually within a particular sector) must be read together with the Act to ensure a common standard of protection. The Act applies to all suppliers of goods and services.</p>
	<p>Control of Access to Public Premises and Vehicles Act, 1985 (Act 53 of 1985) Provides for the safeguarding of certain public premises and vehicles and for the protection of the people therein or thereon, and for related matters.</p>
	<p>Criminal Procedure Act, 1977 (Act 51 of 1977) Makes provision for procedures and related matters in criminal proceedings.</p>
	<p>Disaster Management Act, 2002 (Act 57 of 2002) Provides for an integrated and coordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters, and post-disaster recovery.</p>
	<p>Division of Revenue Act (Annual) (DORA) An annual Act of Parliament which provides, <i>inter alia</i>, for the equitable division of revenue anticipated to be raised nationally among the national, provincial, and local spheres of government, and for Conditional Grants to provinces to achieve government's policy objectives. It further promotes predictability and certainty in respect of all allocations to provinces and municipalities so that such these administrations can plan their budgets over a multi-year period.</p>
	<p>Employment Equity Act, 1998 (Act 55 of 1998) Aims to achieve equity in the workplace by: 1) promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and 2) implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, in order to ensure their equitable representation in all occupational categories and levels in the workforce.</p>
	<p>Firearms Control Act, 2000 (Act 60 of 2000) Establishes a comprehensive, effective system of firearms control and related matters.</p>
	<p>Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005) Provides for the establishment of a framework for national government, provincial governments, and local governments to promote intergovernmental relations; provides for mechanisms and procedures to facilitate the settlement of intergovernmental disputes; and provides for related matters.</p>
	<p>Labour Relations Act, 1995 (Act 66 of 1995) Enables the DTPW to advance economic development, social justice, labour peace, and the democratisation of the workplace through giving effect to the purpose of the Act which includes: providing a framework within which employees and their trade unions, employers and employers' organisations can collectively bargain to determine wages, terms and conditions of employment and other matters of mutual interest; effectively resolving labour disputes; and providing for employee participation in decision-making in the workplace.</p>

Function	Legislation
	<p>Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)</p> <p>Provides for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities, and ensure universal access to essential services that are affordable to all; defines the legal nature of a municipality as including the local community within the municipal area, working in partnership with the municipality's political and administrative structures; provides for the manner in which municipal powers and functions are exercised and performed; provides for community participation; establishes a simple and enabling framework for the core processes of planning, performance management, resource mobilisation and organisational change which underpin the notion of developmental local government; provides a framework for local public administration and human resource development; empowers the poor and ensures that municipalities put in place service tariffs and credit control policies that take their needs into account by providing a framework for the provision of services, service delivery agreements and municipal service districts; provides for credit control and debt collection; and establishes a framework for support, monitoring and standard setting by other spheres of government in order to progressively build local government into an efficient, frontline development agency capable of progressively integrating the activities of all spheres of government for the overall social and economic upliftment of communities in harmony with their local natural environment.</p>
	<p>National Environmental Management Act, 1998 (Act 107 of 1998)</p> <p>Provides for cooperative environmental governance by establishing principles for decision making on matters affecting the environment; institutions that promote cooperative governance; and procedures for coordinating environmental functions exercised by organs of state; and related matters.</p>
	<p>Occupational Health and Safety Act, 1993 (Act 85 of 1993)</p> <p>Requires the DTPW, as custodian and regulator of the built environment, to ensure that all building and construction work on government property, irrespective of whom it is undertaken by, complies with this legislation and that the structures remain compliant throughout their life cycle.</p>
	<p>Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)</p> <p>Provides that an organ of state must determine its preferential procurement policy and implement a preference points system whose aims may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender or disability.</p>
	<p>Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004)</p> <p>Provides for the strengthening of measures to prevent and combat corruption and corrupt activities.</p>
	<p>Promotion of Access to Information Act, 2000 (Act 2 of 2000)</p> <p>Fosters a culture of transparency and accountability in public and private bodies by giving effect to the right of access to information (provided by section 32 of the Constitution), and actively promoting a society in which people have effective access to information to enable them to more fully exercise and protect all their rights.</p>
	<p>Promotion of Administrative Justice Act, 2000 (Act 3 of 2000) (PAJA)</p> <p>Gives effect to section 33 of the Constitution which provides that everyone has the right to administrative action that is lawful, reasonable, and procedurally fair. Anyone whose rights have been adversely affected by administrative action has the right to be given reasons. PAJA deals with general administrative law and therefore binds the entire administration at all levels of government.</p>

Function	Legislation
	<p>Protection of Personal Information Act, 2013 (Act 4 of 2013)</p> <p>Promotes the protection of personal information processed by public and private bodies; introduces certain conditions so as to establish minimum requirements for the processing of personal information; provides for the establishment of an Information Regulator to exercise certain powers and to perform certain duties and functions in terms of this Act; provides for the issuing of codes of conduct; provides for the rights of persons regarding unsolicited electronic communications and automated decision making; regulates the flow of personal information across the borders of the Republic; and provides for related matters.</p>
	<p>Provincial Archives and Records Service of the Western Cape Act, 2005 (Act 3 of 2005)</p> <p>Preserves archival heritage for use by the government and people of South Africa, and promotes efficient, accountable, transparent government through the proper management and care of government records.</p>
	<p>Public Audit Act, 2004 (Act 25 of 2004)</p> <p>Establishes and assigns functions to the Auditor-General of South Africa (AGSA); provides for the auditing of institutions in the public sector; enables AGSA to refer suspected material irregularities arising from an audit to a relevant public body for investigation; and empowers AGSA to take appropriate remedial action, to issue a certificate of debt where an accounting officer failed to recover losses from a responsible person, and to instruct the relevant executive authority to collect debt.</p>
	<p>Public Finance Management Act, 1999 (Act 1 of 1999)</p> <p>Supports transparency, accountability, and sound management of the revenue, expenditure, assets, and liabilities of the DTPW.</p>
	<p>Public Service Act, 1994 (Proclamation 103 published in Government Gazette 15791 of 3 June 1994)</p> <p>This is the principal Act governing public administration. It provides the administrative and operational framework for government departments by providing guidelines on employment and human resource practices, i.e. conditions of employment, terms of office, discipline, retirement, and discharge of members of the public service, and related matters.</p>
	<p>Public Administration Management Act, 2014 (Act 11 of 2014)</p> <p>Promotes the basic values and principles governing the public administration referred to in section 195(1) of the Constitution; provides for the transfer and secondment of employees in the public administration; regulates conducting business with the State; provides for capacity development and training; provides for the establishment of the National School of Government; provides for the use of information and communication technologies in the public administration; and provides for the Minister to set minimum norms and standards for public administration.</p>
	<p>Skills Development Act, 1998 (Act 97 of 1998)</p> <p>Provides an institutional framework to devise and implement national, sector and workplace strategies to development and improve the skills in the workplace, and to integrate those strategies in the NQF. As the lead employer, the DTPW has to ensure compliance with the employer's duties in terms of the workplace agreement and to ensure the implementation of the agreement in the workplace. Through the EPWP, the DTPW implements learnership and skills development programmes to participants in artisan-related fields.</p>

Function	Legislation
	<p>Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) Provides a framework for spatial and land use management in the Republic; specifies the relationship between the spatial planning and the land use management system and other kinds of planning; provides for inclusive, developmental, equitable and efficient spatial planning by the different spheres of government; provides a framework for the monitoring, coordination and review of the spatial planning and land use management system; provides a framework for policies, principles, norms and standards for spatial and regulatory imbalances; promotes greater consistency and uniformity in the application procedures and decision-making by authorities responsible for land use decisions and development applications; provides for the establishment, functions and operations of municipal planning tribunals; and provides for the facilitation and enforcement of land use and development measures.</p>
	<p>Radio Act, 1952 (Act 3 of 1952) Controls radio activities and related matters.</p>
	<p>Western Cape Land Use Planning Act, 2014 (Act 3 of 2014) Consolidates legislation pertaining to provincial planning, regional planning and development, urban and rural development, regulation, support and monitoring of municipal planning and regulation of public places and municipal roads arising from subdivisions; makes provision for provincial spatial development frameworks; provides for minimum standards for, and the efficient coordination of, spatial development frameworks; provides for minimum norms and standards for effective municipal development management; regulates provincial development; regulates the effect of land development on agriculture; provides for land use planning principles; and repeals certain old-order laws.</p>
	<p>Western Cape Land Use Planning Ordinance, Amendment Act, 2009 (Act 1 of 2009) Regulates land use planning in the Western Cape and related matters.</p>
	<p>Western Cape Procurement (Business Interests of Employees) Act, 2010 (Act 8 of 2010) Restricts the business interests of employees of the provincial government and of provincial public entities, as well as members of controlling bodies of such entities, in entities conducting business with the provincial government and provincial public entities; provides for the disclosure of such interests; and provides for related matters.</p>
	<p>Western Cape Monitoring and Support of Municipalities Act, 2014 (Act 4 of 2014) Gives effect to sections 154(1) and 155(6) of the Constitution by making further provision for measures to support municipalities, to develop and strengthen the capacity of municipalities, and to improve their performance. Also gives effect to section 106(1) of the Local Government: Municipal Systems Act by providing for the monitoring of suspected non-performance and maladministration in municipalities, and for related matters.</p>

In the main, the national and provincial policies and strategies described below guide the DTPW (including GMT) in the discharge of their responsibilities.

Function	Policies
Transport	<p>National Freight Logistics Strategy, 2005 Reduces inland freight costs through lower system costs that result from increased efficiency, reliability, and lower transit times, thus offering the customer viable modal choices between road and rail.</p>

Function	Policies
	<p>National Public Transport Strategy, 2007 This strategy has two key thrusts, namely:</p> <ul style="list-style-type: none"> • Accelerated modal upgrading, which aims to provide for new, more efficient, universally accessible, and safe public transport vehicles and skilled operators; and • Integrated rapid public transport networks which aim to develop and optimise integrated public transport solutions.
	<p>National Road Safety Strategy, 2011–2020 Informs a national coordinated effort to improve education and enforcement regarding poor road use behaviour in line with international best practices and recommendations from the World Health Organization for developing countries.</p>
	<p>National Rural Transport Strategy, 2007 Provides guidance to all three spheres of government on dealing with challenges of mobility and access to mobility experienced in rural areas in an integrated, aligned, coordinated manner. Its two main strategic thrusts are: promoting coordinated rural nodal and linkage development; and developing demand-responsive, balanced, sustainable rural transport systems.</p>
	<p>White Paper on National Transport Policy, 1996 Deals with safe, reliable, effective, efficient, fully integrated transport operations and infrastructure. These should meet the needs of freight and passenger customers in a way that supports government strategies for economic and social development while also being environmentally and economically sustainable.</p>
	<p>White Paper on Provincial Transport Policy, 1997 Builds on the foundation created by the White Paper on National Transport Policy by providing details of specific interventions responsive to the needs and opportunities in the Western Cape; and recognises current and future competencies assigned to provinces and other spheres of government under the Constitution.</p>
	<p>Access Management Guidelines, 2020 Provides guidelines to assist practising engineers and planners, as well as property developers, to develop acceptable road access standards.</p>
	<p>Road Infrastructure Strategic Framework for South Africa Provides guidelines for the redefinition of the South African road network; and assists roads authorities to reclassify existing road networks.</p>
	<p>Road Safety Strategy for the Western Cape Province, 2005 Encourages a safer road environment by promoting road safety throughout the province focusing on national and provincial routes; and is responsible for the basic training of all traffic officer recruits in the province in order to ensure uniformity and professionalism.</p>
	<p>Western Cape Policy Statement on Transport for Special Needs Passengers, 2009 Places certain responsibilities on the DTPW:</p> <ul style="list-style-type: none"> • Encouraging the incremental accessibility of rail infrastructure and providing training to operators and their staff on dealing sensitively with special needs persons; • Supporting the provision of universally accessible public transport information services; • In association with the National Department of Transport, preparing and publishing guideline requirements for accessible public transport vehicles; • Ensuring that all new public transport facilities cater for special needs persons; and

Function	Policies
	<ul style="list-style-type: none"> Ensuring that all future contracted public transport services in the province progressively include the operation of accessible services until all contracted services are either accessible and/or an alternative demand-responsive service is available.
Public Works and Property Management	Western Cape Provincial Acquisition Policy Guides custodian(s), among others, in the acquisition of immovable assets; promotes and specifies uniform criteria and processes.
	Western Cape Provincial Government White Paper on the Management of Provincial Property, 2004 Provides a framework to guide activities relating to fixed properties of the Western Cape Government and other properties it uses; and covers coordination with the property management activities of other public and civil society role-players in the province.
	Western Cape Infrastructure Framework, 2013 Aligns the planning, delivery, and management of infrastructure provided by all stakeholders (national government, provincial government, local government, parastatals, and the private sector) with the strategic agenda and vision for the province.
	Western Cape Provincial Property Disposal Policy Guides development, drives transformation, and instils confidence, especially in underdeveloped areas, especially to redress imbalances of the past and to promote economic activities.
Expanded Public Works Programme	Guidelines on the implementation of the EPWP The EPWP's objective is to create short- and medium-term work opportunities for the poor and unemployed as part of government's anti-poverty strategy. These work opportunities are combined with training to increase the employability of low-skilled programme beneficiaries in the formal employment market. The programme targets opportunities in the infrastructure, environment, culture, and social and non-state sectors.
	Guidelines on the Implementation of the National Youth Service Provides that implementation of youth programmes is the responsibility of all the institutions of government. The responsibility for planning, coordinating, and initiating effective and innovative strategies for youth development therefore resides equally with the National Youth Commission and individual government departments in the national and provincial spheres.
Transversal	Provincial Strategic Plan (PSP), 2019–2024 A set of overarching Strategic Objectives for the WCG for the current electoral term, setting out desired outcomes for the medium term (five years). These objectives reflect the needs and priorities of the provincial government and jointly promote integrated, improved performance across the public sector in the Western Cape.
	Departmental Monitoring and Evaluation Framework and Manual Describes the monitoring and evaluation systems and tools in place for results-based management in the public service.
	Revised Framework for Strategic and Annual Performance Plans Aims to improve government planning systems and processes and to institutionalise development planning in government.
	Departmental Records Management Policy Provides the foundation for a corporate culture of responsibility for the management of information and records as an essential requirement for effective service delivery.

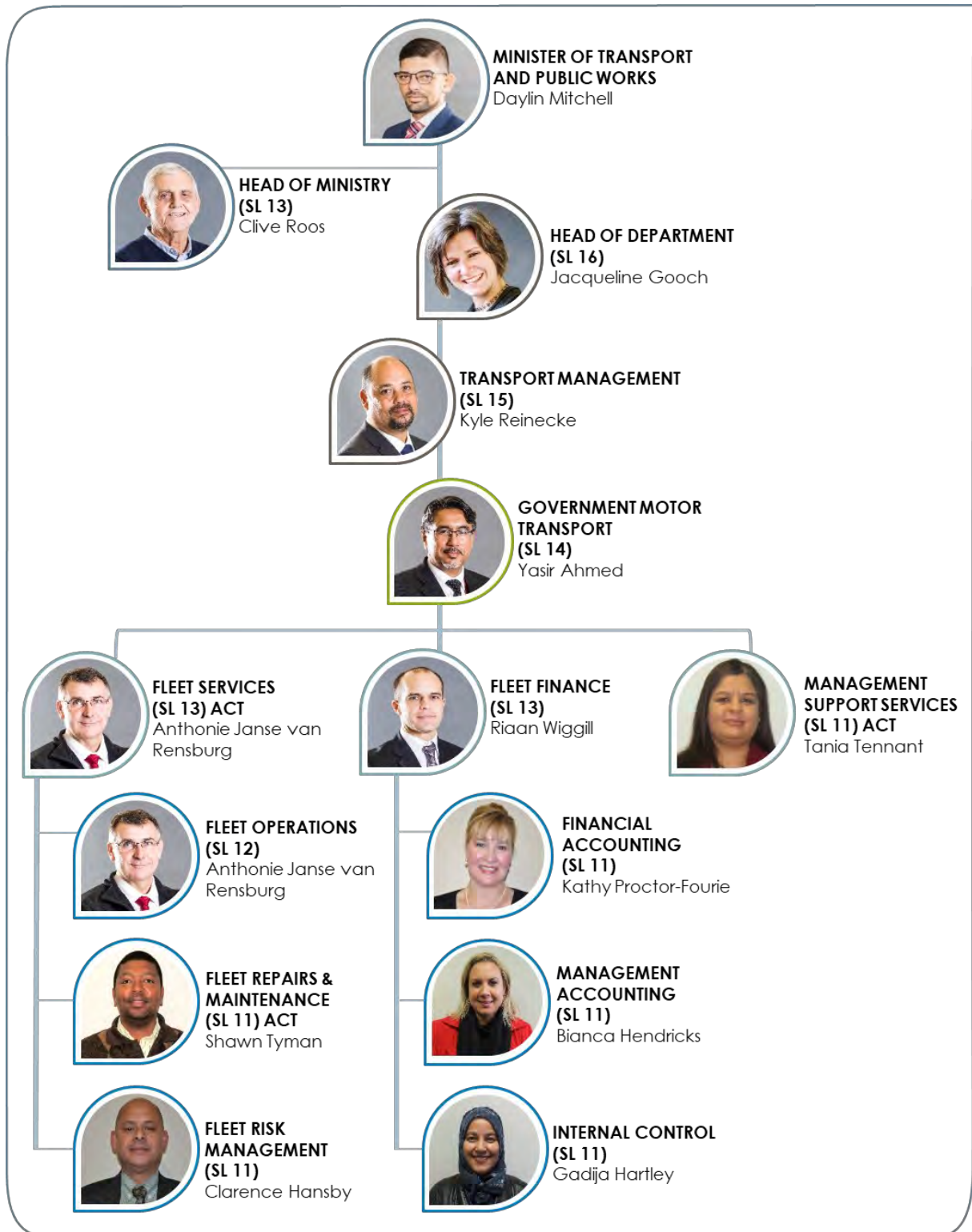
Function	Policies
	<p>Western Cape E-Mobility Policy</p> <p>Transversal policy on the use of cellular data cards for official purposes. It regulates and standardises the practices and procedures for the acquisition, provisioning, use of the data cards in the WCG and its departments, and for the efficient and cost-effective management of this essential service.</p>
	<p>Western Cape Government Transversal Management System</p> <p>Aims to achieve measurable outcomes through the facilitation of sectorial clusters addressing issues transversally with individual line departments as the implementing agents; and manages the implementation of the Provincial Strategic Plan transversally throughout the WCG. The Executive Project Dashboard is the information management tool for the system.</p>
	<p>White Paper on Human Resource Management, 1997</p> <p>Focuses on the essential role of developing and transforming human resource capacity in order to meet the goals of efficient service delivery and transforming the public service.</p>

As a trading entity operating within the administration of the DTPW, GMT is responsible for the provision of vehicle fleet services to provincial and national client institutions. 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 GMTs (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.

8 Organisational structure as at 31 March 2021

The GMT linkage within the macro-structure of the DTPW is presented in Figure 15.

Figure 15: Organisational structure



9 Trading entity reporting to the Minister

GMT is a trading entity under the administration of the Department of Transport and Public Works.



PART B

Performance
Information

Part B: Performance information

1 Auditor-General's report: Predetermined objectives

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

Refer to page 122 of the AGSA report, published as PART E: FINANCIAL INFORMATION.

2 Overview of trading entity's performance

GMT is a Chief Directorate that forms part of the administration of the Department of Transport and Public Works.

2.1. Service delivery environment



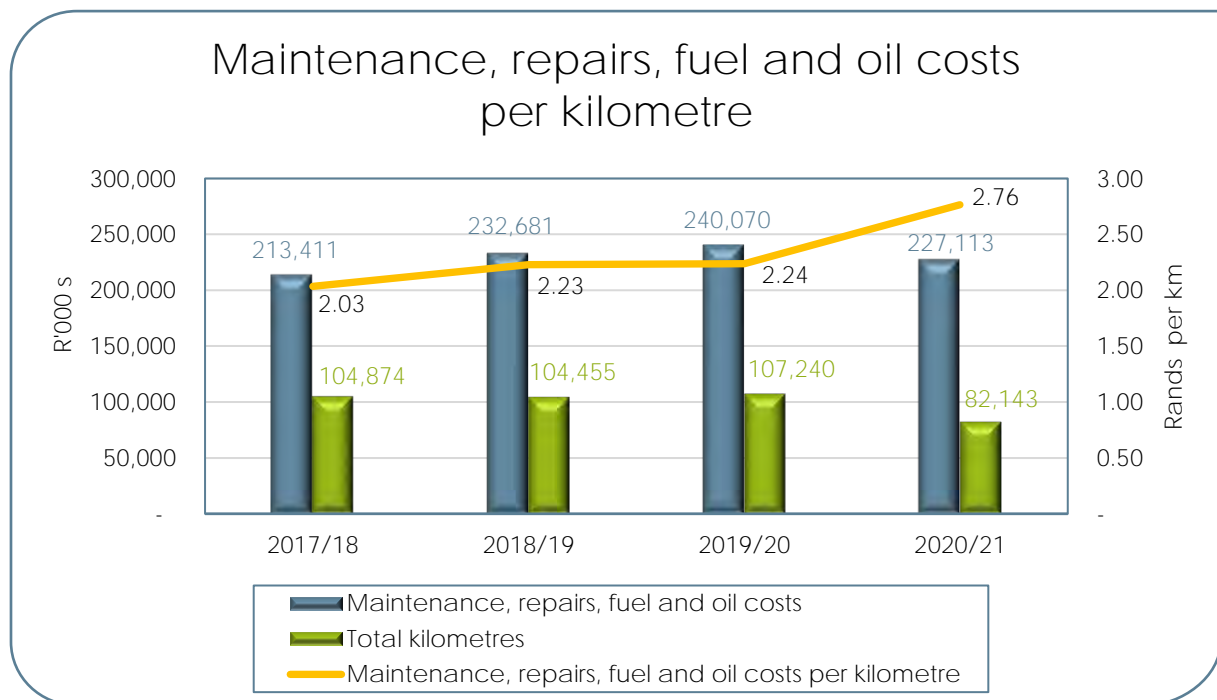
GMT has taken a strategic decision to place the citizen at the centre of its mandate. It is re-examining its role in actively serving communities in the broader transformation agenda. This will be achieved by shifting the service delivery paradigm from a function-driven to a purpose-driven public service that contributes to human well-being.

GMT continued with its core business of providing an effective fleet management service to its clients. During the year under review, GMT acquired 559 new vehicles, held three online auctions, and sold 205 lots.

In planning its replacement programme for vehicles, GMT had to take into account the amount of floor space available for new vehicles as they were delivered and prepared for delivery to client institutions.

The total expenditure on repairs and maintenance of vehicles amounted to R86.2 million (2019/20: R73.6 million). The fleet travelled a total of 82 142 741 kilometres (2019/20: 107 239 896 kilometres) during the year (based on the actual kilometres billed at the end of each month). Fuel and oil expenditure, which represents the largest portion of the operational costs of the fleet, decreased from R166.4 million in 2019/20 to R140.9 million in 2020/21.

Figure 16: Maintenance, repairs and oil costs per kilometre



GMT maintained 4 839 e-Fuel units (electronic fuelling devices) in the fleet to keep a firm hand on fleet fuel management.

Business continuity was maintained despite the COVID-19 National State of Disaster, and the stakeholder relations team continued to develop and deepen client engagement through various online training initiatives.

With 972 821 (2019/20: 1 000 757) financial transactions having to be processed during the year under review, GMT utilised electronic systems such as GoFin to support its operations and enable efficient service delivery to stakeholders. The effective performance of GMT's systems and service providers are critical to the business of the trading entity and are continually monitored, assessed and managed to minimise disruption to GMT's operations and its ongoing value proposition to its clients.

The automated redirection of traffic fines via the Client Application in GMT's FleetMan system enabled clients to electronically capture the details of drivers responsible for a vehicle at the time an offence was committed. These system enhancements paid off as the entity was able to process all 3 600 traffic fines issued by various traffic authorities for violations committed by drivers of GMT vehicles.

GMT will continue to implement its phased plans to issue driver identification technology and improve its systems by providing tools to allow clients direct access to information about individual driver profiles via the Client Application of FleetMan. GMT registered with the Road Traffic Management Corporation (RTMC) to enable the ICT systems to interface electronically for the automated redirection of traffic violations in preparation for the expected national implementation of AARTO on 1 July 2021.


The number of crashes and losses cases processed by GMT decreased from 2 651 in 2019/20 to 1 759 in the year under review.

2.2. Service Delivery Improvement Plan (SDIP)

The GMT SDIP 2018/19–2020/21 aims to address one service improvement area: provision of fleet management service. Table 9 summarises GMT's performance towards achieving its desired standards of service.

Service for Government Motor Transport: Provision of fleet management services

Table 9: Main services provided and standards

Service	Beneficiaries	Standard of service as at end 2019/20	Desired standard of service: 2020/21	Actual achievement: 2020/21
Provision of fleet management services				
<p><u>Service standard:</u> Implementation of the shared GMT vehicle repair and maintenance solution with a banking partner as part of the fleet repairs and maintenance module of the GMT ERP Fleet Management system (known as FleetCare).</p> 	<ul style="list-style-type: none"> Provincial departments National departments Other provincial governments Public entities 	<p>Fleet repairs and maintenance</p> <ul style="list-style-type: none"> The GMT George Regional Hub relocated to the new premises in York Street during November 2019. GMT also has a Client Care Centre (CCC) service up and running in George. GMT awarded the R&M [repair and maintenance] contract to NedFleet for a 36-month term as from October 2019. NedFleet also relocated its onsite Call Centre from GMT Cape Town to GMT Maitland during November 2019. 	<p>Fleet repairs and maintenance</p> <ul style="list-style-type: none"> Full or augmented GMT ERP system integration; and FleetCare Phase 3 Go-Live 1 April 2021 with new banking partner. Initiate transition arrangement with new banking partner by 1 October 2020 if NedFleet is not the successful bidder. 	<p>Fleet repairs and maintenance</p> <ul style="list-style-type: none"> The GMT R&M service provider (NedFleet) call centre onsite at GMT Maitland remained operational as an essential service during the COVID-19 National State of Disaster. GMT Fleet Administration remained operational as an essential service during the COVID-19 National State of Disaster. GMT Fleet Planning & Acquisition remained operational (as an essential service during the COVID-19 National State of Disaster). GMT arranged with the R&M service provider (NedFleet and their service provider network) to have the GMT fleet

Service	Beneficiaries	Standard of service as at end 2019/20	Desired standard of service: 2020/21	Actual achievement: 2020/21
				sanitised as requested by clients during the COVID-19 National State of Disaster.
<u>Service standard:</u> Piloting and implementation of the GMT vehicle lease reporting at each reporting cycle as part of the reporting requirements as stated in GRAP or the Modified Cash Basis of Accounting reporting frameworks.	<ul style="list-style-type: none"> Provincial departments National departments Other provincial governments Public entities 	Vehicle lease reporting <ul style="list-style-type: none"> The lease management data repository and some reports were aligned to the financial reporting requirements as contained in GRAP and/or the Modified Cash Basis of Accounting reporting frameworks. 	Vehicle lease reporting <ul style="list-style-type: none"> Alignment of information produced during the co-sourcing approach to that produced by the lease management system; and Rollout of information to the client base. 	Vehicle lease reporting <p>The lease management data repository and reports were aligned to the financial reporting requirements as contained in GRAP and Modified Cash Standard reporting frameworks.</p>

Batho Pele arrangements with beneficiaries

Current/ actual arrangements: 2019/20	Desired arrangement 2020/21	Actual achievement 2020/21
Fleet repair and maintenance		
Consultation:	Consultation:	Consultation:
<p>Clients are consulted through:</p> <ul style="list-style-type: none"> Reporting on progress with client feedback at bi-monthly transport client forum meetings; and Clients reporting on progress on rectifying shortcomings during the annual evaluation. 	<p>Clients are consulted through:</p> <ul style="list-style-type: none"> Bi-monthly transport client forum meetings; Clients reporting on progress on rectifying shortcomings identified in the annual evaluation; GMT circulars being distributed by the GMT Statutory Reporting, and published on the GMT website (portal) and intranet; GMT delivering a training service to the transport officers of clients; A custom-designed Client Module of the Fleet Management system being made available to transport officials of client institutions as part of more self-service fleet management functionality being made available to client institutions; Early automated notifications, to clients in respect of vehicle service intervals, Certificate of Fitness (COF) expiry dates, vehicle licence expiry dates and factory recalls; Automated notifications to suppliers to inform of approval of quotations; and GMT's client liaison officers' visits clients to obtain feedback on the Client Module of the Fleet Management system. 	<p>Clients are consulted through:</p> <ul style="list-style-type: none"> The GMT Rental service in Cape Town remained operational as an essential service during the COVID-19 National State of Disaster; GMT vehicle tracking services delivered via the service provider (Afsol) remained operational (as an essential service during the 2020/21 COVID-19 year); and When Alert Level 3 of the COVID-19 National State of Disaster was brought into effect, GMT planned and delivered three online vehicle auctions (in September 2020, November 2020 and February 2021).

Current/ actual arrangements: 2019/20	Desired arrangement 2020/21	Actual achievement 2020/21
Access:	Access:	Access:
<p>The service is accessible through/at:</p> <ul style="list-style-type: none"> • GMT Client Care Centre toll-free number: 0800 092 468/ WCGMT; • 34 Roeland Street, Cape Town; • 49 Hope Street, Cape Town; • 3 Rusper Street, Maitland; • GMT Garden Route Hub, York Street, George; and • GMT CBD General Hire Client Centre with cleaning and parking facilities, Buitenkant Street, Cape Town. 	<p>The service is accessible through/at:</p> <ul style="list-style-type: none"> • GMT Client Care Centre toll-free number: 0800 092 468/ WCGMT; • 34 Roeland Street, Cape Town; • 49 Hope Street, Cape Town; • 3 Rusper Street, Maitland; • GMT CBD parking and staging facility/ facilities; • GMT Garden Route Hub, York Street, George; • Future GMT West Coast Hub (Saldanha area); and • GMT Winelands Hub (Paarl/ Worcester area). 	<p>The service is accessible through/at:</p> <ul style="list-style-type: none"> • GMT Client Care Centre toll-free number: 0800 092 468/ WCGMT; • 34 Roeland Street, Cape Town; • 49 Hope Street, Cape Town; • 3 Rusper Street, Maitland; • GMT CBD parking and staging facility/ facilities; and • GMT Garden Route Hub, York Street, George.
Courtesy:	Courtesy:	Courtesy:
<p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> • A 24/7 call centre to gather and process reports on unacceptable driver behaviour and/or misuse of government vehicles (number: 0800 092 468/ WCGMT); and • To enable automated driver identification to manage driver behaviour, crashes, misuse, traffic offences, fuel and R&M services), GMT has issued a total of 6 317 electronic driver tags in conjunction with client institutions. 	<p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> • A 24/7 call-in centre to process reports on unacceptable behaviour; • Client reports at bi-monthly transport client forum meetings; • Internal escalation process through the Fleet Operations Directorate; and • GMT client liaison officer engagements with clients. 	<p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> • A 24/7 call centre to gather and process reports on unacceptable driver behaviour and/or misuse of government vehicles (number: 0800 092 468/ WCGMT).

Current/ actual arrangements: 2019/20	Desired arrangement 2020/21	Actual achievement 2020/21
Openness and transparency:	Openness and transparency:	Openness and transparency:
Openness and transparency are achieved through: <ul style="list-style-type: none"> FleetMan Client Module being used by client institution transport officers to redirect traffic offence notices to drivers responsible for the vehicle at the time the offence was committed. 	Openness and transparency are achieved through: <ul style="list-style-type: none"> Service level agreements with clients; and A customised Client Application of the Fleet Management system which provides transport officials of client institutions with more self-service fleet management functionality. 	Openness and transparency are achieved through: <ul style="list-style-type: none"> FleetMan Client Module: Being used by client institution transport officers to redirect traffic offence notices to drivers responsible for the vehicle at the time the offence was committed.
Value for money:	Value for money:	Value for money:
The costs of GMT services are kept low: <ul style="list-style-type: none"> The costs of GMT services are kept to a minimum; The GMT fleet is within its economic life cycle; and An annual increase in the GMT daily and kilometre tariffs in the amount of 4.2% was approved by Provincial Treasury. 	The costs of GMT services are kept low: <ul style="list-style-type: none"> The costs of GMT services are kept to a minimum; The GMT fleet is within its economic life cycle; Clients have access to a custom designed integrated Client Application within the Fleet Management system; GMT is in full control of the maintenance and repairs approval processes; and GMT is able to negotiate discounts with suppliers. 	The costs of GMT services are kept low: <ul style="list-style-type: none"> The GMT daily and kilometre tariffs remained unchanged and only the fuel segment of the kilometre tariff was adjusted in alignment with monthly administered fuel prices.
Vehicle lease reporting		
Consultation:	Consultation:	Consultation:
Clients are consulted through: <ul style="list-style-type: none"> Consultations on reporting taking place with stakeholders. 	Clients are consulted through: <ul style="list-style-type: none"> Consultations taking place with client institutions and, in some cases, consultations being facilitated by Provincial Treasury. 	Clients are consulted through: <ul style="list-style-type: none"> Consultations taking place with client institutions and in some cases, consultations being facilitated by Provincial Treasury.

Current/ actual arrangements: 2019/20	Desired arrangement 2020/21	Actual achievement 2020/21
Access:	Access:	Access:
<p>The service is accessible:</p> <ul style="list-style-type: none"> Some of the reports are available and can be run on the GMT GoFin financial system platform by authorised users. 	<p>The service is accessible:</p> <ul style="list-style-type: none"> Clients can fully utilise GMT electronic platforms. 	<p>The service is accessible:</p> <ul style="list-style-type: none"> Some of the reports are available and can be run on the GMT GoFin financial system platform by authorised users.
Courtesy:	Courtesy:	Courtesy:
<p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> Having an internal escalation process in place for enhancement and/ or modification requests. 	<p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> Informal engagements between clients and GMT. 	<p>Courtesy is reported and measured through:</p> <ul style="list-style-type: none"> Having an internal escalation process in place for enhancement and/ or modification requests.
Openness and transparency:	Openness and transparency:	Openness and transparency:
<p>Openness and transparency achieved through:</p> <ul style="list-style-type: none"> Having service level agreements in place client institutions in place; and Annual updates on reporting requirements being provided by Provincial Treasury. 	<p>Openness and transparency achieved through:</p> <ul style="list-style-type: none"> Service level agreements with clients; GMT providing full disclosure on client-specific information which meets the minimum Provincial Treasury GRAP or Modified Cash Basis of Accounting reporting requirements; and Provincial Treasury being included as a stakeholder for noting purposes. 	<p>Openness and transparency achieved through:</p> <ul style="list-style-type: none"> Service level agreements with client institutions; and Annual updates on reporting requirements being provided by Provincial Treasury.

Current/ actual arrangements: 2019/20	Desired arrangement 2020/21	Actual achievement 2020/21
Value for money:	Value for money:	Value for money:
<p>The costs of GMT services are kept low:</p> <ul style="list-style-type: none"> Tariff adjustments take place in terms of the requirements of section 19 of the Treasury Regulations (March 2005). This was approved by the Provincial Treasury and subsequently applied on the GMT GoFin financial system. 	<p>The costs of GMT services are kept low:</p> <ul style="list-style-type: none"> The configuration of the lease management system and functionality of the reporting tool is aligned to client requirements in order to produce reports at the lowest cost within the required time frame; and Annual increases in client daily tariffs remain within accepted Medium Term Expenditure Framework (MTEF) principles. 	<p>The costs of GMT services are kept low:</p> <ul style="list-style-type: none"> Tariff adjustments take place in terms of the requirements of section 19 of the Treasury Regulations (March 2005). GMT requested the following in respect of tariff adjustments: <ul style="list-style-type: none"> The daily tariffs to remain unchanged from their 2019/20 levels; The fuel component of the kilometre tariffs to be adjusted monthly in alignment with monthly administered fuel prices as determined by the Department of Mineral Affairs and Energy; The repairs and maintenance component of the kilometre tariff to remain unchanged from their 2019/20 levels; and A tariff adjustment of 1% below the MTEF-related increase. These were approved by the Provincial Treasury and applied to the GMT GoFin financial system with effect from 1 April 2020.

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Fleet repair and maintenance		
<p>Information is communicated through:</p> <ul style="list-style-type: none"> • GMT circulars published on the GMT website (portal) and the Intranet; • GMT training service to the client transport officers; and • Bi-monthly transport client forum meetings with clients. 	<p>Information is communicated through:</p> <ul style="list-style-type: none"> • GMT circulars published on the GMT website (portal) and the Intranet; • GMT training service to the transport officers of client institutions; • Bi-monthly transport client forum meetings held with clients; and • GMT client liaison officer engagements with clients. 	<p>Information is communicated through:</p> <ul style="list-style-type: none"> • GMT circulars.
Vehicle lease reporting		
<p>Information is communicated through:</p> <ul style="list-style-type: none"> • Reporting dates being issued by Provincial Treasury Circulars in collaboration with GMT. 	<p>Information is communicated through:</p> <ul style="list-style-type: none"> • Reporting dates being prepared and issued by Provincial Treasury Circulars in collaboration with GMT. 	<p>Information is communicated through:</p> <ul style="list-style-type: none"> • A financial reporting planner which contains the reporting dates prepared by GMT during the preparation of Interim and Annual Financial Statements; • The planner was submitted to Provincial Treasury for distribution to provincial client institutions; and • GMT disseminated the planner to national client institutions.

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Fleet repair and maintenance		
<p>Complaints/ suggestions/ compliments/ queries are registered and monitored through:</p> <ul style="list-style-type: none"> GMT 24/7 Client Care Centre toll-free number: 0800 092 468/ WCGMT (to report possible vehicle misuse); Transport officers/client institutions being able to raise problem areas/ complaints and give compliments at bi-monthly GMT transport client forum meetings; GMT's training team presenting transport officer and FleetMan Client Module training; and Client institutions being able to liaise with the GMT CCC technical team and park their new vehicles at the new GMT Regional Hub in York Street, George, as from November 2019. 	<p>Complaints/ suggestions/ compliments/ queries are registered and monitored through:</p> <ul style="list-style-type: none"> GMT 24/7 Client Care Centre toll-free number: 0800 092 468/ WCGMT (for reporting possible vehicle misuse); Transport officers/ client institutions being able to raise problem areas/ complaints and give compliments at bi-monthly GMT transport client forum meetings; GMT's training team presenting transport officer and FleetMan Client Module training; and GMT client liaison officers engaging with clients. 	<p>Complaints/ suggestions/ compliments/ queries are registered and monitored through:</p> <ul style="list-style-type: none"> GMT rental remaining operational as an essential service during the COVID-19 National State of Disaster.
Vehicle lease reporting		
<p>Complaints/ suggestions/ compliments/ queries are registered and monitored through:</p> <ul style="list-style-type: none"> Vehicle lease reporting complaints/ concerns being raised by clients with GMT. 	<p>Complaints/ suggestions/ compliments/ queries are registered and monitored through:</p> <ul style="list-style-type: none"> GMT addressing clients' specific needs. 	<p>Complaints/ suggestions/ compliments/ queries are registered and monitored through:</p> <ul style="list-style-type: none"> All complaints and concerns about vehicle lease reporting being discussed with Provincial Treasury; and Amendments to the vehicle lease reporting being institutionalised within GMT as part of its workflow for the preparation of information during the Interim and Annual Financial Statements.

2.3. Organisational environment

GMT's organisational make-up is culturally, socially and academically diverse, which requires management to be sensitive to differing needs and challenges. Technical, ICT and fleet management skills are scarce and have to be sourced and managed appropriately to ensure the highest levels of service delivery.

In support of its goal of bringing young people into the organisation, during the last strategic planning period GMT participated in Provincial Treasury's programme for interns from the Chartered Accountants Academy. This programme aims to increase the number of youths and previously disadvantaged individuals who are able to register as chartered accountants.

In order for GMT to remain proactive in guiding and providing client institutions with mobility solutions, the entity will strive to create an environment conducive to collaboration and innovation; one in which staff are encouraged to acquire the knowledge and skills to achieve the organisation's goals and objectives. In order to give effect to the new GMT strategy with a strong focus on introducing new technology and the need for research and development the entity will, during the course of the planning period, periodically review its business model and its organisational design.

Due to the COVID-19 pandemic, the process of filling vacancies was suspended pending approval from the Head of Department, with vacant posts being added to the critical recruitment list first. During the year under review, recruitment advertisements were placed, and seven posts were successfully filled. The training needs of current as well as new staff members were assessed to ensure that delivery standards were maintained or improved.

Vehicle repairs, maintenance and conversion of vehicles are outsourced functions. GMT embarked on a process to integrate its ERP systems with those of the external service providers in order to improve monitoring and reporting to client institutions.

Due to the specialised nature and level of expertise required, GMT continued its co-sourcing approach to delivering electronic systems, financial statements and business process documentation. Specialists in these disciplines have been contracted in to complement internal capacity where necessary.

2.4. Key policy developments and legislative changes

The following legislative and policy matters were taken forward:

- Relevant National State of Disaster regulations and directives (e.g. limitations on the number of occupants in a vehicle) as and when these are published in the Government Gazette.

3 Progress towards achievement of institutional impacts and outcomes

GMT generated a theory of change represented by a “result chain” diagram, keeping the process as flexible as possible. This tool allows ongoing monitoring and evaluation of the extent to which the strategy is achieving its desired outcomes.

GMT developed the following outcomes to give effect to the impact statement, namely: *Reliable, accessible, innovative and environmentally responsible mobility solutions.*

In the process of unpacking the five key themes identified during GMT's planning session and the initiatives proposed under each theme, three broad focus areas were identified through which the entity would drive and measure the progress, implementation and outcomes of its strategy. These are:

- Leaders in mobility solutions (research and development – R&D);
- Greening the fleet; and
- Satisfied stakeholders.

Progress made towards the achievement of the five-year Strategic Plan 2020/21–2024/25 targets are outlined below.

Outcome 1	Leaders in mobility solutions (R&D)
This outcome contributes to the following national and provincial directives:	
<ul style="list-style-type: none"> • National Development Plan (NDP) Chapter 5: Environmental sustainability and resilience; • WCG Vision Inspired Priority (VIP) 4: Mobility and spatial transformation; and • VIP5: Innovation and culture. 	

The GMT ICT team developed an app that allows clients to submit an “**Application to Travel**” easily and effectively. Before the submission to GMT, the app allows for up to two stages of authorisation. GMT expanded the rollout of the “Application to Travel” app to additional client institutions, as well as applying it internally.

The migration of GMT data to the Microsoft Azure “cloud” in consultation with the Centre for e-Innovation (Ce-I) in the Department of the Premier sets a foundation to expand and leverage technologies that were not easily available to GMT before. This includes creating an information capability where multi-sourced data (including data streamed from IVT sources), is turned into valuable operational, tactical and strategic information. The foundation phase of data management was investigated, and the concept was proven during this reporting period.

Supporting GMT's “leaders in mobility solutions” strategic outcome, two benchmarking activities against the Free State and Gauteng GMT's, assisted GMT to continually enhancing its service offerings to clients by incorporating best practices and lessons learned from stakeholders and colleagues in the same industry.

Outcome 2 Greening the fleet

This outcome contributes to the following national and provincial directives:

- NDP Chapter 5: Environmental sustainability and resilience;
- VIP1: Safe and cohesive communities;
- VIP2: Growth and jobs;
- VIP4: Mobility and spatial transformation; and
- OneCape 2040: Green Cape.

GMT acquired its first five electric vehicles (five BMW i3s) and is currently testing the vehicles for application in the fleet environment as part of its initiative to develop a holistic electric vehicle strategy for the Western Cape, with the intention of submitting such a plan for endorsement by Cabinet in the new financial year.

Outcome 3 Satisfied stakeholders

This outcome contributes to the following national and provincial directives:

- NDP Chapter 13: Building a capable and developmental state;
- NDP Chapter 15: Nation building and social cohesion;
- VIP2: Growth and jobs;
- VIP4: Mobility and spatial transformation; and
- VIP5: Innovation and culture.

On 10 August 2021, the Provincial Minister of Transport and Public Works officially launched GMT's **George Regional Hub**, which accommodates a small GMT team and parking for 157 vehicles that will be managed as a regional pool for clients in the Garden Route region.

As part of GMT's 2021/2022 MTP initiatives, GMT is considering establishing the next Regional Hub in the West Coast District.

GMT's collaboration with the provincial Department of Health to limit the spread of COVID-19 included the fitment of safety screens **between the driver's seat and the passenger area** in 219 ambulances, and 72 HealthNet Patient Transporter vehicles.

Figure 17: Collaboration with clients



4 Performance information

The core function of GMT is the provision of quality, integrated and cost-effective mobility solutions to provincial and national client institutions and other entities.

To drive the implementation of the MTP, GMT is currently structured along the following functional lines:



1. Directorate:
Fleet Services



2. Directorate:
Fleet Finance



3. Sub-Directorate:
Management Support
Services

Outcomes, outputs, output indicators, targets and actual achievements

An overview of GMT's performance against pre-determined targets is presented below.

Table 10: Key performance indicators, planned targets and actual achievements

Outcome	Outputs	Output indicators	Audited/ Actual performance		Planned Annual target	Actual achievement	Deviation from planned target	Reasons for deviations
			2018/19	2019/20	2020/21	2020/21	2020/21	
Leaders in mobility solutions (R&D)	Providing adequate fleet rental services	Number of vehicles in the fleet	5 976	5 640	5 570	5 830	260 4.7%	The number of vehicles in the fleet fluctuates continually, based on the timing of vehicle acquisitions and disposals. Due to the COVID-19 National State of Disaster, only three auctions were held instead of the planned five auctions for the year. In addition, GMT continued to procure vehicles up to the latter stages of 2020/21. These factors resulted in an increase in the number of vehicles compared to the planned target.
	Providing fleet inspections	Number of vehicle inspections carried out	6 547	6 252	6 705	2 350	(4 355) (65%)	The COVID-19 National State of Disaster and its regulations had a negative impact on GMT's operational capability.

Outcome	Outputs	Output indicators	Audited/ Actual performance		Planned Annual target	Actual achievement	Deviation from planned target	Reasons for deviations
			2018/19	2019/20	2020/21	2020/21	2020/21	
	Providing an effective and efficient fleet service	Number of vehicles travelling more than 1 000 km per month	4 872	3 561	4 200	2 657	(1 543) (37%)	GMT has no control over the utilisation of vehicles allocated to client institutions. The GMT fleet always travels less during the months of December and January. The COVID-19 pandemic also had an impact on the utilisation of vehicles during 2020/21.
	Increasing the percentage of automatic transmission vehicles in the fleet to, <i>inter alia</i> , accommodate people with disabilities	Number of automatic transmission vehicles	**New indicator	**New indicator	1 000	446	(554) (55.4%)	The indicator "Number of automatic transmission vehicles" is new for GMT, and the business relied heavily on limited historical data, including invoices and internet searches, to check and capture the transmission type of vehicles. The latter led to unintentional data omission that was only visible once a reconciliation was performed after the GMT FleetMan system was enhanced to include the data field "transmission type" in the Vehicle Register report.
	Maintaining GMT's value proposition	Number of inward benchmarking engagements	**New indicator	**New indicator	1	1	-	-

Outcome	Outputs	Output indicators	Audited/ Actual performance		Planned Annual target	Actual achievement	Deviation from planned target	Reasons for deviations
			2018/19	2019/20	2020/21	2020/21	2020/21	
	(Research and development/ market analysis)	Number of outward benchmarking engagements	**New indicator	**New indicator	1	1	-	-
Greening the fleet	To acquire alternative fuel vehicles	Number of alternative fuel vehicles in the fleet	**New indicator	**New indicator	5	5	-	-
Satisfied stakeholders	Stakeholder engagements	*Number of stakeholder surveys	1	1	2	2	-	-
	Manage fleet risk	Number of traffic fines processed	5 848	7 077	6 000	3 600	(2 400) (40%)	The COVID-19 National State of Disaster and its regulations resulted in a decrease in vehicle usage with a concomitant decrease in traffic violations.
		Number of crashes and losses incidents processed	2 629	2 651	3 000	1 759	(1 241) (41%)	The COVID-19 National State of Disaster and its regulations resulted in a decrease in vehicle usage with a concomitant decrease in the number of crashes and losses processed.

*Number of stakeholder surveys is a previous strategic objective/indicator, however, the wording has changed from "Number of client surveys conducted" to "Number of stakeholder surveys".

**New indicator during 2020/21.

Strategies to overcome areas of under performance

Control measures and strategies were put in place to ensure that the set service delivery standards could be met. Measures include escalating concerns with regards to delays in the issuing of national transversal contracts to the CCGMT and National Treasury.

Changes to planned targets

There were no in-year changes made to the initial planned targets.

Linking performance with budgets

An assessment was carried out to determine whether the actual achievements recorded at year-end met the service delivery targets set at the beginning of the year. Services delivered to clients were of a high standard and are directly linked to the outputs and associated budget allocation.

The financial information set out below is in agreement with the information in the Annual Financial Statements.

Table 11: Expenditure versus budget

2020/21			2019/20		
Final budget	Actual expenditure	Under expenditure	Final budget	Actual expenditure	Under expenditure
R'000	R'000	R'000	R'000	R'000	R'000
649 008	598 706	50 302	651 832	601 357	50 475

5 Transfer payments

5.1 Transfer payments to public entities

No transfer payments were made.

5.2 Transfer payments to all organisations other than public entities

GMT transferred funds from its investment held through the Provincial Treasury to the Asset Finance Reserve during 2020/21.

6 Conditional grants

6.1 Conditional grants and earmarked funds paid

GMT did not pay any conditional grants or earmarked funds during the year under review.

6.2 Conditional grants and earmarked funds received

GMT received funds from client institutions to purchase additional vehicles and other items to support mobility solutions. These funds are classified as conditional grants and were deposited into GMT's bank account before the orders were processed. Unspent amounts are disclosed as liabilities at year-end.

The tables below detail the conditional grants received during the period 1 April 2020 to 31 March 2021.

Table 12: Conditional grant: Department of Health

Department which transferred the grant	Health
Purpose of the grant	To purchase 12 additional vehicles for Department of Health.
Expected outputs of the grant	Procurement of 12 additional vehicles as stipulated in the conditional grant.
Actual outputs achieved	Order was placed and two vehicles were delivered.
Amount per amended DORA	n/a
Amount received (R'000)	5 485
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	0.00
Reasons for the funds unspent by the entity	The vehicles are not yet allocated at year end; therefore no recognition of the revenue took place.
Reasons for deviations on performance	Vehicles not yet delivered. The two delivered vehicles were not yet in the condition to be utilised by the Department.
Measures taken to improve performance	n/a
Monitoring mechanism by the receiving department	n/a

Table 13: Conditional grant: Department of Justice

Department which transferred the grant	Department of Justice
Purpose of the grant	Pre-payment for sale of two judges' vehicles
Expected outputs of the grant	Private sale of the vehicle currently being used by the judge.
Actual outputs achieved	Vehicles were sold.
Amount per amended DORA	-
Amount received (R'000)	334
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	n/a
Reasons for the funds unspent by the entity	n/a
Reasons for deviations on performance	n/a
Measures taken to improve performance	n/a
Monitoring mechanism by the receiving department	n/a

For unspent conditional grants and receipts that were active on 31 March 2020 (comparative year), refer to pages 146 to 147.

7 Donor funds

The entity did not receive any donor assistance.

8 Capital investment

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 client institutions. Clients report back on any vehicle that is damaged or not operational so that the required impairment tests and procedures can be performed by GMT technical staff. Vehicles that reach the end of their useful lives are sold at public auctions, after which the FleetMan system and NATIS are updated.



PART C

Governance

Part C: Governance

1 Introduction

The GMT trading entity, as part of the administration of the DTPW, is committed to maintaining the highest standards of governance. This is fundamental to the responsible management of public finances and resources. Readers of the Annual Report require assurance that the DTPW has sound governance structures in place to effectively, efficiently and economically utilise the state resources at its disposal which are funded by the taxpayer. One of the core values of the DTPW is “**accountability**”, and this is promoted through a strengthened governance environment.

2 Risk management

The Accounting Officer 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.

2.1. Ethics and Enterprise Risk Management Committee (ERMCO) report

The Department of Transport and Public Works is proud to present its Annual ERMCO Report for the financial year ended 31 March 2021.

Ethics and Enterprise Risk Management Committee responsibility

The Ethics and Enterprise Risk Management Committee reports that it has complied with its responsibilities arising from Section 38 (1)(a)(i) of the Public Finance Management Act, National Treasury Regulation 3.2.1, and Public Service Regulations of 2016, Chapter 2, Part 1, 2 and 3. The ERMCO also reports that it has adopted appropriate formal Terms of Reference (TOR) (approved by the ERMCO chairperson on 29 June 2020), regulated its affairs in compliance with this Terms of Reference and has discharged all its responsibilities as contained therein.

Ethics and Enterprise Risk Management Committee members

The ERMCO comprises of selected members of the Department's senior management team as well as DotP officials. As per its Terms of Reference, the ERMCO met at least four times (quarterly) during the year under review.

The table below provides information on ERMCO members.

Member	Position	Meetings Attended	Date Appointed
Ms J Gooch	Accounting Officer (Risk Champion and ERMCO Chairperson)	4	n/a

Member	Position	Meetings Attended	Date Appointed
Adv. C Smith	Deputy Director-General: Finance – (CFO)	4	03/04/2020
Mr G van Schalkwyk	Chief Director: Policy and Strategy Integration	4	03/04/2020
Mr R Maharaj	Chief Director: Strategic Management and Operational Support	4	03/04/2020
Adv. G Kode	Deputy Director-General: Provincial Public Works	4	03/04/2020
Mr L Fourie	Deputy Director-General: Roads	4	03/04/2020
Adv. K Reinecke	Deputy Director-General: Transport Management	4	03/04/2020
Ms H Robson	Deputy Director-General: Corporate Assurance (DotP)	4	03/04/2020
Mr R Jansen van Rensburg	Chief Director: Provincial Forensic Services (DotP)	4	03/04/2020
Ms E de Bruyn	Director: Centre of e-Innovation (DotP)	3	03/04/2020
Ms A Haq	Director: Enterprise Risk Management (DotP)	3	03/04/2020
Ms P van der Merwe	Director: Governance and Demand – Supply Chain Management (Ethics Officer)	4	03/04/2020
Mr Y Ahmed	Chief Director: Government Motor Transport	4	03/04/2020

The following is a list of other officials who attended the ERMCO meetings during the year under review:

Other participants	Position	Meetings Attended
Mr B Rahim	Director: Financial Governance (Fraud Champion)	4
Ms W Hansby	Director: Provincial Forensic Services (DotP)	3
Mr X Khanyile	Risk Advisor: Enterprise Risk Management (DotP)	4
Mr Z Omer	Chief Risk Advisor: Enterprise Risk Management (DotP)	2
Mr S Martin	Director: Internal Audit (DotP)	2

Ethics and Enterprise Risk Management Committee key activities

The Accounting Officer is the risk champion and chairperson of the ERMCO. In executing its function, the ERMCO performed the following key activities during the year:

- Reviewed the Department's Risk Management Strategy and Implementation Plan for recommendation by the Audit Committee and approval by the Accounting Officer;
- Set, reviewed and applied appropriate risk appetite and tolerances, and recommended same for approval by the Accounting Officer;
- Reviewed the Department's risk identification and assessment methodology;
- Reported to the Accounting Officer any material changes to the risk profile of the Department;
- Evaluated the extent and effectiveness of integration of risk management within the Department;
- Assessed the implementation of the departmental Risk Management Policy, Strategy and Implementation Plan;
- Evaluated the effectiveness of mitigating strategies to address the material strategic, programme, ethics and economic crime risks;
- Reviewed the Fraud and Corruption Prevention Plan as well as its concomitant Implementation Plan and recommended it for approval by the Accounting Officer;
- Evaluated the effectiveness of the implementation of the Fraud and Corruption Prevention Plan;
- Assessed the implementation of the departmental Ethics Management Implementation Plan;
- Provided oversight on ethics management in the Department; and
- Considered reports on security and loss control matters.

Key strategic risks considered and addressed during the year

The following are the key strategic risks for the Department that were considered and addressed during the year:

- Safety and security threats to departmental officials;
- The spread and impacts of COVID-19;
- Ability to attract, recruit and retain suitable specialised skills being compromised; and
- Insufficient electricity supply.

These risks are long term in nature and will remain on the Department's radar for the upcoming years. Although mitigations have been implemented to address each of these risks, the residual rating has not reduced significantly. This is as a result of the challenges faced by the Department in managing the root causes of the risk that resides outside the Department's control. Many of these risks are above tolerance level and the risk response decisions taken by the Department will continue to manage the risk.

Each Programme's risks are deliberated upon and debated at quarterly ERMCO meetings. Programme managers are required to provide feedback on progress with implementation of action plans to reduce the likelihood of risks materialising and/or their impact if they should materialise. ERMCO also referred risks back that should be analysed more extensively and recommends additional mitigation steps or actions to manage risks.

The Transport and Public Works Audit Committee provided independent oversight of the Department's system of risk management. The Audit Committee was furnished with quarterly ERM progress reports and risk registers to execute its independent oversight role.

Key emerging risks for the following financial year

The key emerging risk the department will have to consider in the next financial year relates to the impacts of COVID-19 pandemic on the budget in relation to the approved Strategic Plan, as well as the psychological impacts of COVID-19 on staff members, among others.

Furthermore, the Department will have to assess the impact of forthcoming local government elections in relation to stability in service delivery.

Conclusion

The Ethics and Enterprise Risk Management Committee remains an important forum in the DTPW for strategic-level discussion on a range of matters that pose or could pose a risk to the operations of the Department. The increased focus on ethics within the ERMCO is in line with the leadership and management ethos that is being inculcated within the Department and the continual drive to make ethically and morally correct decisions.



JT GOOCH

ACCOUNTING OFFICER

DATE: 23/09/2021

3 Fraud and corruption

Fraud and corruption represent significant potential risks to the Department's assets and can negatively impact on service delivery efficiency and the Department's reputation.

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

The Department has an approved Fraud and Corruption Prevention and Implementation Plan which gives effect to the Prevention Plan.

Various channels for reporting allegations of fraud, theft and corruption are in place and these are described in detail in the Provincial Anti-Fraud and Corruption Strategy, the WCG Whistle-blowing Policy, and the Departmental Fraud and Corruption Prevention Plan. Each allegation received by the Provincial Forensic Services (PFS) Unit is recorded in a Case Management System which is used as a management tool to report on progress made with cases relating to the Department and to generate statistics for the WCG and the Department.

Employees and workers 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 of the Protected Disclosures Act, 2000 [Act 26 of 2000] e.g., whether the disclosure was made in good faith). The WCG Whistle-blowing Policy provides guidelines to employees and workers 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 of remaining anonymous is afforded to any person who would like to report acts of fraud, theft and corruption. Should they do so in person, their identities are kept confidential by the person to whom they are reporting.

Once fraud, theft or corruption is confirmed after completion of an investigation, the employee who participated in such acts is subjected to a disciplinary hearing. The WCG representative initiating the disciplinary proceedings is required to recommend dismissal of the employee concerned. Where *prima facie* evidence of criminal conduct is detected, a criminal matter is reported to the South African Police Service (SAPS).

For the year under review, PFS issued a Case Movement Certificate for the Department – see Table 14.

Table 14: PFS Case Movement Certificates issued

Cases	Number of cases
Open cases as at 1 April 2020	5
New cases (2020/21)	5
Closed cases (2020/21)	(8)
Open cases as at 31 March 2021	2

Table 15 further analyses the closed cases tabulated above.

Table 15: Nature and investigation outcome of PFS cases closed

Outcome of cases closed	
Outcome	Number
Allegations were substantiated in the following cases:	
• Fraud, theft and forgery (the matter was reported to SAPS);	1
• Fraud (the case was reported to SAPS); and	1
• Non-compliance (a recommendation was made to report the matter to SAPS due to a suspicion of corruption, which was implemented).	1
Investigation concluded with no adverse findings	4
Investigation concluded with no adverse findings, but recommendations were made	1
Total	8

4 Minimising conflicts of interest

The Department managed the following processes to minimise conflict of interest in the Supply Chain Management domain:

- Requiring all employees in the Department's supply chain to complete an annual Disclosure of Financial Interest form, accompanied by an annual Remunerative Work Outside the Public Service (RWOPS) application, taking into account the Public Service Regulations.
- Communicating the content of the new Public Service Regulations (PSR) 2016, issued by the Minister for Public Service and Administration with effect from 1 August 2016 to officials where possible non-compliance was identified.
- Implementing the e-disclosure prescribed by the Department of Public Service Administration (DPSA) platform on the DTPW supply chain, as well as for all designated employees as prescribed by the Minister for Public Service and Administration.
- Requiring a Declaration of Interest form from everyone involved in the consideration, recommendation and/ or adjudication of bids.
- Requiring all prospective bidders to submit a Western Cape Bid Document (WCBD) 4 form (disclosure of interest/ suppliers' performance/ declaration of employees and independent bid determination).
- Requiring all DTPW staff to comply with ethical standards.
- Implementing the Code of Conduct for supply chain management practitioners.

- Implementing the National Treasury's Code of Conduct for Bid Adjudication Committees.
- Implementing the process for managing conflicts of interest and the risks that could arise through accepting gratification, hospitality and gifts.
- Implementing bidder/ employee profile verification processes that entail a monthly comparison of employee information on Personnel and Salary Administration System (PERSAL) with the supplier data on the Western Cape Supplier Evidence Bank as well as the National Treasury's Central Supplier Database (CSD). This serves as both a preventative and detective control to identify officials doing business with government.
- Implementing Provincial Treasury Instructions which require all suppliers intending to do business with the Western Cape Government to register on the Western Cape Supplier Evidence Bank. This includes pre-requisites such as:
 - Verification with Companies and Intellectual Property Commission (CIPC) for company registration and ownership information.
 - A sworn declaration by all prospective bidders on the WCBD 4 form.
 - Submission of a BBBEE profile which is verified against data in the Department of Trade, Industry and Competition (DTIC) database.
- Implementing National Treasury Instruction 4A of 2016 which requires all suppliers intending to do business with government to register on the Central Supplier Database. The following key information of prospective suppliers is verified on the CSD:
 - Business registration, including details of directorship and membership.
 - Bank account holder information.
 - "In the service of the state" status.
 - Tax compliance status.
 - Identity number.
 - BBBEE status level.
 - Tender defaulting and restriction status.
 - Identifying and verifying potential employee conflicts of interest through the Provincial Treasury's Compliance Report.
- Conducting annual training and formal workshops on ethics.

5 Code of Conduct

The Department fully supports the Public Service Code of Conduct as per the Public Service regulations issued in 2016, and all employees are expected to comply with its standards. The Public Sector Code of Conduct addresses employee behaviour in the workplace and contributes to the Department's drive to maintain the highest levels of ethics, the eradication of incidents of corruption and the promotion of good governance. During the induction, new appointees are made aware of the Code of Conduct, and they receive a copy. All new employees are also informed in their letters of appointment that the Code of Conduct is available on the WCG website.

It is noted that the primary purpose of the Code of Conduct is a positive one, namely, to promote exemplary conduct. Notwithstanding this, an employee shall be guilty of

misconduct and may be subject to disciplinary action if he or she contravenes any provision of the Code of Conduct.

There are a number of “profession-specific” codes of conduct, including the Code of Conduct for Supply Chain Management Practitioners and the relevant practitioners/professionals are required to acknowledge that they will abide by these codes.

Various codes of conduct (i.e. the Code of Conduct for the Public Service, the Code of Conduct for Supply Chain Practitioners, etc.) determine norms and standards to promote integrity and guide employees as to what is required of them in their conduct.

6 Health, safety and environmental issues

The Occupational Health and Safety Act, 1993, imposes a responsibility on the Department to ensure the physical safeguarding of its infrastructure sites, as well as ensuring the physical health and safety of the contractor and his/ her employees. To this end, the minimum requirements relating to how this risk should be managed on infrastructure sites has been standardised and built into the Construction Tender Document suites prescribed by the CIDB. Environmental impact assessments must be conducted for transport infrastructure projects.

Due to the staff complement being split across four premises, GMT currently has two operational health and safety committees which includes representatives from the Department of Community Safety. The committees are responsible for the following GMT premises:

- 34 Roeland Street, Cape Town;
- 49 Hope Street, Cape Town; and
- 3 Rusper Street, Maitland which includes the GMT George Regional Hub, York Street, George.

In support of effective emergency evacuation, three approved evacuation plans were reviewed in the 2020/21 financial year. During various alert levels of the National State of Disaster, most of the staff was working remotely from home, and essential services were executed on a rotational basis. This resulted in limited interaction with staff, therefore, no evacuation exercises were conducted during the lockdown period. No further changes were made to the GMT Business Continuity Plan (BCP). Furthermore, GMT continued to adhere to current COVID-19 protocols.

7 Standing Committee on Transport and Public Works

7.1 Report of the Standing Committee on Transport and Public Works

7.1.1 The Committee's letters referenced 11/4/1/2/7 dated 20 May 2020 and 24 November 2020, and GMT's response is described in Table 16.

Table 16: Information requested by the Committee

Papers, reports and information requested by the Committee	GMT's response
<p>1. In its letter dated 20 May 2020, the Committee invited the DTPW to brief the Committee on:</p> <ul style="list-style-type: none"> • The fourth quarter performance report (January 2020 – March 2020) of the Department 	<p>The DTPW attended the Standing Committee's virtual meeting held on 26 May 2020. The department presented the fourth quarter performance report which covered the following:</p> <ul style="list-style-type: none"> • Departmental programmes and purpose; • Performance indicators and targets; • Performance roadmap 2014/15 – 2019/20; • The performance environment; • Performance information; • Overall performance context influenced by two factors: Prevailing economic conditions; and pre-Covid-19 lockdown; and • Preliminary 4th quarter performance per programme and for GMT.
<p>2. In its letter dated 24 November 2020, the Committee invited DTPW to brief the Committee on the Annual Reports of the DTPW and of Government Motor Transport (GMT) for the 2019/20 financial year. Subsequent to the meeting held on 7 December 2020 and as per the resolutions of the meeting, the Committee, in its letter dated 8 February 2021, reference 11/4/1/2/5, requested the following from the DTPW:</p> <ul style="list-style-type: none"> • Recommended that the Department in table 3.4.3 of their Annual Report, consider the category "Inefficiency" as an indicator not only as a need for disciplinary processes but also to identify skills development needs; • Resolved that the Department be invited at a future date to brief the Committee on the incentivised Blue Dot system; • A progress report on the Founders' Garden Artscape Project; • A copy of the Departments five-year Employment Equity Plan; and • Information on the two types of contractors namely panel contractors and framework contractors. 	<p>The DTPW attended the Standing Committee's virtual meeting held on 7 December 2020 to brief the Committee on the Annual Reports of the department and Government Motor Transport for the 2019/20 financial year.</p> <p>In response to the Committee's resolutions and request for information, the DTPW's response was provided in a letter dated 25 February 2021. The response included the following:</p> <ul style="list-style-type: none"> • An explanation of the inefficiency category contained in table 3.4.3 of the Annual Report; • The department acknowledges and notes the invitation for a future briefing on the incentivised Blue Dot system; • The department provided a progress report on the Founders Garden Artscape Precinct Project; • A copy of the Departments five-year Employment Equity Plan was provided; and • Information relating to the essential elements of the framework agreements entered into with contractors.

8 Public Accounts Committee resolutions

8.1 Response to the report of the Public Accounts Committee (PAC) on the 2019/20 Annual Report

The Committee noted the audit opinion of the Auditor-General regarding the annual financial statements of the entity for the 2019/20 financial year, having obtained a clean audit. The audit opinion remains unchanged from the 2018/19 financial year.

Audit opinion

The Auditor-General of South Africa raised no findings with the entity on compliance with laws and regulations, predetermined objectives nor any deficiencies in its internal controls.

Financial management

During the 2019/20 financial year, the Entity spent R601.357 million of an appropriated budget of R651.382 million, which resulted in an under-expenditure of R50.475 million (92.2% budget spend). However, during the 2018/19 financial year, the Government Motor Transport spent R594.472 million of a budget of R660.550 million, which resulted in an overall under-expenditure of R66.078 million (89.9% budget spend).

The under-expenditure occurred under the following line items:

- Administrative expenses (R2.180 million);
- Employee costs (R11.266 million);
- Operating expenditure (R32.449 million);
- Depreciation (R1.091 million);
- Amortisation (R779 000);
- Accidents and Impairment losses (R77 000); and
- Operating leases (R2.634 million).

In addition, the total estimated revenue budget of the Government Motor Transport of R735.6 million was over-collected by R97.4 million, which resulted in a departmental receipt of R833 million.

The collection of revenue occurred under the following categories:

- Daily-, kilometre tariffs and interest earned on finance lease receivables (R76.7 million);
- Government grants and other subsidies received (funding received from clients for additional vehicles) (R8.9 million);
- Services in-kind (R2.9 million); and
- Interest earned – accounts receivables, and cash and cash equivalents (R23.8 million).

The views and resolutions of the Committee, the response, and the current status are presented in Table 17.

Table 17: Views and resolutions of the Committee

Resolution No.	Subject	Details	Response	Resolved (Yes/ No)
4.1	Paragraph 4 – Page 193 Transversal departmental resolutions (Broad-Based Black Economic Empowerment)	Some departments and entities including the Auditor-General of South Africa (AGSA), will be requested to brief the Committee on the status of their BBBEE compliance of Western Cape Government during 2019/20 and 2020/21 financial years.	Noted A letter in this regard was sent to the Deputy Director-General: Finance and the Head: Government Motor Transport on 26 April 2021 (Copies attached as Annexures A and B).	Yes

8.2 List of information required

Table 18: List of information requested

List of information requested:		Response
21.4.1	The Committee requested that the Government Motor Transport provide it with a report which indicates the outstanding debts per client older than 3-months, including the mechanism in place to recoup the debts, as referenced from Table 3 on page 15 and Note 3 on page 152 of the Annual Report.	<ul style="list-style-type: none">• Attached as Annexure E.

9 Prior modifications to Audit Reports

There were no modifications to the Audit Reports.

10 Internal Control units

10.1 Chief Directorate: Financial Management, Directorate: Financial Governance

The purpose of the Directorate: Financial Governance is to ensure sound financial governance practices. During the course of the financial year under review, the focus was on verifying compliance with 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 providing effective and efficient fraud and loss control management services.

Table 19: Financial Governance work performed

Issues	Work performed
Financial Governance commentary	<p>Provided comments on the following instruction/ framework:</p> <ul style="list-style-type: none"> Workshop held with National Treasury on the draft National Treasury Travel Policy Framework; and Provided inputs into the Transversal Internal Audit report on Irregular Expenditure.
Financial delegations	Public Finance Management Act (PFMA) Accounting Officer's delegations are to be reviewed in totality during the 2021/22 financial year.
The development, review, and amendment of standard operating procedures and policies to enhance financial governance	<p>ERMCO Terms of reference 2020–2021:</p> <ul style="list-style-type: none"> Finance Instruction 1 of 2020 issued on 14 July 2020. <p>Annual revision of Subsistence and Camping Allowances:</p> <ul style="list-style-type: none"> Finance Instruction 5 of 2019 (Amendment 1 of 2020) issued on 22 July 2020. <p>Standard Operating Procedure relating to the Distribution of Salary Advices and the Certification of Payrolls:</p> <ul style="list-style-type: none"> Finance Instruction 1 of 2021 issued on 22 February 2021. <p>Tabling of Statutory Publications and Alignment of Reports in terms of the Public Accounts Committee Resolutions:</p> <ul style="list-style-type: none"> Finance Instruction 2 of 2021.
Provincial Forensic Services reports	Attended to the recommendations in the 3 reports received. The recommendation of one report were finalised and the recommendations of the remaining two, are in process of being attended to.
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 January 2021.
Internal audit process	As at 31 March 2021, 7 new as well as 7 follow-up reports were received. Implementation of the recommendations are managed through the Departmental Corporate Governance Improvement Plan (DCGIP).

Issues	Work performed				
Retention of financial information	During the 2020–2021 financial year, 23 953 Basic Accounting System (BAS) vouchers, 5 639 BAS journals and 14 344 receipts were verified against the monthly document control reports to ensure completeness and safeguarding of financial information.				
Reporting	<table> <tr> <td> <u>Reporting done under the administration of DTPW</u> <ul style="list-style-type: none"> Public Accounts Committee (Resolutions); Public Service Commission (Financial Misconduct); Department of Public Service and Administration (Corruption and Fraud); Top Management (Departmental Corporate Governance Improvement Plan); Audit Committee (Departmental Corporate Governance Improvement Plan); Top Management (Irregular, Fruitless and Wasteful Expenditure); ERMCO (Fraud Prevention Strategy Implementation Plan and Fraud Risk Registers); and IYM (in-year monitoring) (Irregular, Fruitless and Wasteful Expenditure). </td><td> Annually Quarterly and Annually Quarterly Monthly Quarterly Monthly Quarterly Monthly </td></tr> <tr> <td> <u>Reporting done by GMT</u> <ul style="list-style-type: none"> In-year monitoring (Top Management); Interim Financial Statements (Top Management, Audit Committee and Provincial Treasury); and Annual Financial Statements (Top Management, Audit Committee, AGSA and Provincial Treasury). </td><td> Monthly Annually Annually </td></tr> </table>	<u>Reporting done under the administration of DTPW</u> <ul style="list-style-type: none"> Public Accounts Committee (Resolutions); Public Service Commission (Financial Misconduct); Department of Public Service and Administration (Corruption and Fraud); Top Management (Departmental Corporate Governance Improvement Plan); Audit Committee (Departmental Corporate Governance Improvement Plan); Top Management (Irregular, Fruitless and Wasteful Expenditure); ERMCO (Fraud Prevention Strategy Implementation Plan and Fraud Risk Registers); and IYM (in-year monitoring) (Irregular, Fruitless and Wasteful Expenditure). 	Annually Quarterly and Annually Quarterly Monthly Quarterly Monthly Quarterly Monthly	<u>Reporting done by GMT</u> <ul style="list-style-type: none"> In-year monitoring (Top Management); Interim Financial Statements (Top Management, Audit Committee and Provincial Treasury); and Annual Financial Statements (Top Management, Audit Committee, AGSA and Provincial Treasury). 	Monthly Annually Annually
<u>Reporting done under the administration of DTPW</u> <ul style="list-style-type: none"> Public Accounts Committee (Resolutions); Public Service Commission (Financial Misconduct); Department of Public Service and Administration (Corruption and Fraud); Top Management (Departmental Corporate Governance Improvement Plan); Audit Committee (Departmental Corporate Governance Improvement Plan); Top Management (Irregular, Fruitless and Wasteful Expenditure); ERMCO (Fraud Prevention Strategy Implementation Plan and Fraud Risk Registers); and IYM (in-year monitoring) (Irregular, Fruitless and Wasteful Expenditure). 	Annually Quarterly and Annually Quarterly Monthly Quarterly Monthly Quarterly Monthly				
<u>Reporting done by GMT</u> <ul style="list-style-type: none"> In-year monitoring (Top Management); Interim Financial Statements (Top Management, Audit Committee and Provincial Treasury); and Annual Financial Statements (Top Management, Audit Committee, AGSA and Provincial Treasury). 	Monthly Annually Annually				
Departmental Corporate Governance Improvement Plan	The DCGIP was updated with findings from the AGSA Management report, Internal Audit reports, Provincial Treasury GAP (Gap Analysis Project) analysis, Provincial Forensic Services reports and PAC resolutions. At year-end, 13 projects in this regard were monitored.				
Financial Manual on the Electronic Content Management system	Maintenance of the system and loading of governance documents on an ongoing basis.				
Financial Inspections	<ul style="list-style-type: none"> 3 compliance inspections and ad-hoc inspections were conducted; 7 749 BAS payment vouchers were post-audited; and As part of the Inspectorate's Operational Plan, the accruals for the financial year are verified for <u>validity, accuracy and completeness</u> prior to submission into the Annual Financial Statements by inspection of all LOGIS and BAS payments in the months before and after year-end to ensure the amount is fairly stated. 				

Issues	Work performed
Loss control case files: Cases relate to claims against and by the state, damages to government motor vehicles and loss off moveable assets	<ul style="list-style-type: none"> 1 759 accidents and losses cases processed.
Irregular, fruitless and wasteful case files	<u>DIPW</u> <ul style="list-style-type: none"> Opening balance 1 April 2020 (1) New cases registered (3) Total cases investigated (4) Cases closed (2) Balance as at 31 March 2021 (2)

10.2 Chief Directorate: Supply Chain Management, Directorate: Governance and Demand Management

The Directorate: **Governance and Demand Management's** mandate is to render a service with regards to planning, compliance, performance management, capacity building and demand management. During the financial year under review, the Directorate was involved in the implementation and application of the Accounting Officer's **Supply Chain Management System** as well as enhancing its processes through the development, reviewing and amendments of procedures to address internal control deficiencies. The Directorate was also responsible for the management of training programmes.

Table 20: SCM work performed

Issues	Work performed
Supply Chain Management commentary	<p>Provided comments on the following instructions (Consolidated comments provided via the Provincial Treasury):</p> <ul style="list-style-type: none"> • Draft National Treasury Instruction – Supply Chain Management: Threshold values for the procurement of goods, works and services by means of petty cash, written price quotations or competitive bids; and • Provincial Treasury Draft Accounting Officer System (AOS).
Public Accounts Committee	The Supply Chain Management Unit managed and performed preparation work to respond to request by the Standing Committee.
The issuance, development, review, and amendment of standard operating procedures and policies to enhance supply chain management	<ul style="list-style-type: none"> • SCM Instruction 1 of 2020/21: Disclosure of Financial Interest for SCM Practitioners as well as those performing SCM functions when exercising delegatory powers for the financial year 2020/2021; • SCM Instruction 2 of 2020/21: Part 1 – Repeal of NTI No.5 of 2020/21 Emergency Procurement in a State of National Disaster; • SCM Instruction 3 of 2020/21: Interim Method for Travel and Accommodation Procurement; • SCM Instruction 4 of 2020/21: Government vehicle driver identification tags "orange driver tags"; • SCM Instruction 5 of 2020/21: 2020 Year-end advertising dates; • SCM Instruction 6 of 2020/21: Procurement Plan for 2021/22 financial year in respect of the procurement of goods and services in excess of R100 000 and all capital and maintenance work in excess of R500 00 (All applicable taxes included); • SCM Instruction 7 of 2020/21: Disclosure of financial interest for supply chain management practitioners as well as those performing SCM functions when exercising SCM delegatory powers for the financial year 2021/2022; and • SCM Instruction 8 of 2020/21: End of financial Closure 2020/21: Compilation of LOGIS reports for the compilation of the inputs for the disclosure notes 42 & 43 of the Annual Financial Statements.

Issues	Work performed			
	Date	Description	Type of training	No. of attendees
Capacity and skills programme implemented	14–18 September 2020	ACFE 13 th Annual Virtual Conference	External	10
	28–29 September 2020	Ethics and Risk Management (George Traffic)	External	17
	12–13 October 2020	Ethics and Risk Management (Metropole)	External	14
	19–20 October 2020	Ethics and Risk Management (Garden Route District)	External	16
	26–27 October 2020	Ethics and Risk Management (Garden Route District)	External	15
	16–17 November 2020	Ethics and Risk Management (Garden Route District)	External	15
	19–20 November 2020	Ethics and Risk Management (Garden Route District)	External	13
	24–25 November 2020	Smart Procurement World 14 th Summit	Conference	15
	4 December 2020	Anti-Fraud Breakfast Indaba 2020	Zoom Webinar	29
	18–19 February 2021	Ethics and Risk Management	MS Teams	10
	24 February 2021	Smart Procurement Workshops-Contract Management	Virtual Workshop	39
	24 February 2021	Smart Procurement Workshops-International Leaders Masterclass	Virtual Workshop	7
	25 February 2021	Smart Procurement World-Procuring from SMMEs	Virtual Workshop	7
	25 February 2021	Smart Procurement World-Strategic Sourcing	Virtual Workshop	15
	2021	Advance Programme in Sourcing & SCM	Distance Learning	15
	2021	Programme in Public Procurement	Distance Learning	4
	09–10 March 2021	Ethics and Risk Management	MS Teams	11
	15–16 March 2021	Ethics and Risk Management	MS Teams	14
	23–24 March 2021	Ethics and Risk Management	MS Teams	13
	24 March 2021	Smart Procurement World-Public Sector	Virtual Workshop	6

Issues	Work performed						
Collaboration initiatives with Line Function	<ul style="list-style-type: none"> • Bi-weekly engagements with the line-function on the implementation of the Accounting Officer's Supply Chain Management System; • Bi-weekly engagements with the line-function regarding Supply Chain Management Programme Delivery; and • Quarterly engagements with the Centre for E-Innovation on the visualisation of the Supply Chain Management System. 						
Reporting	<table> <tr> <td> <ul style="list-style-type: none"> • Procurement Statistics; <ul style="list-style-type: none"> ◦ Head of Department ◦ Chief Financial Officer ◦ Provincial Treasury ◦ National Treasury ◦ Auditor-General • Monitoring of the Procurement Plan; • Awarded contracts; <ul style="list-style-type: none"> ◦ CIDB register of contracts (I-Tender) • Departmental Corporate Governance Improvement Plan; • Top Management; • Infrastructure Delivery Management Committee; • Public Accounts Committee; • Audit Committee; • Standing Committee on Transport and Public Works; and • Ethics. </td><td> Monthly Monthly Monthly Monthly Monthly Monthly Monthly Monthly Monthly As required As required As required As required Quarterly </td></tr> </table>	<ul style="list-style-type: none"> • Procurement Statistics; <ul style="list-style-type: none"> ◦ Head of Department ◦ Chief Financial Officer ◦ Provincial Treasury ◦ National Treasury ◦ Auditor-General • Monitoring of the Procurement Plan; • Awarded contracts; <ul style="list-style-type: none"> ◦ CIDB register of contracts (I-Tender) • Departmental Corporate Governance Improvement Plan; • Top Management; • Infrastructure Delivery Management Committee; • Public Accounts Committee; • Audit Committee; • Standing Committee on Transport and Public Works; and • Ethics. 	Monthly Monthly Monthly Monthly Monthly Monthly Monthly Monthly Monthly As required As required As required As required Quarterly				
<ul style="list-style-type: none"> • Procurement Statistics; <ul style="list-style-type: none"> ◦ Head of Department ◦ Chief Financial Officer ◦ Provincial Treasury ◦ National Treasury ◦ Auditor-General • Monitoring of the Procurement Plan; • Awarded contracts; <ul style="list-style-type: none"> ◦ CIDB register of contracts (I-Tender) • Departmental Corporate Governance Improvement Plan; • Top Management; • Infrastructure Delivery Management Committee; • Public Accounts Committee; • Audit Committee; • Standing Committee on Transport and Public Works; and • Ethics. 	Monthly Monthly Monthly Monthly Monthly Monthly Monthly Monthly Monthly As required As required As required As required Quarterly						
Procurement through bidding processes	<p>Formal bids:</p> <table> <tr> <th colspan="2">2020-21 financial year</th></tr> <tr> <td>Number of contracts awarded</td><td>3 030</td></tr> <tr> <td>Value of contracts awarded</td><td>R2 531 281 087</td></tr> </table> <p>*Including framework packages in the main focussed on construction procurement.</p>	2020-21 financial year		Number of contracts awarded	3 030	Value of contracts awarded	R2 531 281 087
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Issues	Work performed																																							
	<div>Value per BBBEE Level Contributor:</div> <table><tr><th>BBBEE Level Contributor</th><th>Contract Value R</th><th>Number of Records</th></tr><tr><td>0</td><td>117 291 094</td><td>302</td></tr><tr><td>1</td><td>1 844 574 801</td><td>2 197</td></tr><tr><td>2</td><td>419 993 033</td><td>182</td></tr><tr><td>3</td><td>30 612 104</td><td>14</td></tr><tr><td>4</td><td>76 367 844</td><td>289</td></tr><tr><td>5</td><td>7 773 553</td><td>6</td></tr><tr><td>6</td><td>31 483 569</td><td>36</td></tr><tr><td>7</td><td>0</td><td>0</td></tr><tr><td>8</td><td>3 185 089</td><td>4</td></tr><tr><td>Total</td><td>2 531 281 087</td><td>3 030</td></tr></table> <div>Informal bids:</div> <table><tr><th colspan="2">2020–21 financial year</th></tr><tr><td>Number of contracts awarded</td><td>311</td></tr><tr><td>Value of contracts awarded</td><td>R26 119 581</td></tr></table>	BBBEE Level Contributor	Contract Value R	Number of Records	0	117 291 094	302	1	1 844 574 801	2 197	2	419 993 033	182	3	30 612 104	14	4	76 367 844	289	5	7 773 553	6	6	31 483 569	36	7	0	0	8	3 185 089	4	Total	2 531 281 087	3 030	2020–21 financial year		Number of contracts awarded	311	Value of contracts awarded	R26 119 581
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Supply Chain Management Compliance Assessments	<div>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:</div> <div>(3 Compliance Assessments were performed for the year under review):</div> <ul style="list-style-type: none">• Formal assessment with defined methodology;• Plan;• Engage;• Prepare;• Assess;• Report;• Monitoring and evaluation;• Identify weakness;																																							

Issues	Work performed
	<ul style="list-style-type: none"> • Mutual agreement to address weaknesses; • Continuous one-on-one guidance; and • Asset verification.
Supply Chain Management Complaints Mechanism	Investigate complaints and report all instances where the possibility of fraud, corruption, bid-rigging is evident (20 incidents investigated)
Bidder and Staff Verification	<ul style="list-style-type: none"> • Monthly Compliance Report obtained from Provincial Treasury to identify and verify the potential conflict of interest of employees; • SCM Instruction 5 of 2013/14 – bidder and staff verification standard operating procedure 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 public office; • WCBD4 – combined SBD 4, 8 and 9 – declaration of interest, bidders' past SCM practices, and independent bid determination is applied; • Declaration of Interest by SCM practitioners is adhered to and the SCM Code of Conduct is applied; and • Declarations of interest of bid committee members.
Compulsory registration on the National Treasury Central Supplier Database, as well as the Western Cape Supplier Evidence Bank (WCSEB) – which serves as a central depository of all governance documents for the Western Cape Government, as well as registration on the National Treasury Central Supplier Database	<ul style="list-style-type: none"> • Ongoing facilitation of registering suppliers on the WCSEB and CSD by participating in Contractor Development Programme with EPWP at construction information sessions (CIS), as well as supplier development sessions (in collaboration with the Department of Economic Development and Tourism as well as various municipalities); mini workshops with suppliers, scrutinising registration documents for completeness and following-up on the status of submitted registration documents; • Monitoring the WCSEB and CSD to ensure that suppliers are still active and compliant; and • Checklists that informs and enforces compliance to compulsory registration requirements.
Departmental Corporate Governance Improvement Plan	<ul style="list-style-type: none"> • Redress any findings emanating from the AGSA Management Report, Internal Audit reports, Provincial Treasury Insight Report, and Standing Committee on Public Accounts (SCOPA) resolutions in respect of SCM to close control gaps, review inefficiencies in the process, do skills transfers where necessary or any other relevant consequence management.

11 Internal Audit and Audit Committees

Internal Audit provides management with independent, objective assurance and consulting services designed to add value and to continually improve the operations of the trading entity. It assists the trading entity 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 respect of achieving the trading entity's **objectives**;
- Evaluate the adequacy and effectiveness and contribute to the improvement of the risk management process; and
- Assist the Accounting Officer in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.

An amendment to the Internal Audit Plan for 2020/21 was approved by the Audit Committee. The audit area relating to GMT was removed after proper consideration of resource availability due to the impacts of COVID-19, the broader risk profile of the Department and the trading entity, as well as work performed by other assurance providers, and after consultation with the Accounting Officer of the Department.

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

- Internal Audit function;
- External Audit function (Auditor-General of South Africa);
- 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.

Table 21 provides information on the audit committee members:

Table 21: Audit Committee members

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date resigned	No. of meetings attended
Ms Judy Gunther (Chairperson)	B.Compt; CRMA; CIA; AGA; Masters in Cost Accounting	External	n/a	1 January 2019 (2 nd term)	n/a	7
Mr Johannes Kleyn	Finance and Business Systems, Risk Management and Compliance	External	n/a	1 January 2015 (2 nd term) 2 nd Term ended - 31 December 2020	n/a	5
Mr Mervyn Burton	B.Compt; B.Compt (Hons); CA (SA)	External	n/a	1 January 2021 (2 nd term)	n/a	7
Mr Ebrahim Abrahams	B.Com (Accounting)	External	n/a	1 January 2019 (1 st term)	n/a	7
Mr Tshepo Lesihla	ND IT and Master of Technology in IT	External	n/a	1 January 2021 (1 st term)	n/a	1

12 Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2021.

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 National Treasury Regulation 3.1.13. 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

The Department and trading entity is required to develop and maintain systems of internal control that would improve the likelihood of achieving its objectives, to adapt to changes in the environment it operates in and to promote efficiency and effectiveness of operations, supports reliable reporting and compliance with laws and regulations. The WCG adopted a Combined Assurance Framework which identifies and integrates assurance providers. The first level of assurance is management assurance, requiring of line management to maintain effective internal controls and execute those procedures on a day-to-day basis by means of supervisory controls and taking remedial action where required. The second level of assurance is internal assurance provided by functions separate from direct line management, entrusted with assessing adherence to policies, procedures, norms, standards and frameworks. The third level of assurance is independent assurance providers that are guided by professional standards requiring the highest levels of independence.

A risk-based Combined Assurance Plan was developed for the Department, facilitated by Internal Audit, which is also an independent assurance provider. Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

An amendment to the Internal Audit Plan for 2020/21 was approved by the Audit Committee. The audit area relating to GMT was removed after proper consideration of resource availability due to the impacts of COVID-19, the broader risk profile of the Department and the trading entity, as well as work performed by other assurance providers, and after consultation with the Accounting Officer of the Department.

In-Year Management and Monthly/Quarterly Report

The Audit Committee is satisfied with the content and quality of the quarterly in-year management and performance reports issued during the year under review by the Accounting Officer of the 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; and
- Reviewed material adjustments resulting from the audit of the entity.

Compliance

The Audit Committee has reviewed the GMT'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 of South Africa

The Audit Committee has:

- Reviewed the AGSA's Management report and management's responses thereto;
- 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 the Audited Annual Financial Statements be accepted and read together with their report.

The Audit Committee commends GMT for maintaining an unqualified audit opinion with no findings.



Ms J Gunther
Chairperson of the Audit Committee
Government Motor Transport
Date: 6 September 2021

13 BBBEE compliance performance information

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade and Industry.

Has the trading entity applied any relevant Code of Good Practice (BBBEE Certificate Levels 1–8) with regards to the following:		
Criteria	Response Yes/ No	Attachment <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	n/a	No licences, concessions or other authorisations in respect of economic activity.
Developing and implementing a preferential procurement policy	No	<ol style="list-style-type: none"> When the 2017 Regulations were issued, the Provincial Treasury presented to Cabinet the implementation challenges which inter alia included the raising of the threshold of the 80/20 point scoring system from a threshold of R1 million to R50 million will result in a "premium" increase for preferencing; introduction of pre-qualification criteria; introduction of a negotiation process and a passing over provision as a corrective measure for procuring entities to deal with the potential distortion of market-related prices as a result of the introduction of prequalification criteria; contradiction in terms of where it speaks to "if feasible [own emphasis] to sub-contract for a contract above R30 million, an organ of state must [own emphasis] apply subcontracting to advance designated group" and local production and content challenges. Cabinet approved the following strategy for WCG: <ol style="list-style-type: none"> The issuance of an interim strategy to deal with the requirements of the PPRs [Preferential Procurement Regulations], as well as supply chain management governance requirements. The development and implementation of an Economic Procurement Policy, in partnership with the Department of Economic Development and Tourism and the Department of the Premier. The development and implementation of a broader economic transformation policy. Specific commodity-focused strategies that target economic transformation. Leveraging the economies of scale principle by packaging projects into longer-term contracts. The roll-out of the framework agreement model for goods and services and investigate contractor development in the context of goods and services. <p>Refer to Part C, section 11 (Supply Chain Management: Governance) of the Annual Report for the value and</p>

Has the trading entity applied any relevant Code of Good Practice (BBBEE Certificate Levels 1–8) with regards to the following:		
Criteria	Response Yes/ No	Attachment <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
		number of contracts awarded per BBBEE level contributor for formal bids.
Determining qualification criteria for the sale of state-owned enterprises	n/a	This is not applicable as there has not been such a sale.
Developing criteria for entering into partnerships with the private sector	n/a	No partnerships entered with the private sector.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment	n/a	No incentives and investment schemes in support of broad-based black economic empowerment.

Management control element

Refer to Part D: Human Resource Management – Table 3.5.1.

Skills development element

Refer to Part D: Human Resource Management – Table 3.5.7.

Enterprise and supplier development element

Refer to Part C: SCM Governance and Demand Management – Procurement through bidding processes for the procurement spend on all suppliers.



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FREE STATE PROVINCE

PART D

Human Resource
Management

Part D: Human resource management

1 Introduction

Our contribution to the work of the WCG is as a result of the persistent, and often selfless, efforts of the people within Government Motor Transport, under the auspices of the Department of Transport and Public Works.

Consistently delivering improved services to the citizens of the Western Cape is not without challenges. The modern people management landscape has shifted significantly in recent years and requires navigation between a complex range of competing variables.

Apart from the fact that these variables are interdependent and interrelated, they are also governed by stringent rules and regulations, which prove difficult in respect of retention and attraction initiatives.

These include balancing service delivery imperatives, the attraction and retention of critical and scarce skills, workforce empowerment, career management, succession planning, employment equity, and creating an enabling environment where employees are able to thrive. Furthermore, the Department is required to function within an austerity environment, which demands that managers consider the **impact of “doing more with less”**.

Despite the changing patterns and increased demands impacting on the modern workplace, the consistent hard work of our people has resulted in remarkable achievements and service delivery improvement during the year under review.

2 Status of people management at the Department

2.1 Departmental workforce planning

The role of workforce planning is important to ensure that the Department and GMT has the required number of people with the requisite skills, knowledge and attitudes to perform the work. Through this process the GMT trading entity annually assesses its workforce profile against current and future organisational needs.

The aim of this assessment is to identify to what extent the current workforce profile addresses the key people management outcomes that would guarantee service continuity and value.

The Workforce Plan 2020–2025 is therefore aligned to the vision and mission of the **Department’s Strategic Plan**, as well as to the People Management Strategy.

The assumptions on which this Workforce Plan was developed are still valid, and the Action Plan was reviewed to ensure that strategies (as per the listed priorities) would achieve the following outcomes:

- Leaders that are exemplars of the behaviours associated with the organisation's values;
- Highly engaged people;
- Performance culture;
- Competent people in the right numbers at the right place at the right time with the right attitude;
- Youth who were exposed to first work experience and who are enabled to compete in the job market;
- Innovative people practices;
- Improved employee value proposition;
- Talent management value chain excellence;
- Creation of talent pool for critical and scarce occupations;
- Talent pool developed and utilised;
- Sustained progress towards meeting EE goals; and
- An optimised and aligned departmental design.

The Workforce Plan was reviewed to ensure that the workforce strategies and key activities remained valid and appropriate for the 2019/20 financial year.

2.2 Employee performance management

The purpose of performance management is to increase performance by encouraging individual commitment, accountability and motivation.

All employees are required to complete a performance agreement before 31 May each year. The agreement is in essence a contract between the employer and the employee containing the projects, programmes, activities, expectations and standards for the required delivery. In order to facilitate a standardised administration process, the WCG has devised an electronic system, namely the Performance Management Information System (PERMIS), that allows for the entire performance management process to be captured, monitored and managed.

The performance management process requires that a mid-year review and an annual assessment are conducted, but that the operational targets and achievements linked to the performance agreement are monitored and communicated on an ongoing basis. In instances where targets or performance expectations are not met, the gaps are addressed through the management of poor performance. In this context, a performance consulting unit has been established in the Corporate Services Centre (CSC) (Chief Directorate: People Management Practices) to assist line managers (people managers) to deal with poor performance. The process is developmental. However, in instances where individuals have been identified as poor performers in terms of the legislative framework, they are required to subject themselves to a developmental plan or, alternatively, to disciplinary action.

2.3 Employee wellness

The WCG's transversal Employee Health and Wellness Programme (EHWP) follows a holistic approach to employee well-being 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 incident counselling, training and targeted intervention, executive coaching, and advocacy).

A quarterly report is prepared by the Directorate: Organisational Behaviour in the CSC that provides a trend analysis of utilisation, risk identification and its impact on productivity. Furthermore, ongoing reporting to the DPSA is a requirement, and such reporting focuses on four areas: Human Immunodeficiency Virus (HIV)/ Acquired Immune Deficiency Syndrome (AIDS), Health and Productivity, Wellness Management, and SHERQ (Safety, Health, Environment, Risk and Quality).

2.4 People management monitoring

In collaboration with the CSC, the DTPW monitors the implementation of a range of people management compliance indicators. The monthly management information that is developed by the Chief-Directorate: People Management Practices in the CSC provides the Department with regular updates on the workforce profile and other relevant people management data to facilitate decision-making. The indicators include, inter alia, staff establishment information, headcount, people expenditure projections, sick leave patterns, the monetary value of annual leave credits, discipline cases, vacancy rates, staff movement, and employment equity.

3 People management oversight statistics

3.1 Personnel related expenditure

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

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

The key in the table below is a description of the entity within the Department. This report only covers GMT.

Entity	Entity designation
Trading entity	Government Motor Transport (GMT)

Table 3.1.1: Personnel expenditure by entity, 2020/21

Entity	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Goods and services (R'000)	Personnel expenditure as a % of total expenditure	Average personnel expenditure per employee (R')	Number of employees
GMT	598 706	44 758	6	553 942	7.5%	366 869	124

Note: The number of employees refers to all individuals remunerated during the reporting period, including interns, but excluding the Provincial Minister. The number of employees is cumulative and not a snapshot as at a specific date.

Table 3.1.2: Personnel expenditure by salary band, 2020/21

Salary band	Personnel expenditure (R'000)	% of total personnel expenditure	Average personnel expenditure per employee (R'000)	Number of employees
Interns	0	-	0	0
Lower skilled (Levels 1-2)	875	2.0	175	5
Skilled (Levels 3-5)	14 484	32.9	246	59
Highly skilled production (Levels 6-8)	18 794	42.6	400	47
Highly skilled supervision (Levels 9-12)	7 350	16.7	668	11
Senior management (Levels 13-16)	2 579	5.9	1 290	2
Total	44 082	100.0	356	124

Note: The number of employees refers to all individuals remunerated during the reporting period, including interns, but excluding the Provincial Minister. The number is cumulative and not a snapshot as at a specific date.

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. These tables do not make provision for other expenditure such as pensions, performance bonus and other allowances, which make up the total personnel expenditure. In each case, the table provides an indication of the percentage of the personnel expenditure that was used for these items.

Table 3.1.3: Salaries, overtime, housing allowance and medical assistance by entity, 2020/21

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	30 905	70.1	26	0.1	1 662	3.8	3 020	6.9

Table 3.1.4: Salaries, overtime, housing allowance and medical assistance by salary band, 2020/21

Salary band	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
Interns	-	-	-	-	-	-	-	-
Lower skilled (Levels 1-2)	563	1.3	11	0.0	84	0.2	99	0.2
Skilled (Levels 3-5)	9 884	22.4	9	0.0	822	1.9	1 606	3.6
Highly skilled production (Levels 6-8)	13 533	30.7	7	0.0	669	1.5	1 192	2.7
Highly skilled supervision (Levels 9-12)	5 277	12.0	-	-	87	0.2	102	0.2
Senior management (Levels 13-16)	1 649	3.7	-	-	-	-	21	0.0
Total	30 905	70.1	26	0.1	1 662	3.8	3 020	6.9

3.2 Employment and vacancies

The following tables summarise the number of active posts on the establishment, the number of employees (excluding interns and the Provincial Minister), 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 occupation (Table 3.2.3). All information in this section is provided as a snapshot as at the end of the financial year under review.

Table 3.2.1: Employment and vacancies by entity, as at 31 March 2021

Entity	Number of active posts	Number of posts filled	Vacancy rate %
GMT	122	118	3.3

Table 3.2.2: Employment and vacancies by salary band, as at 31 March 2021

Salary band	Number of active posts	Number of posts filled	Vacancy rate %
Lower skilled (Levels 1-2)	13	13	-
Skilled (Levels 3-5)	58	58	-
Highly skilled production (Levels 6-8)	35	34	2.9
Highly skilled supervision (Levels 9-12)	13	11	15.4

Salary band	Number of active posts	Number of posts filled	Vacancy rate %
Senior management (Levels 13-16)	3	2	33.3
Total	122	118	3.3

Table 3.2.3: Employment and vacancies by critical occupation, as at 31 March 2021

Critical occupations	Number of active posts	Number of posts filled	Vacancy rate %
None			

3.3 Job evaluation

Job evaluation was introduced 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 their organisations 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. It should be understood that job evaluation and staff performance management differ in the sense that job evaluation refers to the value/ weighting of the activities that are associated with the post and staff performance management refers to the review of an individual's performance.

Table 3.3.1: Job evaluation, 1 April 2020 to 31 March 2021

Salary band	Total number of active posts as at 31 March 2021	Number of posts evaluated	% of posts evaluated	Posts upgraded		Posts downgraded	
				Number	Posts upgraded as a % of total posts	Number	Posts downgraded as a % of total posts
Lower skilled (Levels 1-2)	13	0	0.0	0	0.0	0	0.0
Skilled (Levels 3-5)	58	0	0.0	0	0.0	0	0.0
Highly skilled production (Levels 6-8)	35	0	0.0	0	0.0	0	0.0
Highly skilled supervision (Levels 9-12)	13	0	0.0	0	0.0	0	0.0
Senior Management Service Band A (Level 13)	2	0	0.0	0	0.0	0	0.0
Senior Management Service Band B (Level 14)	1	0	0.0	0	0.0	0	0.0
Total	122	0	0.0	0	0.0	0	0.0

Note: The "Number of posts evaluated" per salary band reflects the final approved post level after job evaluation.

Table 3.3.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2020 to 31 March 2021

Beneficiaries	African	Coloured	Indian	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. Each salary level consists of 12 notches. 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 major occupation, 1 April 2020 to 31 March 2021

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: Profile of employees who have been granted higher salaries than those determined by job evaluation, 1 April 2020 to 31 March 2021

Beneficiaries	African	Coloured	Indian	White	Total
None					

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 occupation (Table 3.4.2). This section does not include intern information.

Table 3.4.1: Annual turnover rates by salary band, 1 April 2020 to 31 March 2021

Salary Band	Number of employees as at 31 March 2020	Turnover rate % 2019/20	Appointments into the entity	Transfers into the entity	Terminations out of the entity	Transfers out of the entity	Turnover rate % 2020/21
Lower skilled (Levels 1-2)	14	6.7	0	0	0	0	0.0
Skilled (Levels 3-5)	58	9.2	4	0	2	1	5.2
Highly skilled production (Levels 6-8)	34	17.9	1	0	2	0	5.9

Salary Band	Number of employees as at 31 March 2020	Turnover rate % 2019/20	Appoint-ments into the entity	Transfers into the entity	Termina-tions out of the entity	Transfers out of the entity	Turnover rate % 2020/21
Highly skilled supervision (Levels 9-12)	10	20.0	1	0	0	0	0.0
Senior Management Service Band A (Level 13)	1	0.0	0	0	0	0	0.0
Senior Management Service Band B (Level 14)	1	0.0	0	0	0	0	0.0
Total	118	11.8	6	2	4	1	4.2

Note: "Transfers" refer to the lateral movement of employees from one public service department to another (both provincially and nationally).

Table 3.4.2: Annual turnover rates by critical occupation, 1 April 2020 to 31 March 2021

Critical occupation	Number of employees as at 31 March 2020	Turnover rate % 2019/20	Appoint-ments into the entity	Transfers into the entity	Termina-tions out of the entity	Transfers out of the entity	Turnover rate % 2020/21
None							

Table 3.4.3: Staff leaving the employ of the Entity, 1 April 2020 to 31 March 2021

Exit category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2020
Death	1	20.0	0.8
Resignation*	1	20.0	0.8
Expiry of contract	0	0.0	0.0
Dismissal – operational changes	0	0.0	0.0
Dismissal – misconduct	0	0.0	0.0
Dismissal – inefficiency	0	0.0	0.0
Discharged due to ill-health	0	0.0	0.0
Retirement	2	40.0	1.7
Employee initiated severance package	0	0.0	0.0
Transfers to statutory bodies	0	0.0	0.0
Transfers to other public service departments	1	20.0	0.8
Promotion to another WCG department	0	0.0	0.0
Total	5	100.0	4.2

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 Table 3.4.4 and Table 3.4.5.

Table 3.4.4: Reasons why staff resigned, 1 April 2020 to 31 March 2021

Resignation reasons	Number	% of total resignations
Pursuing full-time studies	1	100.0
Total	1	100.0

Table 3.4.5: Different age groups of staff who resigned, 1 April 2020 to 31 March 2021

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

Table 3.4.6: Employee-initiated severance packages

Total number of employee-initiated severance packages offered in 2020/2021	None
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Table 3.4.7: Promotions by salary band, 1 April 2020 to 31 March 2021

Salary Band	Employees as at 31 March 2020	Promotions to another salary level	Promotions as a % of total employees	Progressions to another notch within a salary band	Notch progressions as a % of total employees within a salary band
Lower skilled (Levels 1-2)	14	0	0.0	2	14.3
Skilled (Levels 3-5)	58	0	0.0	38	65.5
Highly skilled production (Levels 6-8)	34	1	2.9	19	55.9
Highly skilled supervision (Levels 9-12)	10	0	0.0	6	60.0
Senior management (Levels 13-16)	2	0	0.0	2	100.0
Total	118	1	0.8	67	56.8

Note: Promotions reflect the salary level of an employee after he/ she was promoted.

Table 3.4.8: Promotions by critical occupation, 1 April 2020 to 31 March 2021

Critical occupation	Employees as at 31 March 2020	Promotions to another salary level	Promotions as a % of total employees in critical occupations	Progressions to another notch within a critical occupation	Notch progressions as a % of total employees within a critical occupation
None					

3.5 Employment equity

Table 3.5.1: Total number of employees (including employees with disabilities) in each occupational level, as at 31 March 2021

Occupational level	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management (Levels 13-14)	0	1	0	1	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	1	4	0	3	0	2	0	1	0	0	11
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	2	14	0	11	1	16	0	3	0	0	47
Semi-skilled and discretionary decision making (Levels 3-5)	2	19	0	1	14	16	0	1	0	0	53
Unskilled and defined decision making (Levels 1-2)	1	2	0	1	1	0	0	0	0	0	5
Total	6	40	0	17	16	34	0	5	0	0	118
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	6	40	0	17	16	34	0	5	0	0	118

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

Note: The figures reflected per occupational levels include all permanent, part-time and contract employees, but exclude interns. 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 level, as at 31 March 2021

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management (Levels 13-14)	0	0	0	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

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	0	0	0	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	2	0	0	0	0	0	0	2
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	0	0	0	2	0	0	0	0	0	0	2

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

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

Table 3.5.3: Recruitment, 1 April 2020 to 31 March 2021

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

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

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

Table 3.5.4: Promotions, 1 April 2020 to 31 March 2021

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management (Levels 13-14)	0	0	0	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 2020 to 31 March 2021

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

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Unskilled and defined decision making (Levels 1-2)	0	0	0	0	0	0	0	0	0	0	0
Total	1	1	0	2	0	1	0	0	0	0	5
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	1	1	0	2	0	1	0	0	0	0	5

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

Note: Terminations refer to those employees (excluding interns) 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 2020 to 31 March 2021

Disciplinary actions	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
None											

Table 3.5.7: Skills development, 1 April 2020 to 31 March 2021

Occupational level	Male				Female				Total
	A	C	I	W	A	C	I	W	
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)	1	3	0	0	0	1	0	1	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	1	11	0	3	1	15	0	2	33
Semi-skilled and discretionary decision making (Levels 3-5)	0	9	0	3	13	15	0	3	43
Unskilled and defined decision making (Levels 1-2)	0	1	0	0	0	0	0	0	1
Total	2	24	0	7	14	31	0	6	84
Temporary employees	0	0	0	0	0	0	0	0	0
Grand total	2	24	0	7	14	31	0	6	84

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

Note: The above table refers to the total number of employees 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 October 2020

SMS level	Number of active 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 14	1	1	1	100.0
Salary Level 13	2	1	1	50.0
Total	3	2	2	66.7

Note: This table refers to employees who are appointed as Senior Management Service (SMS) members only. 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. The due date for SMS members to sign Performance Agreements for the 2020/21 performance cycle was extended to 31 October 2020, due to the COVID-19 pandemic, as per a DPSA circular issued in this regard.

Table 3.6.2: Reasons for not having concluded performance agreements with all SMS members on 31 October 2020

Reasons for not concluding performance agreements with all SMS
Not applicable

Table 3.6.3: Disciplinary steps taken against SMS members for not having concluded performance agreements on 31 October 2020

Disciplinary steps taken against SMS members for not having concluded performance agreements
None required

3.7 Filling of SMS posts

The tables in this section provide information on employment and vacancies as it relates to members of the SMS by salary level. It also provides information of advertising and the filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken in cases of non-compliance.

Table 3.7.1: SMS posts information, as at 30 September 2020

SMS level	Number of active 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 14	1	1	100.0	0	-
Salary Level 13	2	1	50.0	1	50.0
Total	3	2	66.7	1	33.3

Note: This table refers to employees who are appointed as SMS members only. Employees who are remunerated higher than a SL12, but who are not SMS members have been excluded.

Table 3.7.2: SMS posts information, as at 31 March 2021

SMS level	Number of active 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 14	1	1	100.0	0	-
Salary Level 13	2	1	50.0	1	50.0
Total	3	2	66.7	1	33.3

Table 3.7.3: Advertising and filling of SMS posts, as at 31 March 2021

SMS level	Advertising	Filling of posts	
	Number of vacancies per level advertised within 6 months of becoming vacant	Number of vacancies per level filled within 6 months after becoming vacant	Number of vacancies per level not filled within 6 months but filled within 12 months
Salary Level 14	0	0	0
Salary Level 13	0	0	0
Total	0	0	0

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

SMS level	Reasons for non-compliance
Salary Level 14	None required
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
None

3.8 Employee performance

The following tables note the number of staff by salary band (table 3.8.1) and staff within critical occupation (3.8.2) who received a notch progression as a result of performance management. (i.e. qualifying employees who scored between 3 and 4 in their performance ratings).

Table 3.8.1: Notch progressions by salary band, 1 April 2020 to 31 March 2021

Salary band	Employees as at 31 March 2020	Progressions to another notch within a salary band	Notch progressions as a % of total employees within a salary band
Lower skilled (Levels 1-2)	14	2	14.3
Skilled (Levels 3-5)	58	38	65.5
Highly skilled production (Levels 6-8)	34	19	55.9
Highly skilled supervision (Levels 9-12)	10	6	60.0

Salary band	Employees as at 31 March 2020	Progressions to another notch within a salary band	Notch progressions as a % of total employees within a salary band
Senior management (Levels 13-16)	2	2	100.0
Total	118	67	56.8

Table 3.8.2: Notch progressions by critical occupation, 1 April 2020 to 31 March 2021

Critical occupation	Employees as at 31 March 2020	Progressions to another notch within a critical occupation	Notch progressions as a % of total employees within a critical occupation
None			

To encourage good performance, the entity has granted the following performance rewards to employees for the performance period 2019/20 but paid these in the financial year 2020/21. 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 2020 to 31 March 2021

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2020	% of total within group	Cost (R'000)	Average cost per beneficiary (R)
African	0	19	0.0	0	0
Male	0	6	0.0	0	0
Female	0	13	0.0	0	0
Coloured	0	75	0.0	0	0
Male	0	41	0.0	0	0
Female	0	34	0.0	0	0
Indian	0	0	0.0	0	0
Male	0	0	0.0	0	0
Female	0	0	0.0	0	0
White	0	22	0.0	0	0
Male	0	17	0.0	0	0
Female	0	5	0.0	0	0
Employees with a disability	0	2	0.0	0	0
Total	0	118	0.0	0	0

Table 3.8.4: Performance rewards (cash bonus), by salary band for personnel below Senior Management Service level, 1 April 2020 to 31 March 2021

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2020	% 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	14	0.0	0	0	0.0

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2020	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of the total personnel expenditure
Skilled (Levels 3-5)	0	58	0.0	0	0	0.0
Highly skilled production (Levels 6-8)	0	34	0.0	0	0	0.0
Highly skilled supervision (Levels 9-12)	0	10	0.0	0	0	0.0
Total	0	116	0.0	0	0	0.0

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

Table 3.8.5: Performance rewards (cash bonus), by salary band, for Senior Management Service level, 1 April 2020 to 31 March 2021

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2020	% 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)	0	1	0.0	0	0	0.0
Senior Management Service Band B (Level 14)	0	1	0.0	0	0	0.0
Total	0	2	0.0	0	0	0.0

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 occupation, 1 April 2020 to 31 March 2021

Critical occupation	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2020	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of total personnel expenditure
None						

3.9 Foreign workers

The tables below summarise the employment of foreign nationals in the entity in terms of salary band (Table 3.9.1) and major occupation (Table 3.9.2). 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 2020 to 31 March 2021

Salary band	1 April 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% change
None						

Table 3.9.2: Foreign workers by major occupation, 1 April 2020 to 31 March 2021

Major occupation	1 April 2020		31 March 2021		Change	
	Number	% of total	Number	% of total	Number	% change
None						

3.10 Leave utilisation for the period 1 January 2020 to 31 December 2020

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 2020 to 31 December 2020

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)
Interns	0	0.0	0	1	0.0	0	0
Lower skilled (Levels 1-2)	19	94.7	3	5	60.0	6	8
Skilled (Levels 3-5)	297	89.9	43	59	72.9	7	195
Highly skilled production (Levels 6-8)	164	80.5	32	50	64.0	5	187
Highly skilled supervision (Levels 9-12)	35	85.7	7	12	58.3	5	60
Senior management (Levels 13-16)	1	100.0	1	2	50.0	1	3
Total	516	86.8	86	128	67.2	6	453

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. The three-year sick leave cycle started in January 2019 and ends in December 2021. 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 2020 to 31 December 2020

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)
Interns	0	0.0	0	0	0.0	0	0
Lower skilled (Levels 1-2)	0	0.0	0	5	0.0	0	0

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)
Skilled (Levels 3-5)	333	100.0	3	59	5.1	111	183
Highly skilled production (Levels 6-8)	10	100.0	1	50	2.0	10	9
Highly skilled supervision (Levels 9-12)	0	00.0	0	12	0.0	0	0
Senior management (Levels 13-16)	0	0.0	0	2	0.0	0	0
Total	343	100.0	4	128	3.1	86	192

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 Coordinating 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 2020 to 31 December 2020

Salary band	Total days taken	Total number employees using annual leave	Average number of days taken per employee
Interns	0	0	0
Lower skilled (Levels 1-2)	58	5	12
Skilled (Levels 3-5)	827	56	15
Highly skilled production (Levels 6-8)	904	47	19
Highly skilled supervision (Levels 9-12)	224	11	20
Senior management (Levels 13-16)	37	2	19
Total	2 050	121	17

Table 3.10.4: Capped leave, 1 January 2020 to 31 December 2020

Salary band	Total capped leave available as at 31 Dec 2019	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 2020	Total capped leave available as at 31 Dec 2020
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	372	0	0	0	11	371
Highly skilled production (Levels 6-8)	807	111	1	111	23	672
Highly skilled supervision (Levels 9-12)	240	0	0	0	6	263
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	1 419	111	1	111	40	1 306

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

Table 3.10.5: Leave pay-outs, 1 April 2020 to 31 March 2021

Reason	Total amount (R'000)	Number of employees	Average payment per employee
Leave pay-outs during 2020/21 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service	214	2	107 178
Current leave pay-outs on termination of service	113	4	28 172
Total	327	6	54 508

3.11 Health promotion programmes, including HIV and AIDS

Table 3.11.1: Health promotion programmes, including HIV and AIDS

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
The nature of the trading entity's work does not expose employees to increased risk of contracting HIV and AIDS. Despite the very low occupational risk, all employees have been targeted at all levels in health promotion programmes.	<p>General HIV and AIDS counselling and testing (HCT) and wellness screenings were conducted in the year under review. Employee health and wellness services are rendered to all employees in need and include the following:</p> <ul style="list-style-type: none"> • 24/7/365 telephone counselling; • Face to face counselling (4-session model); • Trauma and critical incident counselling; • Advocacy on HIV and AIDS awareness, including online services; and • Training, coaching and targeted interventions where these are required.

Table 3.11.2: Details of health promotion including HIV and AIDS Programmes, 1 April 2020 to 31 March 2021

Question	Yes	No	Details, if yes
1. Has the trading entity designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2016? If so, provide her/his name and position.	√		Letitia Isaacs, Acting Director: Organisational Behaviour, (Department of the Premier).
2. Does the trading entity have a dedicated unit or does it have designated specific staff members to promote the health and well-being of employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	√		<p>The Corporate Services Centre in the Department of the Premier provides a transversal service to eleven departments, and one entity, Government Motor Transport.</p> <p>A designated Employee Health and Wellness unit in the Directorate: Organisational Behaviour and the Chief Directorate: Organisation Development serves to promote the health and well-being of employees in the eleven client institutions.</p> <p>The unit consists of a Deputy Director, three Assistant Directors, and two EHW Practitioners.</p> <p>The entity consists of one EHW ambassadors (Nazreen Mohamed-Simons).</p> <p>Budget R4.293 m.</p>

Question	Yes	No	Details, if yes
3. Has the trading entity introduced an employee assistance or health promotion programme for employees? If so, indicate the key elements/services of this programme.	√		<p>The Department of the Premier has entered into a service level agreement with Metropolitan Health. The external service provider rendered an employee health and wellness service to the eleven departments of the Corporate Services Centre, including GMT.</p> <p>The following intervention sessions were conducted: Re-integrating, back to work post-COVID-19, getting over my own anxieties, COVID-19 resilience during crisis, work-life integration during lockdown, parenting during time of crisis, positive thinking, COVID-19 diversity information session, identifying employee in crisis, mental health, COVID-19 bullying in the workplace, COVID-19 conflict into synergy, COVID-19 financial wellness, COVID-19 substance abuse, COVID-19 rebuilding workplace morale, COVID-19 managing conflict and toxic relationships, HIV information session, COVID-19 and wellness screening.</p> <p>These interventions are based on the outbreak of the COVID-19 pandemic as well as trends reflected in the quarterly reports and implemented to address employee or departmental needs.</p> <p>The targeted interventions for both employees and managers were aimed at personal development; promotion of healthy lifestyles; and improving coping skills. This involved presentations, workshops, and group discussions to create awareness and encourage employees to have a proactive approach to limit the impact of these problems in the workplace. Targeted interventions were also implemented to equip managers with tools to engage more effectively with employees in the workplace.</p> <p>Information was also distributed online to inform employees on how to access the Employee Health and Wellness Programme.</p>
4. Has the trading entity established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2016? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	√		<p>The Provincial Employee Health and Wellness Steering Committee has been established with members nominated by each department.</p> <p>The Department of Transport and Public Works and GMT is represented by Carl Marx and Dean Killian.</p>

Question	Yes	No	Details, if yes
5. Has the trading entity reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	√		<p>The Transversal Management Framework for Employee Health and Wellness Programmes in the Western Cape Government is in effect and was adopted by the Coordinating Chamber of the Public Service Coordinating Bargaining Council (PSCBC) for the Western Cape Province in December 2016.</p> <p>In this regard, all employment policies make provision for fair practices, regardless of the HIV status of staff or applicants. Workplace practices are continually monitored to ensure policy compliance and fairness.</p> <p>Under the EHW banner, four EHW policies were approved which includes HIV and AIDS and TB (tuberculosis) management that responds to the prevention of discrimination against employees affected and infected by HIV and AIDS and TB in the workplace. Further to this, the Department of Health, the lead department for HIV and AIDS, has approved the Transversal HIV and AIDS/STI Workplace Policy and Programme that is applicable to all departments of the Western Cape Government. The policy is in line with the four pillars of the National EHW Strategic Framework 2019.</p> <p>During the reporting period, the transversal EHW policies including the HIV, AIDS and TB management policy have been reviewed against the DPSA policies as well as the National Strategic Plan for HIV, TB and STIs (2017-2022) which aims to ensure inclusivity and elimination of discrimination and stigma against employees with HIV.</p>
6. Has the trading entity introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	√		<p>The Provincial Strategic Plan on HIV & AIDS, STIs and TB 2017–2022 has been implemented to mainstream HIV and TB and its gender and rights-based dimensions into departments' core mandates to reduce HIV-related stigma.</p> <p>The aim is to:</p> <ul style="list-style-type: none"> • Reduce HIV and TB discrimination in the workplace. This included campaigns against unfair discrimination and empowerment of employees; and • Reduce unfair discrimination in access to services. This included ensuring that the Directorate: Employee Relations addresses complaints or grievances relating to unfair discrimination and provides training to employees. <p>Due to the COVID-19 pandemic, GMT could not implement the following planned measures to address the stigma and discrimination against those infected or perceived to be infective with HIV:</p> <ul style="list-style-type: none"> • Wellness screenings (blood pressure, glucose, cholesterol, TB, Body Mass Index); • HCT screenings; • TB talks and screening; • Distributing posters and pamphlets; • Condom distribution and spot talks; • Commemoration of World AIDS Day; and • Wellness events.

Question	Yes	No	Details, if yes
7. Does the trading entity encourage its employees to undergo HIV counselling and testing? If so, list the results that you have achieved.	√		<p>The following wellness and HCT screening sessions were conducted:</p> <ul style="list-style-type: none"> • The Department, including GMT, participated in one HCT and wellness screening sessions; and • 15 employees were tested and counselled for HIV, TB and STIs. <p>There were two clinical referrals for further management for TB, HIV or STIs.</p>
8. Has the trading entity developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	√		<p>The EHWP is monitored through quarterly and annual reporting and trend analysis can be derived through comparison of departmental utilisation and demographics i.e. age, gender, problem profiling, employee vs. manager utilisation, number of cases. Themes and trends also provide a picture of the risks and impact the EHW issues have on individual and the workplace.</p>

3.12 Labour relations

The following provincial collective agreements were entered into with trade unions for the period under review.

Table 3.12.1: Collective agreements, 1 April 2020 to 31 March 2021

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

Table 3.12.2: Misconduct and disciplinary hearings finalised, 1 April 2020 to 31 March 2021

Outcomes of disciplinary hearings	Number of cases finalised	% of total
None		

Table 3.12.3: Types of misconduct addressed at disciplinary hearings, 1 April 2020 to 31 March 2021

Type of misconduct	Number	% of total
None		

Table 3.12.4: Grievances lodged, 1 April 2020 to 31 March 2021

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

Note: Grievances lodged refer to cases that were finalised within the reporting period. Grievances not resolved refers to cases where the outcome was not in favour of the aggrieved. All cases, resolved and not resolved, have been finalised.

Table 3.12.5: Disputes lodged with councils, 1 April 2020 to 31 March 2021

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

Note: Councils refer to the PSCBC and General Public Service Sector Bargaining Council. 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 has not ruled in favour of the aggrieved.

Table 3.12.6: Strike actions, 1 April 2020 to 31 March 2021

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

Table 3.12.7: Precautionary suspensions, 1 April 2020 to 31 March 2021

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

Note: Precautionary suspensions refer to staff who were suspended with full pay while 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 2020 to 31 March 2021

Occupational category	Gender	Number of employees as at 1 April 2020	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 (Salary Band 13-16)	Female	0	0	0	0	0
	Male	2	0	5	0	5
Professionals (Salary Band 9-12)	Female	3	0	7	0	7
	Male	7	0	13	0	13
Technicians and associate professionals (Salary Band 6-8)	Female	18	0	11	0	11
	Male	27	0	37	0	37
Clerks (Salary Band 3-5)	Female	30	0	62	0	62
	Male	26	0	48	0	48
Elementary occupations (Salary Band 1-2)	Female	1	0	0	0	0
	Male	4	0	8	0	8
Sub Total	Female	52	0	80	0	80
	Male	66	0	111	0	111
Total		118	0	191	0	191
Employees with disabilities	Female	0	0	0	0	0
	Male	2	0	1	0	1

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

Table 3.13.2: Training provided, 1 April 2020 to 31 March 2021

Occupational category	Gender	Number of employees as at 31 March 2021	Training provided within the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers (Salary Band 13-16)	Female	0	0	0	0	0
	Male	2	0	1	0	1
Professionals (Salary Band 9-12)	Female	3	0	4	0	4
	Male	8	0	6	0	6
Technicians and associate professionals (Salary Band 6-8)	Female	20	0	73	0	73
	Male	27	0	16	0	16
Clerks (Salary Band 3-5)	Female	31	0	61	0	61
	Male	22	0	22	0	22
Elementary occupations (Salary Band 1-2)	Female	1	0	0	0	0
	Male	4	0	1	0	1
Sub Total	Female	55	0	138	0	138
	Male	63	0	46	0	46
Total		118	0	184	0	184
Employees with disabilities	Female	0	0	0	0	0
	Male	2	0	1	0	1

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

3.14 Injury on duty

Table 3.14.1 provides basic information on injuries sustained whilst being on official duty.

Table 3.14.1: Injury on duty, 1 April 2020 to 31 March 2021

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

3.15 Utilisation of consultants

Table 3.15.1: Report on consultant appointments using appropriated funds for the period 1 April 2020 to 31 March 2021

Entity	Consulting Firm	Project title	Nature of the project	Total number of consultants that worked on the project	Duration in working days	Contract value in Rands	Total number of projects	BBBEE level
GMT	Ducharme Consulting – Coastal (Pty) Ltd	Rendering of accounting services	Accounting Services	1	115 days	1 347 000	1	4
	Dimension Data (Pty) Ltd	Rendering of Information Communication Services	Information Communication Services	35	264 days	38 668 000	5	2
	C-Institute (Pty) Ltd	Rendering of future studies, complexity science and systems thinking	Future studies, complexity science and systems thinking	18	164 days	5 052 000	1	1
	Datacentrix (Pty) Ltd	Rendering of Information Communication Services	Information Communication Services	9	144 days	3 685 000	2	1
Total				63	687 days	48 752 000	9	



Financial
Information

Part E: Financial information

1 Report of the Auditor-General to the Western Cape Provincial Parliament on Government Motor Transport

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Government Motor Transport set out on pages 132 to 217, which comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of changes in total net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Government Motor Transport as at 31 March 2021, and its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the trading entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 39 to the financial statements, the corresponding figures for 31 March 2020 were restated, as a result of errors, in the financial statements of the trading entity at, and for the year ended, 31 March 2021.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the 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.
9. In preparing the financial statements, the accounting officer is responsible for assessing the trading entity's **ability to continue as a going concern**, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the trading entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, **and to issue an auditor's report that includes my opinion**. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this **auditor's** report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected outcomes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the trading entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures

do not examine whether the actions taken by the trading entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected outcomes presented in the **trading entity's** annual performance report for the year ended 31 March 2021:

Outcome	Pages in annual performance report
Outcome 1 – leaders in mobility solutions (R&D)	61 – 63

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this outcome:
 - Outcome 1 – leaders in mobility solutions (R&D).

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on pages 61 to 63 for information on the achievement of planned targets for the year and **management's** explanations provided for the under/over achievement of targets.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of outcome 1 – leaders in mobility solutions (R&D). As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the **trading entity's** compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
21. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

22. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not **include the financial statements, the auditor's report** and those selected outcomes presented in the annual performance report that have been specifically reported in **this auditor's report**.
23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected outcomes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor General

Cape Town

31 August 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected outcomes and on the trading entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this **auditor's report**, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - obtain an understanding of internal control relevant to the audit 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 trading entity's internal control;
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer;
 - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Government Motor Transport's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this **auditor's report**. However, future events or conditions may cause a trading entity to cease operating as a going concern; and
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

2 Annual Financial Statements for the year ended 31 March 2021

General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Provision of vehicle fleet services to provincial and national clients
Business address	34 Roeland Street Cape Town 8001
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 2021

Accounting Officer's Responsibility and Approval

The Accounting Officer is required by the Public Finance Management Act, 1999 (Act 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 reporting period and the results of its operations and cash flows for the period that ended.

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

Interpretations of the Standards of GRAP effective for periods commencing on or after 1 April 2020 for all entities, including trading entities, are:

- a) GRAP 34 on Separate Financial Statements;
- b) GRAP 35 on Consolidated Financial Statements;
- c) GRAP 36 on Investments in Associates and Joint Ventures;
- d) GRAP 37 on Joint Arrangements;
- e) GRAP 38 on Disclosures of Interests in Others; and
- f) IGRAP 20 on Accounting for Adjustments to Revenue.

Pronouncements that are not yet effective, but which trading entities may consider in formulating an accounting policy are:

- a) GRAP 20 on Related Party Disclosures
- b) GRAP 32 on Service Concession Arrangements: Grantor;
- c) GRAP 108 on Statutory Receivables;
- d) GRAP 109 on Accounting by Principles and Agents;
- e) GRAP 110 on Living and Non-living Resources;
- f) IGRAP 17 Service Concession Arrangements where a grantor controls significant residual interest in an asset; and
- g) Guideline on Accounting for Landfill sites.

In addition, it is encouraged to apply the following pronouncement:

- a) Guideline on the Application of Materiality in Financial Statements.

The accounting standards, interpretations and pronouncements listed in paragraphs three and four above were evaluated by management and are considered irrelevant to the financial reporting of GMT for the year ended 31 March 2021. The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

Further, GMT must disclose information on related parties. GMT opted to continue to use IPSAS 20 (which was required during previous reporting periods), as opposed to GRAP 20 which may also be used by the entity to inform these disclosures. Related party disclosures are contained in note 35 of the Annual Financial Statements.

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 risks of errors 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 to ensure that the entity's business is conducted in a manner that, in all reasonable circumstances, is above reproach.** The focus of risk management 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 Annual Financial Statements were prepared during the National State of Disaster which was declared by the President in response to the COVID-19 pandemic. The extent of the impact of the pandemic is unknown at the date of signature of this approval. However, it is expected to have far-reaching impacts on the macro- and micro-environments. The GMT trading entity has also felt the impact of COVID-19 and management has had to assess various areas of impact during the preparation of the **financial statements. These are disclosed under the "Events after the reporting date"** heading and must be read in conjunction with the going concern assessment. Based on the information and explanations given by management, the Accounting Officer is of the opinion 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 only provide reasonable, not absolute, assurance against material misstatement.

The Annual Financial Statements have been prepared on the going concern basis. The going concern assessment was done in the context of the COVID-19 pandemic by evaluating all available information for a period up to 18 months after the reporting date, that is, up to 30 September 2022. The evaluation was done on the following areas:

- a) Stable and expanding client base;
- b) Sound financial standing;
- c) Budget availability which allocates funding to operations;
- d) Effective, efficient and economic revenue, cost base and working capital management;
- e) Alignment to the GMT Strategic Plan 2020/21–2024/25;
- f) Tariff structures; and
- g) Alternative revenue sources.

In the light of the above, the current financial position and the expected future cash flows for the 18 months ending 30 September 2022, the Accounting Officer is satisfied that the entity has, or has access to, adequate resources and the entity intends to continue its operations in the fleet management environment for the foreseeable future.



J Gooch
Accounting Officer
Date: 23/09/2021

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2020/21 R'000	2019/20 R'000
NET ASSETS AND LIABILITIES			
Net Assets			
Accumulated surplus		2,957,148	2,797,755
Total Net Assets		2,957,148	2,797,755
Non-current liabilities			
Employee benefit liability	1	640	543
Provisions	2	1,298	1,508
Total Non-current liabilities		1,938	2,051
Current liabilities			
Payables from exchange transactions	3	89,703	37,250
Payables from non-exchange transactions	4	8,502	2,799
Unspent conditional grants and receipts	5	24,242	19,692
Provisions	6	311	555
Total current liabilities		122,758	60,295
Total liabilities		124,696	62,346
Total Net Assets and Liabilities		3,081,845	2,860,101
ASSETS			
Non-current Assets			
Property, plant and equipment	7	300,706	242,118
Intangible assets	8	84,705	85,894
Heritage assets	9	140	140
Finance lease receivables	10	759,765	722,110
Total Non-current assets		1,145,315	1,050,261
Current Assets			
Inventory	11	163	180
Receivables from exchange transactions	12	39,059	31,228
Receivables from non-exchange transactions	13	29,480	17,961
Cash and cash equivalents	14	1,751,694	1,628,686
Finance lease receivables	10	116,134	131,785
Total current assets		1,936,530	1,809,840
Total Assets		3,081,845	2,860,101

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2020/21 R'000	Restated 2019/20 R'000
REVENUE			
Revenue from Exchange Transactions			
Revenue	15	654,945	692,722
Other income	16	3,616	9,731
Interest earned	17	87,593	113,387
Government grants and subsidies received	18	1,231	8,978
Revenue from Non-exchange Transactions			
Services in-kind	19	10,714	8,267
Total Revenue		758,100	833,085
EXPENDITURE			
Administrative expenses	20	(19,271)	(20,234)
Employee costs	21	(44,758)	(43,760)
Operating expenditure	22	(324,905)	(331,329)
Depreciation	23	(16,639)	(12,328)
Amortisation	24	(6,475)	(9,045)
Finance costs	25	-	(5)
Accidents and Impairment losses	26	(4,447)	(1,913)
Grants and subsidies paid	27	(150,000)	(150,000)
Operating leases	34	(32,213)	(32,744)
Total Expenditure		(598,706)	(601,356)
SURPLUS FOR THE YEAR		159,394	231,728

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CHANGES IN TOTAL NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2021

Description	Accumulated Surplus Restated	Total Net Assets Restated
	R'000	R'000
Balance at 31 March 2019	2,566,028	2,566,028
Changes in net assets for the year ended 31 March 2020		
Surplus for the year ended 31 March 2020	231,728	231,728
Balance at 31 March 2020	2,797,757	2,797,756
Surplus for the year ended 31 March 2021	159,394	159,394
Balance at 31 March 2021	2,957,150	2,957,150

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2020/21 R'000	Restated 2019/20 R'000
CASH FROM OPERATING ACTIVITIES			
Receipts			
Charges for services provided	28.1	323,529	379,284
Other receipts	28.2	(1,837)	82
Interest earned	28.3	87,593	113,387
Government grants and subsidies received	28.4	5,781	15,344
Transactions entered into by GMT on behalf of client institutions	28.5	-	14,339
Payments			
Employee costs	28.6	(44,112)	(44,162)
Suppliers paid	28.7	(248,093)	(335,226)
Other payments	28.8	(198,075)	(203,605)
Finance cost		-	(5)
Vehicles and equipment procured as procuring agent	28.9	-	(9,305)
Transactions entered into by GMT on behalf of client institutions	28.5	(9,672)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	28.10	(84,886)	(69,868)
CASH FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment	28.11	11,327	42,716
Acquisition of property, plant and equipment	28.12	(94,856)	(73,220)
Intangible Assets - development cost	28.13	(5,286)	(2,507)
Finance lease receivables	28.14	296,709	337,323
- Vehicles allocated to client institutions		(104,919)	(73,539)
- Cash receipts from finance lease receivables		401,628	410,862
NET CASH FLOWS FROM INVESTING ACTIVITIES		207,894	304,311
NET INCREASE IN CASH AND CASH EQUIVALENTS		123,008	234,442
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR		1,628,686	1,394,244
CASH AND CASH EQUIVALENTS - END OF THE YEAR	29	1,751,694	1,628,686

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2021

31 March 2021

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
FINANCIAL POSITION	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
Current assets												
Inventories	-	-	-	-	-	-	-	163	-	163	-	-
Receivables from exchange transactions	-	-	-	-	-	-	-	39,059	-	39,059	-	-
Receivables from non-exchange transactions	-	-	-	-	-	-	-	29,480	-	29,480	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	1,751,694	-	1,751,694	-	-
Finance lease receivables	-	-	-	-	-	-	-	116,134	-	116,134	-	-
Non-current assets			-			-						
Property, plant and equipment	234,841	125,254	-	360,095	-	85,259	445,354	300,706	-	(144,648)	68	128
Intangible assets	15,800	746	-	16,546	-	(8,093)	8,452	84,705	-	76,252	1002	536
Heritage assets	-	-	-	-	-	-	-	140	-	140	-	-
Finance lease receivables	-	-	-	-	-	-	-	759,765	-	759,765	-	-
Total assets	250,641	126,000	-	376,641	-	77,166	453,807	3,081,845	-	2,628,038	679	1,230
Current liabilities												
Payables from exchange transactions	-	-	-	-	-	-	-	89,703	-	89,703	-	-
Payables from non-exchange transactions	-	-	-	-	-	-	-	8,502	-	8,502	-	-
Unspent conditional grants and receipts	-	-	-	-	-	-	-	24,242	-	24,242	-	-
Provisions	-	-	-	-	-	-	-	311	-	311	-	-
Non-current liabilities												
Employee benefit liability	-	-	-	-	-	-	-	640	-	640	-	-
Provisions	-	-	-	-	-	-	-	1,298	-	1,298	-	-
Total liabilities	-	-	-	-	-	-	-	124,696	-	124,696	-	-
Total assets and liabilities	250,641	126,000	-	376,641	-	77,166	453,807	2,957,148	-	2,503,342	-	-
Net assets												
Accumulated surplus	-	-	-	-	-	-	-	2,957,148	-	2,957,148	-	-
Total Net assets	-	-	-	-	-	-	-	2,957,148	-	2,957,148	-	-

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2021

31 March 2021

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
FINANCIAL PERFORMANCE	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
Revenue from exchange transactions												
Revenue	(675,414)	-	-	(675,414)	-	-	(675,414)	(654,945)	-	20,469	97	97
Other income	(25,756)	-	-	(25,756)	-	-	(25,756)	(3,616)	-	22,139	14	14
Interest earned	(113,570)	-	-	(113,570)	-	-	(113,570)	(87,593)	-	25,977	77	77
Government grants and subsidies received	-	-	-	-	-	-	-	(1,231)	-	(1,231)	-	-
Revenue from non-exchange transactions												
Services in-kind	(8,402)	-	-	(8,402)	-	-	(8,402)	(10,714)	-	(2,312)	128	128
Financing through own funds	(150,000)	-	-	(150,000)	-	-	(150,000)	-				
Total revenue	(973,142)	-	-	(973,142)	-	-	(973,142)	(758,100)	-	65,042	78	78
Expenditure												
Administrative expenses	28,053	450	-	28,503	-	(8,054)	20,449	19,271	-	(1,179)	94	69
Employee costs	62,592	-	-	62,592	-	-	62,592	44,758	-	(17,834)	72	72
Operating expenditure	410,892	3,216	-	414,108	-	(61,975)	352,133	324,905	-	(27,228)	92	79
Depreciation	17,716	-	-	17,716	-	-	17,716	16,639	-	(1,077)	94	94
Amortisation	16,851	-	-	16,851	-	(10,047)	6,804	6,475	-	(329)	95	38
Accidents and Impairment losses	1,438	-	-	1,438	-	3,250	4,688	4,447	-	(241)	95	309
Grants and subsidies paid	150,000	-	-	150,000	-	-	150,000	150,000	-	-	100	100
Operating leases	34,959	7	-	34,966	-	(339)	34,626	32,213	-	(2,413)	93	92
Total expenditure	722,501	3,673	-	726,173	-	(77,166)	649,008	598,706	-	(50,301)	92	83
Surplus for the year	-	3,673	-	(246,968)	-	(77,166)	(324,134)	(159,394)	-	14,740	-	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2021

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 commitments increase of R450 000 between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds decrease of R8,054 million between the Final Adjustments Budget to the Final Budget. The budget commitments of R450 000 were for purchase orders raised during the 2019/20 financial year for expenditure which were not yet invoiced by 31 March 2020. The shifting of funds decrease of R8,054 million was due to the requirement to re-allocate funds for impairment losses incurred on vehicles and the reallocation of motor vehicle license fee expenditure to operating expenditure.

Operating expenditure

A budget commitments increase of R3,216 million between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds decrease of R61,975 million between the Final Adjustments Budget and Final Budget. The budget commitments of R3,216 million were for purchase orders raised during the 2019/20 financial year for expenditure which were not yet invoiced by 31 March 2020. The shifting of funds decrease of R61,975 million was mainly done due to the underspend on fuel expenditure due to the lower activity in mileage travelled by the fleet.

Amortisation

A shifting of funds decrease of R10,047 million between the Final Adjustments Budget and the Final Budget was done. The shifting of funds decrease of R10,047 million was due to the requirement to allocate funds to operating expenditure.

Accidents and impairment losses

A shifting of funds increase of R3,25 million between the Final Adjustments Budget and the Final Budget was done. The shifting of funds increase of R3,25 million was done as impairment losses were recognised on vehicles in the financial statements for the year ended 31 March 2021.

Operating leases

A budget commitments increase of R7 000 between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds decrease of R339 000 between the Final Adjustments Budget and Final Budget. The budget commitments increase of R7 000 was due to purchase orders raised during the 2019/20 financial year which were not yet invoiced by 31 March 2020. The shifting of funds decrease of R339 000 was done to allocate funds to operating expenditure.

STATEMENT OF FINANCIAL POSITION

Non-current assets

Property, plant and equipment

A budget commitment increase of R125,254 million between the Original Budget and Final Adjustments Budget as well as a shifting of funds increase of R85,259 million between the Final Adjustments Budget and Final Budget was done. The budget commitments increase of R125,254 million were primarily for vehicle related purchase orders raised during the 2019/20 financial year which were not yet invoiced by 31 March 2020. The shifting of funds increase of R85,259 million was done for the issuing of purchase orders for vehicle replacements.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2021

Explanation of variances between the Original and Final Budget

Intangible assets

A budget commitment increase of R746 000 between the Original Budget and the Final Adjustments Budget as well as a shifting of funds decrease of R8,093 million between the Final Adjustments Budget and Final Budget was done. The budget commitments increase of R746 000 were for purchase orders raised during the 2019/2020 financial year which were not yet invoiced by 31 March 2020. The shifting of funds decrease of R8,093 million was done for the issuing of purchase orders for vehicle replacements.

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

Other income

The actual other income earned is R22,139 million under the Final Budget. This line item includes profit on the sale of vehicles and parking income. Fewer auctions were held during the reporting period due to the National State of disaster declared on 15 March 2020 under the Disaster Management Act (Act no 57 of 2002) as result of the COVID-19 pandemic. This had a significant impact on various operational-, staff- and reporting structures within the GMT environment. Only 184 vehicles (budget estimate based on the disposal of 600 vehicles) were auctioned during the reporting period, of which 121 vehicles generated profits during the disposal process.

Interest earned

The actual interest earned is R25,977 million under the Final Budget. The actual interest rate earned on the funds held in the main bank account varied between 3% to 4.75%, while the budget estimate was prepared on interest yields between 5.5% to 5.75%. The funds invested through the Provincial Treasury yielded an actual return of 6.93%, while the budget estimates were prepared on an interest yield of 8.5%. The actual interest yields on the main account and invested funds were lower than those anticipated during the budget preparation process as the South African Reserve Bank announced interest rates cuts during the National State of Disaster.

Government grants and subsidies received

The Government Grants and Subsidies received is R1,231 million over the Final Budget. The variance is due to revenue meeting the recognition criteria as determined in the accounting policy for asset allocations to the Western Cape Department of Health and Other stakeholders for the paid up value of judges vehicles.

Services in-kind

The services in-kind is R2,312 million over the Final Budget. The increase in the revenue is due to the occupation by GMT of the leased site adjacent to the 3 Rusper Street, Maitland, Cape Town site and Erf 3472, George. In addition, the Department of Transport and Public Works were billed for data usage for the hosting of GMT's systems by a third party.

EXPENDITURE

Employee costs

The variance of R17,834 million under budget between the Final Budget and the Actual is due to GMT having a number of staff vacancies.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL POSITION

The Final Budget is the total of the expected revenue earned and expenditure incurred during the year ended 31 March 2021. The actual balances of the Statement of Financial Position is the carrying value of the line item which has accrued since its recognition until 31 March 2021.

Current assets

Inventories

The variance of R163 000 over budget is due to the budget being prepared on the cash basis. The expense is budgeted under Administrative expenses.

Receivables from exchange transactions

The variance of R39,059 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 R29,48 million over budget is due to the budget being prepared on the cash basis. The items included in this line item are for prepayments for expenditure which will be included in Administrative expenses as the period vests, Sundry debtors, Employees with debit leave balances and Fleet Risk Debtors.

Cash and cash equivalents

The variance of R1,752 billion 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 R116,1 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 R144,648 million under 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 2020/21 while the balance of R300,706 million is the carrying value of the line item which has accrued since its recognition until 31 March 2021.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2021

Intangible assets

The variance of R76,252 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 the year ended 31 March 2021, while the balance of R84,705 million is the carrying value of the line item which has accrued since its recognition until 31 March 2021.

Heritage assets

The variance of R140 000 over budget is due to the budget being prepared on the cash basis. No expenditure was incurred during the year ended 31 March 2021. 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 R759,765 million over budget is due to the budget being prepared on the cash basis. The revenue is budgeted 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 R89,703 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 R8,502 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.

Unspent conditional grants and receipts

The variance of R24,242 million over budget is due to the budget being prepared on the cash basis. The revenue is budgeted under the relevant income items on the Statement of Financial Performance and not under this line item.

Provisions

The variance of R311 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 R640 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 R1,298 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 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
1 EMPLOYEE BENEFIT LIABILITY		
Provision for Long Service Awards	640	543
The movement in the Employee Benefit Liability is reconciled as follows:		
Balance at beginning of the year	543	616
Contributions to provision	228	63
	771	679
Transfer to current provisions	Note 6 (131)	(136)
Balance at end of the year	640	543

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 2021 by Mr Julian van der Spuy, a Fellow of the Institute of Actuaries. 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 2021, 118 (31 March 2020: 118) employees were eligible for long service awards.

The current service cost for the year ended 31 March 2021 is estimated to be R34,285, whereas the cost for the year ending 31 March 2022 is estimated to be R39,000 (31 March 2020: R37,865).

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

Discount Rate	9.25%	9.12%
CPI (Consumer Price Inflation)	5.94%	4.42%
Normal Salary Increase Rate	6.94%	4.70%
Net Effective Discount Rate	3.12%	4.50%
Expected Retirement Age - Females	60	60
Expected Retirement Age - Males	62	62

Mortality rates:

Pre-Retirement SA 85 - 90 mortality tables

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21	2019/20	
	R'000	R'000	
1 EMPLOYEE BENEFIT LIABILITY (continued)			
Movements in the present value of the Defined Benefit Obligation were as follows:			
Balance at the beginning of the year	679	791	
Current service costs	34	38	
Interest cost	56	60	
Benefits paid	(109)	(213)	
Actuarial losses	111	3	
Present Value of Fund Obligation at the end of the year	<u>771</u>	<u>679</u>	
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations	771	679	
Fair value of plan assets	-	-	
Total Benefit Liability	<u>771</u>	<u>679</u>	
The amounts recognised in the Statement of Financial Performance are as follows:			
Current service cost	34	38	
Interest cost	56	60	
Actuarial losses	111	3	
Total Post-retirement Benefit included in Employee costs	<u>201</u>	<u>101</u>	
The history of experienced adjustments is as follows:			
	2020/21	2019/20	2018/19
	R'000	R'000	R'000
Present Value of Defined Benefit Obligation	771	679	791
Fair Value of Plan Assets	-	-	-
Deficit	<u>771</u>	<u>679</u>	<u>791</u>
		2020/21	2019/20
		R'000	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		122	105
Effect on the defined benefit obligation		828	487
Decrease:			
Effect on the aggregate of the current service cost and the interest cost		104	92
Effect on the defined benefit obligation		719	437

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21	2019/20
	R'000	R'000
2 PROVISIONS		
Capped leave pay:		
Opening balance	1,508	1,611
(Decrease) / increase in provisions during the year	(29)	57
Current portion transferred to current liabilities	(180)	(160)
	<u>1,298</u>	<u>1,508</u>

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.

Uncertainty exists at the reporting date on whether the unused capped leave entitlement will be utilised or when the settlement of the capped leave liability will occur. The adjustment of the cost of employment for employees will affect the amount required to settle the liabilities.

3 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors		4,184	4,800
Accrued expenditure	Note 3.1	84,302	26,625
Sundry creditors		196	19
Payments received in advance		1,020	5,804
		<u>89,703</u>	<u>37,250</u>

Sundry creditors are liabilities due to third party claims.

Payments received in advance are liabilities due to clients which have paid more towards accounts than due by 31 March 2021.

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.

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 facilitate the process of having amounts 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.

The national state of disaster declared on 15 March 2020 under the Disaster Management Act (Act no 57 of 2002) as result of the COVID-19 pandemic. This had a significant impact on various operational-, staff- and reporting structures within the GMT environment.

s40(1)(c) of the Public Finance Management Act (Act 1 of 1999) ('PFMA') states that the Accounting Officers for a trading entity must submit financial statements within two months after the end of the financial year to the Auditor-General for auditing and the relevant treasury to enable the relevant treasury to prepare consolidated financial statements.

An exemption from sections included the PFMA was issued in Government Gazette number 43188 during the preparation of the 2019/20 financial statements. This resulted in the date of submission of the financial statements being moved to 31 July 2020 (the previous statutory submission date being 31 May 2020). GRAP 14 on Events after the reporting date are all events, both favourable and unfavourable, that occur between the reporting date (31 March 2020) and the date when the financial statements are authorised for issue (two months after the financial statements were issued to the auditors). The period between the reporting date and the date on which the financial statements are authorised for issue, was thus extended during the preparation of the 2019/20 financial statements due to the exemption provided above. The timeframes indicated in the PFMA are applicable during the preparation of the 2020/21 financial statements.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
3.1 Accrued expenditure		
Accrued expenditure are recognised for transactions, events or conditions when they occur and not only when cash or its equivalent is paid. An analysis of this balance is:		
Employee costs accrual	3,816	7,483
Machinery, equipment and vehicles: repairs and maintenance accrual	6,189	5,211
Machinery, equipment and vehicles: fuel and oil accrual	3,133	1,284
Other goods and services accrual	71,162	12,648
Accrued expenditure for reimbursement	66,507	11,147
Audit fees - Regulatory and ICT audits	145	405
Motor vehicle license fees	103	311
Other accrued expenditure	4,408	785
Accrued expenditure liability	84,302	26,625

Accrued expenditure for reimbursement are liabilities which GMT settles upon receipt of funds from a client institution to settle the expenditure on a direct charge principle.

Other accrued expenditure consists of items such as employee cell phone and data cost claims (at the applicable allowances), computers and systems service providers, office expenditure and some other expenditure types.

	2020/21 R'000	2019/20 R'000
4 PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Staff leave accrued	2,651	1,662
Staff bonuses	1,142	1,131
Payments received in advance	4,522	-
Other creditors	188	6
	8,502	2,799

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.

Payments received in advance exist due to the timing of receiving funds from a client institution and the settlement of accounts owing to a service provider. This is disclosed as a related party disclosure

	2020/21 R'000	2019/20 R'000
4.1 Other creditors		
Other creditors include amounts refundable to client institutions and accruals for overtime payable to employees. An analysis of this balance is:		
Amounts refundable to a client institution	182	-
Overtime payable	6	6
Other creditors liability	188	6

The amount refundable to a client institution exists due to a vehicle auctioned on behalf of a client institution.

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

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

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Grants from Provincial Departments	24,009	19,693
Department of Community Safety	3,233	3,654
Department of Economic Development and Tourism	128	166
Department of Health	15,885	11,109
Department of Social Development	3,491	3,491
Department of Transport and Public Works	1,273	1,273
Grants from Other stakeholders:	233	-
Paid up value - Judges vehicles	233	-
Total Conditional Grants and Receipts	24,242	19,692
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 at the beginning of the year	3,654	4,043
Current year receipts	-	3,686
Conditions met - transferred to revenue	(421)	-
Vehicles procured as procuring agent	-	(4,075)
	3,233	3,654
5.1.2 Department of Economic Development and Tourism		
Balance at the beginning of the year	166	1,150
Conditions met - transferred to revenue	-	(984)
Unspent grants refunded to department	(38)	-
	128	166
5.1.3 Department of Health		
Balance at the beginning of the year	11,109	10,878
Current year receipts	5,485	8,125
Conditions met - transferred to revenue	(709)	(7,792)
Unspent grants refunded to the department	-	(102)
	15,885	11,109
5.1.4 Department of Social Development		
Balance at the beginning of the year	3,491	-
Current year receipts	-	3,491
	3,491	3,491
5.1.5 Department of Transport and Public Works		
Balance at the beginning of the year	1,273	595
Current year receipts	-	12,028
Conditions met - transferred to revenue	-	(203)
Conditions met - payment against finance lease receivables	-	(7,753)
Equipment procured as procuring agent	-	(3,340)
Unspent grants refunded to the department	-	(258)
Prior year reversals	-	203
	1,273	1,273

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
5.1.6 Western Cape Education Department		
Balance at the beginning of the year	-	5,965
Vehicles procured as procuring agent	-	(5,965)
	<u>-</u>	<u>-</u>
5.2 Grants from Other stakeholders:		
5.2.1 Paid up value - Judges vehicles		
Current year receipts	334	-
Conditions met - transferred to revenue	(101)	-
	<u>233</u>	<u>-</u>
6 PROVISIONS		
Personnel expense related commitments:		
Performance bonuses	-	259
Employee benefit liability	Note 1 131	136
Capped leave	Note 2 180	160
	<u>311</u>	<u>555</u>

Performance bonuses accrue to employees on an annual basis, subject to their performance during the 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 and amount of the outflow of these provisions are 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.

The movement on current provisions are reconciled as follows:

31 March 2021:	Performance bonuses R'000	Employee benefit liability R'000	Capped leave provision R'000	Total R'000
Balance at the beginning of the year	259	136	160	555
Contributions/(reductions) to provision	(259)	(26)	44	(240)
Transfer from non-current provision	-	131	180	311
Expenditure incurred	-	(109)	(204)	(313)
Balance at the end of the year	<u>-</u>	<u>131</u>	<u>180</u>	<u>313</u>
31 March 2020:	Performance bonuses R'000	Employee benefit liability R'000	Capped leave provision R'000	Total R'000
Balance at the beginning of the year	787	174	217	1,179
Contributions/(reductions) to provision	(347)	39	165	(143)
Transfer from non-current provision	-	136	160	296
Expenditure incurred	(182)	(213)	(382)	(777)
Balance at the end of the year	<u>259</u>	<u>136</u>	<u>160</u>	<u>555</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

7 PROPERTY, PLANT AND EQUIPMENT

31 MARCH 2021

Reconciliation of Carrying Value

Description	Plant and Equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2020	3,029	239,088	242,118
Gross carrying amount	11,863	364,490	376,352
Accumulated depreciation	(8,828)	(124,349)	(133,177)
Accumulated impairment losses	(4)	(1,053)	(1,057)
Additions at cost (for vehicles refer to note 7.3.1)	2,048	92,808	94,856
Depreciation	(1,528)	(15,110)	(16,638)
Impairment losses	-	(3,154)	(3,154)
Disposals	-	(8,256)	(8,256)
Cost (for vehicles refer to note 7.3.2)	-	(25,223)	(25,223)
Accumulated depreciation	-	15,914	15,914
Accumulated impairment	-	1,053	1,053
Vehicles moved from client institutions to GMT	-	28,370	28,370
Cost (for vehicles refer to note 7.3.3)	-	59,700	59,700
Accumulated depreciation	-	(31,330)	(31,330)
Vehicles moved from GMT to client institutions	-	(36,362)	(36,362)
Cost (for vehicles refer to note 7.3.4)	-	(40,576)	(40,576)
Accumulated depreciation	-	4,214	4,214
Stolen	-	(228)	(228)
Cost	-	(363)	(363)
Accumulated depreciation	-	135	135
Net Carrying amount - 31 March 2021	3,551	297,154	300,706
Cost	13,911	450,834	464,745
Accumulated depreciation	(10,355)	(150,526)	(160,881)
Accumulated impairment losses	(4)	(3,154)	(3,158)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

7 PROPERTY, PLANT AND EQUIPMENT (continued)

31 MARCH 2020

Reconciliation of Carrying Value

Description	Plant and Equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2019	2,337	262,994	265,331
Gross carrying amount	10,292	404,262	414,555
Accumulated depreciation	(7,951)	(139,174)	(147,125)
Accumulated impairment losses	(4)	(2,094)	(2,098)
Additions at cost (for vehicles refer to note 7.3.1)	1,694	71,526	73,220
Depreciation	(1,001)	(11,328)	(12,329)
Impairment losses	-	(1,771)	(1,771)
Stolen vehicles - recovered	-	415	415
Cost	-	415	415
Disposals	(3)	(35,062)	(35,065)
Cost (for vehicles refer to note 7.3.2)	(128)	(95,326)	(95,453)
Accumulated depreciation	125	57,452	57,576
Accumulated impairment	-	2,812	2,812
Vehicles moved from client institutions to GMT	-	25,906	25,906
Cost (for vehicles refer to note 7.3.3)	-	58,958	58,958
Accumulated depreciation	-	(33,052)	(33,052)
Vehicles moved from GMT to client institutions	-	(73,402)	(73,402)
Cost (for vehicles refer to note 7.3.4)	-	(74,909)	(74,909)
Accumulated depreciation	-	1,507	1,507
Stolen/Scrapped	-	(191)	(191)
Cost	-	(437)	(437)
Accumulated depreciation	-	247	247
Transfers	4	-	4
Cost	4	-	4
Accumulated depreciation	-	-	-
Net Carrying amount - 31 March 2020	3,029	239,088	242,118
Cost	11,863	364,490	376,352
Accumulated depreciation	(8,828)	(124,349)	(133,177)
Accumulated impairment losses	(4)	(1,053)	(1,057)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 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.		
7.1.1 Audio Equipment		
Carrying amount at the beginning of the year	68	82
Cost	137	137
Accumulated depreciation	(69)	(55)
Additions at cost	77	-
Depreciation	(19)	(14)
Carrying amount at the end of the year	126	68
Cost	214	137
Accumulated depreciation	(88)	(69)
7.1.2 Computer Equipment		
Carrying amount at the beginning of the year	1,325	789
Cost	7,516	6,526
Accumulated depreciation	(6,191)	(5,737)
Additions at cost	1,867	1,031
Depreciation	(1,018)	(495)
Carrying value of disposals:	-	-
Cost	-	(41)
Accumulated depreciation	-	41
Carrying amount at the end of the year	2,174	1,325
Cost	9,383	7,516
Accumulated depreciation	(7,209)	(6,191)
7.1.3 Telephone		
Carrying amount at the beginning of the year	22	35
Cost	138	141
Accumulated depreciation	(117)	(107)
Depreciation	(7)	(13)
Carrying value of disposals	-	-
Cost	-	(3)
Accumulated depreciation	-	3
Carrying amount at the end of the year	15	22
Cost	138	138
Accumulated depreciation	(123)	(117)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.4 Workshop Equipment		
Carrying amount at the beginning of the year	27	40
Cost	206	206
Accumulated depreciation	(176)	(163)
Accumulated impairment losses	(3)	(3)
Additions at cost	41	-
Depreciation	(7)	(13)
Carrying amount at the end of the year	61	27
Cost	247	206
Accumulated depreciation	(183)	(176)
Accumulated impairment losses	(3)	(3)
7.1.5 Office Furniture and Fittings		
Carrying amount at the beginning of the year	506	505
Cost	2,144	2,054
Accumulated depreciation	(1,637)	(1,548)
Accumulated impairment losses	(1)	(1)
Additions at cost	-	135
Depreciation	(111)	(130)
Transfers	-	(4)
Cost	-	(4)
Accumulated depreciation	-	-
Carrying value of disposals	-	(1)
Cost	-	(42)
Accumulated depreciation	-	41
Carrying amount at the end of the year	396	506
Cost	2,144	2,144
Accumulated depreciation	(1,747)	(1,637)
Accumulated impairment losses	(1)	(1)
7.1.6 Office Equipment		
Carrying amount at the beginning of the year	147	119
Cost	352	305
Accumulated depreciation	(205)	(186)
Additions at cost	3	68
Depreciation	(37)	(38)
Carrying value of disposals:	-	(2)
Cost	-	(21)
Accumulated depreciation	-	19
Carrying amount at the end of the year	113	147
Cost	355	352
Accumulated depreciation	(242)	(205)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.7 Domestic Equipment		
Carrying amount at the beginning of the year	18	10
Cost	46	44
Accumulated depreciation	(28)	(34)
Additions at cost	-	2
(Depreciation) / reversal of depreciation	(4)	6
Carrying amount at the end of the year	14	18
Cost	46	46
Accumulated depreciation	(32)	(28)
7.1.8 Domestic Furniture		
Carrying amount at the beginning of the year	105	134
Cost	146	154
Accumulated depreciation	(41)	(20)
Depreciation	(22)	(34)
Carrying value of disposals:	-	-
Cost	-	(13)
Accumulated depreciation	-	13
Transfers	-	5
Cost	-	5
Accumulated depreciation	-	-
Carrying amount at the end of the year	83	105
Cost	146	146
Accumulated depreciation	(63)	(41)
7.1.9 Security Equipment and Systems		
Carrying amount at the beginning of the year	725	550
Cost	992	569
Accumulated depreciation	(267)	(19)
Additions at cost	-	423
Depreciation	(280)	(248)
Carrying amount at the end of the year	445	725
Cost	992	992
Accumulated depreciation	(547)	(267)
7.1.10 Kitchen Appliances		
Carrying amount at the beginning of the year	35	36
Cost	80	75
Accumulated depreciation	(45)	(39)
Depreciation	(8)	(9)
Carrying value of disposals:	-	-
Cost	-	(3)
Accumulated depreciation	-	3
Transfers	-	8
Cost	-	8
Accumulated depreciation	-	-
Carrying amount at the end of the year	27	35
Cost	80	80
Accumulated depreciation	(53)	(45)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.11 Photographic Equipment		
Carrying amount at the beginning of the year	35	7
Cost	69	41
Accumulated depreciation	(33)	(33)
Accumulated impairment losses	(1)	(1)
Additions at cost	59	33
Depreciation	(8)	(5)
Carrying value of disposals:	-	-
Cost	-	(5)
Accumulated depreciation	-	5
Carrying amount at the end of the year	85	35
Cost	128	69
Accumulated depreciation	(42)	(33)
Accumulated impairment losses	(1)	(1)
7.1.12 Crockery		
Carrying amount at the beginning of the year	17	23
Cost	31	29
Accumulated depreciation	(14)	(6)
Additions at cost	1	2
Depreciation	(6)	(8)
Carrying amount at the end of the year	12	17
Cost	32	31
Accumulated depreciation	(20)	(14)
7.1.13 Garden Equipment		
Carrying amount at the beginning of the year	-	-
Cost	1	1
Accumulated depreciation	(1)	(1)
Carrying amount at the end of the year	-	-
Cost	1	1
Accumulated depreciation	(1)	(1)

7.2 Impairment of Property, Plant and Equipment

Impairment losses on Property, Plant and Equipment to the amount of R 3,154 million (31 March 2020: R1,771 million) was recognised in operating surplus and are included in Impairment losses in the Statement of Financial Performance as indicated in note 26.

There were no reversals of impairment losses during the period under review.

Government Motor Transport assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exist, the entity estimates the recoverable amount of the individual asset.

The recoverable service amount of vehicles has been determined on the basis of their fair value less cost to sell. The fair value of vehicles was determined by reference to active market prices or reserve prices as determined by management for vehicles to be sold after the reporting period for which active market prices are not yet available.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

7 PROPERTY, PLANT AND EQUIPMENT (continued)

7.3.1 Analysis of additions at cost	2020/21 R'000	2019/20 R'000
Vehicles purchased during the year	89,959	75,205
Extras purchased during the year	4,303	6,361
	<u>94,262</u>	<u>81,565</u>
Less vehicles alienated to client institutions	(1,454)	(10,040)
Total vehicle additions at cost	<u>92,808</u>	<u>71,526</u>

Vehicles alienated:

Government Motor Transport alienated two Volkswagen Crafter busses during the year under review to the department of Social Development (31 March 2020: nine Volkswagen Crafter busses and six Volkswagen Amarok vehicles to the Department of Education and Community Safety).

7.3.2 Disposals at cost

Vehicles	23,573	86,728
Extras fitted to vehicles	1,650	8,598
Total cost	<u>25,223</u>	<u>95,326</u>

7.3.3 Movements from client institutions to GMT at cost

Vehicles	55,914	53,283
Extras fitted to vehicles	3,786	5,675
Total cost	<u>59,700</u>	<u>58,958</u>

7.3.4 Movements from GMT to client institutions at cost

Vehicles	35,921	66,379
Extras fitted to vehicles	4,655	8,530
Total cost	<u>40,576</u>	<u>74,909</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
8 INTANGIBLE ASSETS		
Net Carrying value at beginning of the year	85,894	92,454
Cost	174,740	172,233
Cost - Software Applications	28,118	28,118
Costs - Intangible assets under development	52,462	50,607
Cost - Internal Development	94,160	93,508
Accumulated Impairment losses	(24)	-
Accumulated Amortisation	(88,824)	(79,778)
Accumulated Amortisation - Software Applications	(13,304)	(12,045)
Accumulated Amortisation - Internal Development	(75,519)	(67,733)
Internal Development - Cost capitalised	2,811	652
Intangible assets under development	2,475	1,855
Amortisation during the year	(6,475)	(9,045)
Software Applications	(497)	(1,259)
Internal Development	(5,978)	(7,786)
Impairment losses	-	(24)
Net Carrying value at end of the year	84,705	85,894
Cost	180,026	174,740
Cost - Software Applications	28,118	28,118
Costs - Intangible assets under development	54,937	52,462
Cost - Internal Development	96,971	94,160
Accumulated Impairment losses	(24)	(24)
Accumulated Amortisation	(95,298)	(88,824)
Accumulated Amortisation - Software Applications	(13,801)	(13,304)
Accumulated Amortisation - Internal Development	(81,497)	(75,519)
<u>Breakdown between systems:</u>		
8.1 <u>FleetMan System:</u>		
Net Carrying amount at beginning of the year	7,287	8,702
Cost	48,783	47,728
Costs - Intangible assets under development	10,715	10,312
Cost - Internal Development	38,068	37,416
Accumulated Impairment losses	(24)	-
Accumulated Amortisation	(41,473)	(39,027)
Accumulated Amortisation - Internal Development	(41,473)	(39,027)
Internal Development - Cost capitalised	2,811	652
Intangible assets under development	151	403
Amortisation during the year	(1,782)	(2,446)
Internal Development	(1,782)	(2,446)
Impairment losses	-	(24)
Net Carrying amount at end of the year	8,467	7,287
Cost	51,745	48,783
Costs - Intangible assets under development	10,866	10,715
Cost - Internal Development	40,879	38,068
Accumulated Impairment losses	(24)	(24)
Accumulated Amortisation	(43,255)	(41,473)
Accumulated Amortisation - Internal Development	(43,255)	(41,473)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
8 INTANGIBLE ASSETS (continued)		
8.2 <u>Oracle Financial System:</u>		
Net Carrying amount at beginning of the year	78,607	83,754
Cost	125,957	124,505
Cost - Software Applications	28,118	28,118
Costs - Intangible assets under development	41,747	40,295
Cost - Internal Development	56,092	56,092
Accumulated Amortisation	(47,350)	(40,752)
Accumulated Amortisation - Software Applications	(13,304)	(12,045)
Accumulated Amortisation - Internal Development	(34,046)	(28,707)
Intangible assets under development	2,324	1,452
Amortisation during the year	(4,693)	(6,599)
Software Applications	(497)	(1,259)
Internal Development	(4,196)	(5,340)
Net Carrying amount at end of the year	76,238	78,607
Cost	128,281	125,957
Cost - Software Applications	28,118	28,118
Costs - Intangible assets under development	44,071	41,747
Cost - Internal Development	56,092	56,092
Accumulated Amortisation	(52,043)	(47,350)
Accumulated Amortisation - Software Applications	(13,801)	(13,304)
Accumulated Amortisation - Internal Development	(38,242)	(34,046)
8.3 Intangible assets in the process of being developed		
Cumulative expenditure recognised in the carrying value of Intangible Assets - computer software internally generated	44,071	41,747
8.4 Other information		
Refer to note 32 for capital commitments in respect of intangible assets.		
Intangible assets comprise of computer software in the following categories:		
- The Fleetman is an internally developed Oracle based fleet management system. This system is used for the operational functionality of GMT's fleet; and		
- The Oracle Financial System of modules is 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.		
No delays have been encountered during the year under review. No developments has been halted either during the 2020/21 year or previous financial years.		
None of the intangible assets have been provided as a guarantee for liabilities.		
The following restrictions apply to Intangible assets:		
- GMT ERP is not transferable.		
8.5 Impairment of Intangible Assets		
Impairment is disclosed under note 26.		

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
9 HERITAGE ASSETS		
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. No contractual commitments exist for any further acquisition, maintenance and restoration of heritage assets.

The fair value of the heritage asset is R185,000 at the reporting date.

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.

The following sources of information were considered to determine whether impairment losses must be recognised on the heritage asset:

External:

Decline in the market value of the asset.

Internal:

Evidence of physical damage or deterioration.

The estimated market value of the asset is R185,000 on 31 March 2021 (31 March 2020: R195,000). No physical damage or deterioration is visible on the asset. No impairment losses are thus considered necessary to be recognised on the asset even though the estimated market value of the asset decreased from 31 March 2020 to 31 March 2021. This is due to the estimated recoverable service amount of the asset exceeding the carrying value thereof.

10 FINANCE LEASE RECEIVABLES

Finance Lease Receivables	875,899	853,895
Sub-total	875,899	853,895
Less: Current Portion transferred to Current Assets	116,134	131,785
Finance Lease Receivables	116,134	131,785
Total Long-term portion of Finance Lease Receivables	759,765	722,110

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

10.1 Amounts receivable under Finance Leases

GMT as Lessor:

Finance Leases relate to vehicles that are permanently allocated to certain user departments with remaining lease terms of between 0.25 and 8.75 years as at 31 March 2021 (31 March 2020: 0.5 and 10 years). (GCC394G, a Toyota Hino truck, has remaining lease terms of 8.75 years and GFC823G, an off road trailer, has a remaining lease term of 8.05 years as at 31 March 2021. If these vehicles are excluded, the remaining lease terms are between 0.25 and 5.94 years. The effective annual interest rate on new vehicles purchased and permanently allocated to departments during the year under review is between 9.19% and 52.46% (31 March 2020: 17.29% and 41.61%).

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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

10 FINANCE LEASE RECEIVABLES (continued)

The amounts receivable under Finance Leases are as follows:

	Minimum Lease Receivables		Present Value of Minimum Lease Receivables	
	2020/21 R'000	2019/20 R'000	2020/21 R'000	2019/20 R'000
Amounts receivable under finance leases:				
Within one year	424,208	410,850	116,134	131,785
In the second to fifth years, inclusive	1,056,217	989,530	757,620	714,983
Over five years	2,346	7,935	2,144	7,126
	<u>1,482,771</u>	<u>1,408,315</u>	<u>875,899</u>	<u>853,895</u>
Less: Unearned Future Finance Income	606,873	554,420	-	-
Present Value of Minimum Lease Receivables	<u>875,899</u>	<u>853,895</u>	<u>875,899</u>	<u>853,895</u>
Less: Amounts due for settlement within 12 months (Current portion)			116,134	131,785
Finance lease receivables due for settlement after 12 months (Non-current portion)			<u>759,765</u>	<u>722,110</u>
GMT has finance lease agreements for the following significant classes of assets:				
- Vehicles				
Unguaranteed residual values (R'000)			559,102	539,115
Included in these classes are the following significant leases:				
i) GCG574G				
- Instalments are payable monthly in arrears				
- Average effective interest rate			52.80%	37.61%
- Average monthly instalment (Rands only)			R 9,681	R 9,561
- Annual escalation			2.87%	3.27%
ii) GCD412G				
- Instalments are payable monthly in arrears				
- Average effective interest rate			45.22%	34.39%
- Average monthly instalment (Rands only)			R 6,373	R 6,658
- Annual escalation			2.87%	3.27%

11 INVENTORY

Consumables store	Note 11.1	163	180
Total Inventory		<u>163</u>	<u>180</u>

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write-down of inventory was recognised as expenditure during the year ended 31 March 2021. No reversal of write-down expenditure incurred.

11.1 Analysis of consumables store

Vehicle decals	1	64
Office supplies and stationary	161	116
	<u>163</u>	<u>180</u>

The cost of inventories recognised as an expense for the year amounted to R261,212 (2019/20: R257,355).

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

12 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Accounts receivable	40,185	31,228
Less: Provision for impairment	(1,127)	-
Total receivables from Exchange Transactions	<u>39,059</u>	<u>31,228</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
12 RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
12.1 Ageing of Receivables from Exchange Transactions		
Current: 0 - 30 days	39,411	40,440
Gross Balances	39,411	40,440
Less: Provision for Impairment	-	-
More than 30 days and not more than 60 days	2,466	551
Gross Balances	2,466	551
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	1,371	1,842
Gross Balances	1,371	1,842
Less: Provision for Impairment	-	-
More than 90 days	6,071	2,773
Gross Balances	7,198	2,773
Less: Provision for Impairment	(1,127)	-
	49,320	45,606
Adjustment for daily tariffs included in the finance lease receivables	(10,261)	(14,378)
Net Balances	39,059	31,228

As at 31 March 2021 receivables of R9,908 million (31 March 2020: R5,166 million) were past due date but not impaired. The age analysis of these receivables are as follows:

	2020/21 R'000	2019/20 R'000
More than 30 days and not more than 60 days	2,466	551
Gross Balances	2,466	551
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	1,371	1,842
Gross Balances	1,371	1,842
Less: Provision for Impairment	-	-
More than 90 days	6,071	2,773
Gross Balances	7,198	2,773
Less: Provision for Impairment	(1,127)	-
Net Balances	9,908	5,166

12.2 Summary of Receivables from Exchange Transactions by Customer Classification

National and Provincial client institutions:

Current:

0 - 30 days

29,150

26,062

Past Due:

More than 30 days and not more than 60 days

2,466

551

More than 60 days and not more than 90 days

1,371

1,842

More than 90 days

7,198

2,773

Sub-total

40,185

31,228

Less: Provision for Impairment

(1,127)

-

Total Trade Receivables by Customer Classification

39,059

31,228

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
12 RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
12.3 Summary of Receivables from Exchange Transactions by Customer Classification - Provincial		
<u>Current:</u>		
0 - 30 days	28,322	32,231
<u>Past Due:</u>		
More than 30 days and not more than 60 days	54	381
More than 60 days and not more than 90 days	(8)	1,815
More than 90 days	574	(1,200)
Sub-total	28,942	33,226
Less: Provision for Impairment	-	-
Total Trade Receivables by Provincial customer classification	28,942	33,226
12.4 Summary of Receivables from Exchange Transactions by customer classification - National		
<u>Current:</u>		
0 - 30 days	11,089	8,209
<u>Past Due:</u>		
More than 30 days and not more than 60 days	2,412	169
More than 60 days and not more than 90 days	1,380	27
More than 90 days	6,624	3,974
Sub-total	21,505	12,379
Less: Provision for Impairment	(1,127)	-
Total Trade Receivables by National customer classification	20,378	12,379
Total Trade Receivables by Provincial and National customer classification	49,320	45,606

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

		2020/21 R'000	2019/20 R'000
13	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	Software license fees	6,512	4,442
	Sundry debtors	Note 35.1.2.3 22,516	12,844
	Employees with leave debits	3	87
	Fleet Risk Debtors	Note 13.1 446	580
	Warranties	3	7
	Total Receivables from Non-exchange Transactions	<u>29,480</u>	<u>17,961</u>

Software license fees are for payments for software application modules license fees which are paid for periods after the reporting date.

Sundry debtors consist of business transactions entered into by GMT on behalf of the Department of Transport and Public Works for which the amounts are recoverable from the Department.

Warranties are prepayments for scanners which have been paid for periods after the reporting date.

None of the receivables have been pledged as security for the entity's financial liabilities.

13.1	Fleet Risk Debtors		
	Receivable balances	605	638
	Less: Provision for impairment	(159)	(58)
	Balance of receivables from Fleet Risk Debtors	<u>446</u>	<u>580</u>

13.2	Ageing of Fleet Risk Debtors		
	Current: 0 - 30 days	6	(108)
	Gross Balances	23	(90)
	Less: Provision for Impairment	(17)	(19)
	More than 30 days and not more than 60 days	(2)	14
	Gross Balances	(2)	14
	Less: Provision for Impairment	-	-
	More than 60 days and not more than 90 days	(2)	76
	Gross Balances	(2)	76
	Less: Provision for Impairment	-	-
	More than 90 days	445	598
	Gross Balances	587	637
	Less: Provision for Impairment	(142)	(39)
	Net Balances	<u>446</u>	<u>580</u>

As at 31 March 2021 receivables of R441,000 (31 March 2020: R688,000) were past due date but not impaired. The age analysis of these receivables are as follows:

	More than 30 days and not more than 60 days	(2)	14
	Gross Balances	(2)	14
	Less: Provision for Impairment	-	-
	More than 60 days and not more than 90 days	(2)	76
	Gross Balances	(2)	76
	Less: Provision for Impairment	-	-
	More than 90 days	445	598
	Gross Balances	587	637
	Less: Provision for Impairment	(142)	(39)
	Net Balances	<u>441</u>	<u>688</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)		
13.3 Reconciliation of the Provision for Impairment		
Balance at beginning of the year	(58)	(2)
Provision impairment losses recognised	(159)	(58)
Amounts written off as uncollectable	58	2
Balance at end of the year	<u>(159)</u>	<u>(58)</u>
Provision for impairment of Receivables has been made for all balances outstanding based on the collectability of the amounts outstanding. No further credit provision is required in excess of the Provision for Impairment.		
13.4 Ageing of impaired Receivables from Exchange Transactions		
<u>Current:</u>		
0 - 30 days	17	19
<u>Past Due:</u>		
More than 30 days and not more than 60 days	-	-
More than 60 days and not more than 90 days	-	-
More than 90 days	142	39
Sub-total	<u>159</u>	<u>58</u>
Less: Provision for Impairment	<u>(159)</u>	<u>(58)</u>
Total	<u>-</u>	<u>-</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
14 CASH AND CASH EQUIVALENTS		
Bank accounts	753,142	694,644
Cash-on-hand	2	2
Current investment deposits	998,549	934,040
	<u>1,751,694</u>	<u>1,628,686</u>
<p>Cash and cash equivalents comprise of cash and short-term, highly liquid investments that are held with a registered banking institution which is subject to insignificant interest rate risk. The carrying amount of these assets approximates their fair value.</p> <p>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.</p>		
14.1 Bank Accounts		
Nedfleet bank account		
<i>Nedbank Account</i>		
Cash book balance at the beginning of the year	20,585	5,126
Cash book balance at the end of the year	<u>18,745</u>	<u>20,585</u>
<i>Nedbank Account Number: 1452 049 831</i>		
Bank statement balance at the beginning of the year	20,585	5,126
Bank statement balance at the end of the year	<u>18,745</u>	<u>20,585</u>
Primary bank account		
<i>Nedbank Account</i>		
Cash book balance at the beginning of the year	674,060	780,999
Cash book balance at the end of the year	<u>734,397</u>	<u>674,060</u>
<i>Nedbank Account Number: 1452 056 226</i>		
Bank statement balance at the beginning of the year	674,311	780,655
Bank statement balance at the end of the year	<u>735,179</u>	<u>674,311</u>
14.2 Cash-on-hand		
Cash float	<u>2</u>	<u>2</u>
14.3 Current investment deposits		
<i>Investments through Provincial Treasury:</i>		
Corporation of Public Deposits	998,549	934,040
	<u>998,549</u>	<u>934,040</u>
Total Cash and Cash Equivalents	<u>1,751,694</u>	<u>1,628,686</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
14 CASH AND CASH EQUIVALENTS (continued)		
14.4 Cash and Cash equivalents held under restrictions		

GRAP 2 on Cash Flow Statements states the following:

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (GRAP 2.07).

An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the economic entity (GRAP 2.49).

Funds held in the primary bank account and included in the following line items:

Conditional Grants and Receipts	Note 5	24,242	19,691
Payables from exchange transactions		39,608	-
Trade creditors		2,572	-
Accrued expenditure		37,037	-
Payables from non-exchange transactions	Note 4	4,704	-
Amounts refundable to a client institution		182	-
Payments received in advance		4,522	-
		<u>68,554</u>	<u>19,691</u>

Conditional grants and receipts:

The use of these funds are restricted and must be used to fulfil conditions associated with liabilities recognised as unspent conditional grants and receipts. Note 5 contains details on the movement in the balance.

Payables from non-exchange transactions:

The amount refundable to a client institution exists due to a vehicle auctioned on behalf of a client institution. Payments received in advance exist due to the timing of receiving funds from a client institution and the settlement of accounts owing to a service provider. This is disclosed as a related party disclosure.

14.5 Other disclosure

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.

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 has credit ratings of BB 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 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

		2020/21 R'000	2019/20 R'000	
15	REVENUE			
	An analysis of the entity's revenue is as follows:			
	Rendering of services:			
	National Departments	41,415	44,215	
	Provincial Departments	290,124	338,586	
	Local authorities	488	1,109	
	Interest earned:			
	Finance lease receivables	322,918	308,813	
		<u>654,945</u>	<u>692,722</u>	
	An analysis of the entity's revenue as per:			
	Kilometer tariffs	277,127	336,366	
	Daily tariffs	54,900	47,543	
	Interest earned	322,918	308,813	
		<u>654,945</u>	<u>692,722</u>	
	The amounts disclosed above for revenue are in respect of services rendered, which are billed to the clients 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 stolen vehicles recovered	Note 16.1	3,606	9,620
	Parking income		11	14
	Donations received		-	97
	Total Other Income		<u>3,616</u>	<u>9,731</u>
16.1	Analysis of profit on sale of vehicles and stolen vehicles recovered			
	Profit on vehicle sales and extras		3,606	9,204
	Stolen vehicle recovered		-	415
			<u>3,606</u>	<u>9,620</u>
	The amount of R 415,000 in 2019/20 financial year refer to one vehicle that was stolen in prior financial years, was recovered.			
17	INTEREST EARNED			
	Bank account	Note 17.1	22,906	37,252
	Investments	Note 17.2	64,510	75,922
	Accounts receivable	Note 17.3	178	212
	Total Interest Earned		<u>87,593</u>	<u>113,387</u>
17.1	Interest earned - Bank account			
	Interest is earned on the primary bank account held with Nedbank. Interest is earned on a credit balance held with the bank. The rate at which interest is earned varied from 3% to 4.75% (2019/20: 4.75% to 6.25%).			
	Interest earned - Nedbank primary account		22,906	37,252

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
17 INTEREST EARNED		
17.2 Interest earned - Investments		
Interest is earned on investments held with financial institutions. The investments held with financial institutions apart from those held with the Corporation of Public Deposits reach maturity by the reporting date annually. These funds are transferred to the Corporation of Public Deposits upon maturity. The interest earned and yields on investments are detailed below.		
Interest rate:		
Nedbank	6.93%	8.87%
Corporation of Public Deposits	3.81%	5.06% - 7.20%
ABSA	-	8.24%
Interest earned:		
Nedbank	64,197	53,921
Corporation of Public Deposits	313	407
ABSA	-	21,594
Total interest earned - Investments	64,510	75,922
17.3 Interest earned - Accounts receivable		
Interest is earned on accounts receivable balances in excess of 30 days. The interest rate on which the interest is earned is determined by the National Minister of Finance for interest rates to be levied on debts owing to the State in terms of s80 of the Public Finance Management Act (Act 1 of 1999). The rate at which interest is earned during 2020/21 varied from 7% to 9.75% (2019/20: 9.75% to 10.25%).		
Interest earned - Accounts receivable	178	212
Total Interest Earned	87,593	113,387
18 GOVERNMENT GRANTS AND SUBSIDIES RECEIVED		
Conditional Grants		
Grants from Provincial Departments	1,130	8,978
Department of Community Safety	421	-
Department of Economic Development and Tourism	-	984
Department of Health	709	7,792
Department of Transport and Public Works	-	203
Grants from Other stakeholders:	101	-
Paid up value - Judges vehicles	101	-
Government Grants and Subsidies received from exchange transactions	1,231	8,978

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 and extras fitted to vehicles for client institutions.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

		2020/21 R'000	Restated 2019/20 R'000
19	SERVICES IN-KIND		
	Services in-kind benefit revenue	10,714	8,267
	Services in-kind benefit revenue - accommodation	9,603	8,267
	Services in-kind benefit revenue - hosting	1,112	-

Note 19.1

Services in-kind benefit revenue - accommodation:

GMT occupies buildings and sites owned and leased by the Western Cape Department of Transport and Public Works at no cost. These buildings and sites are located at:

34 Roeland Street, Cape Town
49 Hope Street, Cape Town
3 Rusper Street, Maitland, Cape Town
Erf 3472, George

These buildings and sites are considered significant as per GRAP 23 for the operations of GMT on 31 March 2021. The increase in the revenue is due to the occupation by GMT of the leased site adjacent to the 3 Rusper Street, Maitland, Cape Town site and Erf 3472, George during the 2019/20 financial year. The occupation dates of these sites were:

Leased site adjacent to the 3 Rusper Street, Maitland, Cape Town - 1 December 2019
Erf 3472, George - 8 November 2019

19.1 *Services in-kind benefit revenue - hosting:*

The GMT systems were hosted in the Microsoft environment since 8 November 2020. The cost drivers are data usage, for which the Department of Transport and Public Works were billed. The billing was issued to the Department of Transport and Public Works up to the end of January 2021 with a total cost of R611,850.36, while the billing for February 2021 and March 2021 is unknown at this stage. The total estimated cost for February 2021 and March 2021, based on the daily consumption for January 2021, is R499,970.08. The billing is done in US dollars and converted to Rand. These services are considered significant as per GRAP 23 for the operations of GMT on 31 March 2021.

20 ADMINISTRATIVE EXPENSES

Bank charges	6,294	6,010
Fees for services		
- Housing and hosting	3,865	5,648
Legal fees	56	42
License and software support fees	8,347	7,334
Other administrative expenses	40	125
Stationery and printing	458	532
Training facility rental	-	68
Training and staff development	6	58
Travel and subsistence	203	417
Total Administrative expenses	19,271	20,234

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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	Restated 2019/20 R'000
21 EMPLOYEE COSTS		
Salaries		
Basic salaries	31,511	30,277
Performance awards	-	220
Periodic payments	2,409	2,408
Other non-pensionable allowances	3,574	3,758
Overtime and long service awards	26	80
Social contributions		
Medical	3,006	2,741
Official unions and associations	12	12
Pension	4,018	4,163
Defined Benefit Plan expense (see note 1):		
Current service cost	34	38
Interest cost	56	60
Net actuarial losses recognised	111	3
Total Employee costs	<u>44,758</u>	<u>43,760</u>

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

21 EMPLOYEE COSTS (continued)

21.1 The following is the disclosure of key management remuneration:

	Salary	Medical Aid Contribution	Pension Contribution	Total	
	R'000	R'000	R'000	R'000	
Year ended 31 March 2021					
Chief Director: Government Motor Transport	1,368	21	117	1,506	
Director: Fleet Finance	976	-	98	1,073	
Acting Director: Fleet Services	980	6	88	1,074	
Deputy Director: Financial Accounting	783	-	86	869	
Acting Deputy Director: Management Support Services	528	37	41	605	Note 21.1.1
Acting Deputy Director: Management Support Services	62	10	8	80	Note 21.1.2
Deputy Director: Fleet Risk Management	777	-	84	861	Note 21.1.7
Deputy Director: Internal Control	654	20	67	742	
Deputy Director: Management Accounting	674	-	67	742	
Acting Deputy Director: Fleet Operations	442	12	51	505	Note 21.1.7
Acting Deputy Director: Fleet Repairs and Maintenance	237	9	25	271	Note 21.1.6
TOTAL	7,481	115	732	8,328	
Year ended 31 March 2020					
Chief Director: Government Motor Transport	1,032	16	88	1,135	Note 35.1.2.5
Director: Fleet Finance	976	-	96	1,072	
Acting Director: Fleet Services	1,005	6	89	1,100	
Deputy Director: Financial Accounting	786	6	85	878	
Deputy Director: Management Support Services	287	9	28	324	Note 21.1.3
Acting Deputy Director: Management Support Services	239	25	23	288	Note 21.1.4
Acting Deputy Director: Management Support Services	66	7	8	81	Note 21.1.5
Deputy Director: Fleet Risk Management	775	-	83	858	
Deputy Director: Internal Control	647	20	67	734	
Deputy Director: Management Accounting	667	-	67	733	
Acting Deputy Director: Fleet Operations	441	12	50	503	
Acting Deputy Director: Fleet Repairs and Maintenance	520	-	50	570	
TOTAL	7,441	101	733	8,275	

Note 21.1.1 Mr. C Kriegler acted as Deputy Director: Management Support Services (1 April 2020 to 31 January 2021)

Note 21.1.2 Mrs. T Tennant acted as Deputy Director: Management Support Services (2 February 2021 to 31 March 2021)

Note 21.1.3 Deputy Director: Management Support Services (Retired) (1 April 2019 to 31 July 2019)

Note 21.1.4 Mrs. T Tennant acted in the position Deputy Director: Management Support Services (1 August 2019 to 31 January 2020)

Note 21.1.5 Mr. C Kriegler acted in the position Deputy Director: Management Support Services (1 February 2020 to 31 March 2020)

Note 21.1.6 Refer to note 35.2.2 for the periods during which Mr. S Tyman acted as Deputy Director: Fleet Repairs and Maintenance

Note 21.1.7 Mr. Clarence Hansby - Deputy Director: Fleet Risk Management (also Acting Deputy Director: Fleet Operations for the periods 8 September 2020 to 31 December 2020, and 11 January 2021 to 31 March 2021)

Mr. JC Fourie - Acting Deputy Director: Fleet Operations (1 April 2020 to 31 December 2020 and 11 January 2021 to 31 March 2021)

Refer to note 35.1.2.5 for the disclosure of the official's remuneration in the comparatives.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	Restated 2019/20 R'000
22 OPERATING EXPENDITURE		
Consultant, contractors and special services	44,867	36,059
- Audit fees - regulatory and ICT audits	2,641	2,934
- Computers and systems service providers:		
Support staff: scan centre	2,699	4,390
System maintenance: xECM	1,233	1,318
Systems Architecture and Integration	5,827	2,631
Support services: Operations	3,300	3,070
Business Analyst(s)	3,111	3,031
Fleet Finance: system maintenance and support	8,349	7,271
FleetBase: system maintenance and support	6,694	6,364
FleetCare: system maintenance and support	-	185
Fleet Management information: system maintenance and support	751	537
Fleet Client: system maintenance and support	322	431
Database Administrator: system maintenance and support	931	1,200
- Consultant fees - contracted accountants	1,269	1,509
- Consultant fees - project management	3,131	900
- Consultant fees - research and advisory services	4,598	-
- Contractors' services - wash bay and removal services	10	288
Maintenance, repairs and running costs	227,113	240,070
- Machinery, equipment and vehicles: repairs and maintenance	86,192	73,647
- Machinery, equipment and vehicles: fuel and oil	140,921	166,423
Loss on sale of property, plant and equipment; and stolen vehicles	763	1,741
Loss on finance lease receivables	8,081	13,142
Non-rental costs of leases	26,732	25,969
Services in-kind	10,714	8,267
Motor vehicle license fees	4,938	4,393
Third party claims	1,346	1,146
Stores and consumables	101	198
Communication costs	126	304
Data costs	115	1
Courier and delivery charges	9	25
Municipal services	-	13
	<u>324,905</u>	<u>331,329</u>
22.1 Expenditure incurred to repair and maintain property, plant and equipment		
The following specific costs included in the amount of repairs and maintenance were incurred by Government Motor Transport during the year:		
Vehicles	86,102	73,634
- General maintenance and services	71,255	61,463
- Tyres and tubes	2,963	2,137
- Glass repairs	869	1,173
- Accident repairs	8,938	7,279
- Exhaust repairs	67	30
- Shocks	311	164
- Batteries	1,699	1,389
Plant and Equipment	89	13
- Buildings	1	-
- Domestic furniture and fittings	-	5
- Security Equipment and Systems	82	-
- Kitchen	-	1
- Linen and Soft Furnishings	6	7
	<u>86,192</u>	<u>73,647</u>
22.2 Analysis of loss on sale of vehicles/stolen vehicles		
Loss on vehicle sales	535	1,550
Stolen vehicles	228	191
	<u>763</u>	<u>1,741</u>

During the current and prior year, one vehicle was stolen per annum. Refer to note 7 for detail of the cost price and accumulated depreciation.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

22.3 Consultant, contractors and special services: description of service provided

Audit fees - Regulatory and ICT audit:

Assurance services during the annual regulatory and ICT audits, and associated inspections.

Support staff: scan centre

Scan centre staff providing an in-line scanning service to business.

System maintenance: xECM

Annual support on the OpenText Mycontent instance in the GMT environment.

Systems Architecture and Integration

Conceptual modelling of the systems structures, systems landscape, behaviour and integration platform.

Support services: Operations

Annual support services to business in the Directorate: Fleet Services.

Business Analyst(s)

Business analysis functions to document business requirements across the business.

Fleet Finance: system maintenance and support

Annual maintenance and support for Oracle EBS.

FleetBase: system maintenance and support

Annual maintenance and support for FleetMan APEX modules.

FleetCare: system maintenance and support

Annual maintenance and support for Enterprise Asset Management (Oracle EAM in Oracle EBS).

Fleet Management information: system maintenance and support

Annual maintenance and support for APEX Management Information Modules.

Fleet Client: system maintenance and support

Annual maintenance and support for APEX Client User Interface.

Database Administrator: system maintenance and support

Database management, maintenance and support on all systems to ensure continuity.

Consultant fees - contracted accountants:

Assist GMT with the accounting of leases, preparation of underlying asset registers and support on preparation of disclosure notes for financial statements for GMT and client institutions.

Consultant fees - project management

Planning and managing all projects across the business.

Consultant fees - research and advisory services

Professional and strategic advice from subject matter experts.

		2020/21 R'000	2019/20 R'000
23	DEPRECIATION		
	Plant and equipment	1,528	1,000
	Vehicles	15,110	11,328
		<u>16,639</u>	<u>12,328</u>
24	AMORTISATION		
	Intangible asset - FleetMan	1,782	2,446
	Intangible asset - Oracle financial system	4,693	6,599
		<u>6,475</u>	<u>9,045</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

		2020/21 R'000	2019/20 R'000
25	FINANCE COSTS		
	Interest charged on Payables from Exchange Transactions	-	5
		<u>-</u>	<u>5</u>
	During 2019/20 interest charges were incurred and settled by GMT on telecommunication services. GMT submitted cancellation requests for outdoor extensions linked to the switchboard. These requests were not processed by the service provider and subsequently interest was charged as these accounts became overdue. GMT settled the interest and requested that the interest charges be reversed by the service provider. The service provider confirmed on 28 April 2020 that the interest charges totalling R5,144 will be credited against future accounts.		
26	ACCIDENTS AND IMPAIRMENT LOSSES		
26.1	Impairment losses on fixed assets		
	<i>Impairment losses recognised:</i>		
	Property, plant and equipment	Note 26.4.1	3,154
	- Vehicles	<u>3,154</u>	<u>1,771</u>
	Impairment losses on intangible assets		
26.2	<i>Impairment losses recognised:</i>		
	Intangible assets	Note 26.4.2	-
	- Website	<u>-</u>	<u>24</u>
26.3	Impairment losses and uncollectability of financial instruments		
26.3.1	<i>Impairment losses recognised:</i>		
	Receivables from Non-exchange transactions	Note 26.4.4	166
	- Bad debt written off	<u>7</u>	<u>60</u>
	- Provision for bad debt	<u>159</u>	<u>58</u>
26.3.2	<i>Impairment losses recognised:</i>		
	Receivables from Exchange transactions	Note 26.4.3	1,127
	- Bad debt written off	<u>-</u>	<u>-</u>
	- Provision for bad debt	<u>1,127</u>	<u>-</u>
		<u>4,447</u>	<u>1,913</u>
26.4	The following events and circumstances resulted in the recognition of impairment losses:		
26.4.1	<i>Property, plant and equipment</i>		
	- Vehicles	<u>3,154</u>	<u>1,771</u>

External sources:

Condition assessments performed.

Actual selling prices received for vehicles auctioned after the reporting date.

Internal sources:

GMT's internal reporting on accidents vehicles.

GMT's internal reporting indicating the economic performances of vehicles.

Reserve prices determined by GMT's fleet operations section for vehicles that will be auctioned after year-end.

The impairment loss identified was the result of asset valuations performed at the end of the reporting period. The recoverable amount was based on the assets' fair value less cost to sell as accident vehicles and vehicles in a very poor or bad condition are normally withdrawn from service and sold on the following auction. The fair value was determined after taking into account current market values and market conditions.

Reserve prices determined by GMT's fleet operations section for auction purposes are based on Mead and McGrouther values which provides a guide for retail prices for used vehicles and used extensively by the used car industry and dealers.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2020/21 R'000	2019/20 R'000
26.4.2 <i>Intangible assets</i>		
- Website	-	24
<i>Internal sources:</i>		
Evidence available of obsolescence.		
The impairment loss was identified for the GMT Website. The carrying value of the Website was deemed to be less than the value in use. This is due to the Website not being in use anymore. The carrying value of the Website was impaired to R nil.		
26.4.3 <i>Receivables from Exchange transactions</i>		
- Receivables from Exchange transactions	1,127	-
GRAP 104 requires that entities assess at the end of each reporting period whether there is an objective evidence that a financial asset or group of financial assets are impaired.		
The process for estimating impairment considers all credit exposures of financial instruments, not only those of low credit quality. GMT evaluates receivables generated through tariffs and interest charges are groupings of financial assets as these are deemed to have similar characteristics.		
GRAP 104 states that a financial asset may be impaired that evidence exists indicating that there is a measureable decrease in the estimated future cash flows from the financial asset since the initial recognition due to adverse changes in the payment status in the group and an increased number in delayed payments. No payments have been received for the financial asset provided as bad debt, thus the existence of a measureable decrease in the future cash flow. These debts were provided as bad debt. The same applies to the Fleet Risk Debtors provided as bad debt in note 26.4.4.		
26.4.4 <i>Receivables from Non-exchange transactions</i>		
- Fleet Risk Debtors	166	118
GRAP 104 requires that entities shall disclose by class of financial instrument the maximum credit risk exposure. For a financial assets, this is typically the gross carrying amount, net of impairment losses.		
The process for estimating impairment considers all credit exposures of financial instruments, not only those of low credit quality. GMT evaluates the following groupings of financial assets as these are deemed to have similar characteristics:		
Receivables from Non-exchange Transactions		
- Fleet Risk Debtors;		
- Employees with leave debits; and		
- Sundry debtors.		
Refer to note 26.4.3 for the reasoning for the provision of bad debt.		
<i>Identification for impairment losses and uncollectibility of financial instruments</i>		
<i>Receivables from Exchange Transactions:</i>		
GMT charges tariffs for the rendering of goods and services for mobility solutions to other organs of State. Corresponding debts are raised against the accounts of client institutions. The debt levels for the 2020/21 year correspond to the 2019/20 levels. Internal control procedures pertaining to debt management includes monthly reconciliations of working capital accounts, debt recovery processes and reporting in terms of s40 of the PFMA. The collection of debts subsequent to 31 March 2021 have been within the expectation levels of management. In addition, interest is charged on overdue accounts at the effective interest rate as determined by the National Minister of Finance. Software license fees and warranties are also considered to be fairly stated as the vesting of the debit balance will occur as time lapses during the pre-payment period.		
<i>Receivables from Non-exchange Transactions:</i>		
Fleet Risk Debtors were evaluated against the payments received prior to the reporting date and the subsequent period. Adequate provision for doubtful debts were made.		
Employees with leave debits and Sundry debtors are considered to be fairly stated as the leave debits may be recovered through the lapsing of service periods of the officials and the Sundry Debtors are recovered from amounts receivable from a related party - the Department of Transport and Public Works.		

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

		2020/21 R'000	2019/20 R'000
27	GRANTS AND SUBSIDIES PAID		
	Funds transferred to the Provincial Revenue Fund	150,000	150,000
		<u>150,000</u>	<u>150,000</u>
	<i>Funds transferred</i>		
	Government Motor Transport transferred funds held through Provincial Treasury to the Provincial Revenue Fund on 26 February 2021. During 2019/20, Government Motor Transport transferred funds through Provincial Treasury to the Asset Finance Reserve on 31 March 2020.		
28	CALCULATION OF CASH FLOW		
28.1	<i>Charges for services provided</i>	Note	
	Revenue	15	654,945
	Decrease in trade receivables from exchange transactions	12	
	Opening balance of trade receivables from exchange transactions		31,228
	Closing balance of trade receivables from exchange transactions		(39,059)
	Less: Interest earned on finance lease receivables	15	(322,918)
	Debtors adjustment (Daily Tariffs on Finance Lease Receivables)	12.1	
	Opening Balance		14,378
	Closing Balance		(10,261)
	Payments received in advance	3	
	Opening balance of payables from exchange transactions		(5,804)
	Closing balance of payables from exchange transactions		1,020
			<u>323,529</u>
28.2	<i>Other receipts</i>		
	Other income	16	3,616
	Decrease in trade receivables from non-exchange transactions	13	
	Opening balance of trade receivables from non-exchange transactions		17,961
	Closing balance of trade receivables from non-exchange transactions		(29,480)
	Adjustment for:		
	Profit on disposal of property, plant and equipment	16	(3,606)
	Transactions entered into by GMT on behalf of client institutions	13	9,672
	Opening balance of sundry debtors		(12,844)
	Closing balance of sundry debtors		22,516
			<u>(1,837)</u>
28.3	<i>Interest earned</i>		
	Interest earned	17	87,593
28.4	<i>Government grants and subsidies received</i>		
	Government grants and subsidies received	18	1,231
	Decrease in unspent conditional grants and receipts		
	Opening balance of unspent conditional grants and receipts	5	(19,692)
	Closing balance of unspent conditional grants and receipts	5	24,242
	Adjustment for:		
	Vehicles and equipment procured as procuring agent		-
	- Department of Transport and Public Works	5.1.5	-
	- Department of Education	5.1.6	-
			<u>5,781</u>
28.5	<i>Transactions entered into by GMT on behalf of client institutions</i>		
	Decrease in trade receivables from non-exchange transactions		
	Opening balance of sundry debtors	13	12,844
	Closing balance of sundry debtors	13	(22,516)
			<u>(9,672)</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

		2020/21 R'000	2019/20 R'000
	Note		
28.6	<i>Employee costs</i>		
Employee costs	21	(44,758)	(43,760)
Decrease in provisions - Contributions to provisions		(41)	(24)
Employee benefit liabilities	1	228	63
Capped leave	2	(29)	57
Current provisions	6	(240)	(143)
Cash payments made against provisions - Expenditure incurred			
Current provisions	6	(313)	(777)
Increase in Payables from Non-exchange transactions - Employee cost		1,000	399
Opening balance of staff leave accrued	4	(1,662)	(1,346)
Opening balance of staff bonuses	4	(1,131)	(1,048)
Closing balance of staff leave accrued	4	2,651	1,662
Closing balance of staff bonuses	4	1,142	1,131
		<u>(44,112)</u>	<u>(44,162)</u>
28.7	<i>Suppliers paid</i>		
Operating expenditure	22	(324,905)	(331,329)
(Increase)/decrease in inventories		17	18
Opening balance of inventory	11	180	198
Closing balance of inventory	11	(163)	(180)
Decrease in payables from exchange transactions		57,237	(27,066)
Opening balance of payables from exchange transactions	3	(37,250)	(58,511)
Closing balance of payables from exchange transactions	3	89,703	37,250
Excluding payments received in advance			
Opening balance of payables from exchange transactions	3	5,804	-
Closing balance of payables from exchange transactions	3	(1,020)	(5,804)
Adjustment for:			
Loss on Finance Lease Receivables	22	8,080	13,142
Vehicles moved from GMT to client institutions	7	36,362	73,402
Vehicles moved from client institutions to GMT	7	(28,370)	(25,906)
Finance Lease Receivables - Vehicles moved from GMT to client institutions		(34,064)	(71,416)
Finance Lease Receivables - Vehicles moved from client institutions to GMT		31,618	28,524
Finance Lease Receivables - Stolen vehicles		359	467
Finance Lease Receivables - Vehicles sold		2,174	8,071
Operating expenditure - services in-kind	22	10,714	8,267
Loss on disposal of property, plant and equipment	22	763	1,741
		<u>(248,093)</u>	<u>(335,227)</u>
28.8	<i>Other payments</i>		
Administrative expenses	20	(19,271)	(20,234)
Depreciation	23	(16,639)	(12,328)
Amortisation	24	(6,475)	(9,045)
Accidents and Impairment losses	26	(4,447)	(1,913)
Grants and subsidies paid	27	(150,000)	(150,000)
Operating leases	34	(32,213)	(32,744)
		<u>(229,044)</u>	<u>(226,264)</u>
Adjustment for:		26,268	23,168
Depreciation - property, plant and equipment	23	16,639	12,328
Amortisation - intangible assets	24	6,475	9,045
Impairment losses on property, plant and equipment	26.1	3,154	1,771
Impairment losses intangible assets	26.2	-	24
Increase in payables from Non-exchange transactions - Payments in advance		4,522	
Opening balance of payables - other creditors	4	-	-
Closing balance of payables - other creditors	4	4,522	-
Increase/(decrease) in payables from Non-exchange transactions		182	(509)
Opening balance of payables - other creditors	4.1	(6)	(515)
Closing balance of payables - other creditors	4.1	188	6
		<u>(198,073)</u>	<u>(203,605)</u>
28.9	<i>Vehicles and equipment procured as procuring agent</i>		
- Department of Transport and Public Works	5.1.5	-	(3,340)
- Department of Education	5.1.6	-	(5,965)
		<u>-</u>	<u>(9,305)</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

		2020/21 R'000	2019/20 R'000
28.10	RECONCILIATION OF CASH GENERATED FROM OPERATIONS		
	Surplus for the year	159,394	231,728
	Adjustment for:		
	Revenue - services in-kind	(10,714)	(8,267)
	Operating expenditure - services in-kind	10,714	8,267
	Depreciation - property, plant and equipment	16,639	12,328
	Amortisation - intangible assets	6,475	9,045
	Interest earned on finance lease receivables	(322,918)	(308,813)
	Loss on Finance Lease Receivables	8,080	13,142
	Finance Lease Receivables - Vehicles moved from GMT to client institutions	(34,064)	(71,416)
	Finance Lease Receivables - Vehicles moved from client institutions to GMT	31,618	28,524
	Finance Lease Receivables - Stolen vehicles	359	467
	Finance Lease Receivables - Vehicles sold	2,174	8,071
	PPE: Vehicles moved from GMT to client institutions	36,362	73,402
	PPE: Vehicles moved from client institutions to GMT	(28,370)	(25,906)
	Impairment losses - vehicles	3,154	1,771
	Impairment losses - intangible assets	-	24
	Increase in provision for doubtful debts - Non-exchange	159	58
	Loss on disposal of property, plant and equipment	763	1,741
	Profit on disposal of property, plant and equipment	(3,606)	(9,620)
	Increase in provisions	(41)	(24)
	Increase in provision for doubtful debts - Exchange	1,127	-
	Operating cash flows before working capital changes	(130,775)	(48,619)
	Working capital changes	45,888	(21,247)
	Decrease in inventories	17	18
	Increase in trade receivables from exchange transactions	(4,841)	(10,429)
	Decrease in trade receivables from non-exchange transactions	(11,679)	14,251
	Increase/(decrease) in payables from non-exchange transactions	5,701	(110)
	(Decrease)/increase in payables from exchange transactions	52,453	(21,262)
	(Decrease)/increase in unspent conditional grants and receipts	4,550	(2,939)
	Cash payments made against provisions	(313)	(777)
	Cash generated from operations	(84,886)	(69,867)
	Note		
28.11	Proceeds on disposal of property, plant and equipment		
	Carrying value of PPE disposals	7 8,256	35,062
	Carrying value of stolen vehicles	7 228	191
	Carrying value of stolen recovered	7 -	(415)
	Adjustment for:		
	Profit on disposal of property, plant and equipment	16 3,606	9,620
	Loss on disposal of property, plant and equipment	22 (763)	(1,741)
		11,327	42,716
28.12	Acquisition of property, plant and equipment		
	PPE additions at cost	7 (94,856)	(73,220)
28.13	Intangible Assets - development cost capitalised		
	Internal Development - Cost capitalised	8 (2,811)	(652)
	Intangible assets under development	8 (2,475)	(1,855)
		(5,286)	(2,507)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

		2020/21 R'000	2019/20 R'000
	Note		
28.14	Increase in finance lease receivables		
	(Decrease)/increase in Finance Lease Receivables Current and Non-current	10	
	Opening balance of Finance Lease Receivables Non-Current	722,110	590,057
	Opening balance of Finance Lease Receivables Current	131,785	250,948
	Closing balance of Finance Lease Receivables Non-Current	(759,765)	(722,110)
	Closing balance of Finance Lease Receivables Current	(116,134)	(131,785)
	Loss on Finance Lease Receivables	(88)	34,354
	Finance Lease Receivables - Vehicles moved from GMT to client institutions	34,064	71,416
	Finance Lease Receivables - Vehicles moved from client institutions to GMT	(31,618)	(28,524)
	Finance Lease Receivables - Stolen vehicles	(359)	(467)
	Finance Lease Receivables - Vehicles sold	(2,174)	(8,071)
	Interest earned on Finance Lease Receivables	322,918	308,813
	Debtors adjustment (Daily Tariffs on Finance Lease Receivables)	(4,117)	7,046
	Opening Balance	(14,378)	(7,332)
	Closing Balance	10,261	14,378
		<u>296,710</u>	<u>337,323</u>
29	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	1,751,694	1,628,686
		<u>1,751,694</u>	<u>1,628,686</u>
30	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).		
31	CONTINGENT LIABILITIES		
31.1	Claims are instituted against GMT:		
	Claims are instituted against GMT by third parties who are party to a motor vehicle accident involving a government vehicle. An amount of R196,476 for the year (2019/20: R19,420) in respect of claims made against GMT as at 31 March 2021 and paid during the subsequent period has been raised as a payable in the Statement of Financial Position. The estimated total amount of claims made against GMT as at 31 March 2021 amounts to R3,727,696. A contingent liability of R3,727,696 exists, but has not been raised in the financial statements as the existence of this obligation will only be acknowledged by the future payment of these claims.		
31.2	Disclosure of court case relating to the 2020/21 salary freeze:		
	The Labour Appeal Court (LAC) declared the salary increases for the 2020/2021 financial year unlawful and invalid. The LAC ruling has been appealed and referred to the Constitutional Court. The ruling by the Constitutional Court will confirm if the department will be obligated to pay the salary increases in dispute. The amount cannot be reliably estimated.		
32	COMMITMENTS FOR EXPENDITURE		
32.1	Capital commitments		
	Commitments for the acquisition of capital expenditure:		
	Approved and contracted for:	249,707	125,391
	Property, plant and equipment	249,349	125,254
	Intangible assets	358	136
	Total capital commitments	<u>249,707</u>	<u>125,391</u>
	This expenditure will be financed from:		
	Own resources	<u>249,707</u>	<u>125,391</u>

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	2020/21 R'000	2019/20 R'000
32.2 Analysis of capital commitments		
The amount of contractual commitments for the acquisition of property, plant and equipment is detailed below:		
Vehicles:	247,314	123,374
New vehicle purchases	215,417	118,604
Conversion of vehicles	30,474	3,023
Extras fitted to vehicles	1,423	1,748
Plant and Equipment:	2,035	1,880
Computer equipment	2,026	1,880
Office Equipment	1	-
Office Furniture and Fittings	7	-
Total for property, plant and equipment	249,349	125,254

32.3 Other commitments

Non-cancellable operating lease commitments are disclosed in note 34.

33 EVENTS AFTER THE REPORTING DATE

33.1 Non-adjusting events

33.1.1 Claims, losses and damages

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.

33.1.2 Third Party claims

Four claims with a total estimated value of R33,195 were issued to GMT after 31 March 2021 (31 March 2020: Five claims with a total estimated value of R68,500 was issued to GMT after 31 March 2020 for the comparative reporting period).

33.1.3 Investment of funds

The Provincial Treasury invested R400 000 000 with Standard Bank on 1 April 2021 on behalf of GMT. These funds were held in the Corporation of Public Deposits on 31 March 2021 as disclosed in note 14.3. The investment was done to attract a higher interest yield than that available on the primary bank account. The funds were invested at a interest rate of 5.262% with a maturity date of 28 March 2022.

33.1.4 Deposit of maturing investment in the main bank account

The Provincial Treasury deposited R598 549 263 in the GMT main bank account on 1 April 2021. These funds were held in the Corporation of Public Deposits on 31 March 2021 as disclosed in note 14.3 of which the balance referred to in note 14.3 were invested as detailed in note 33.1.3.

33.1.5 Damages/Losses - government vehicles

211 cases were registered after 31 March 2021 with a probable loss amount of R1,591,609 (31 March 2020: 234 cases were registered after 31 March 2020 with a probable loss amount of R1,979,086 for the comparative reporting period).

33.1.6 National State of Disaster issued for the COVID-19 pandemic

The national state of disaster declared on 15 March 2020 under the Disaster Management Act (Act no 57 of 2002) as result of the COVID-19 pandemic. This had a significant impact on various operational-, staff- and reporting structures within the GMT environment. Various areas within the financial reporting framework of 2020/21 exist, which management considers relevant to evaluate and appropriately disclose the impact of the COVID-19 pandemic on its financial reporting, including the going concern assumption. These include:

33.1.6.1 Impact on the Going Concern assessment

GMT is a trading entity under the administration of the Department of Transport and Public Works. National Treasury Regulation (March 2005) states that full costs of providing the goods and services must be recovered through tariffs, unless the relevant treasury approves lower charges. In addition, GRAP 14 on Events after the Reporting Date states that the going concern assumption must be considered by each entity, rather than that of the government as a whole.

The COVID-19 pandemic continues to have a devastating impact on the macro economy and a significant component of the institutions which operate therein. GMT has not been immune to the impact of the pandemic. The entity renders goods and services for mobility solutions to clients institutions in the National and Provincial government spheres. Factors within the economy in conjunction with financial and fiscal realignment at client institution level, necessitated management to include these as part of the assessment to determine whether the going concern assumption remains relevant. Some of these factors existed on the reporting date while others are indicative of expected financial performance and standing. A narrative of these factors are included under note 38 on going concern.

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	2020/21 R'000	2019/20 R'000
33	EVENTS AFTER THE REPORTING DATE (continued)	
33.1.6.2	<u>Review of accounting policies</u>	
	<p>During the preparation of the 2020/21 Annual Financial Statements, the entity reviewed its accounting policies to determine whether it is still appropriate. Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.</p> <p>The accounting policies contained in this financial statements are considered to meet the requirements of GRAP and provide reliable, relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows.</p>	
33.1.6.3	<u>Impact on the amount of revenue recognised</u>	
	<p>The revenue recognised by GMT are disclosed under the following line items on the Statements of Financial Performance:</p> <ul style="list-style-type: none"> - Revenue; - Interest earned; - Government Grants and Receipts received; and - Other income; and - Services in-kind. <p>GMT applies the revenue recognition criteria as contained in GRAP 9 (Revenue from Exchange Transactions) and GRAP 23 (Revenue for Non-exchange Transactions). This is read in context of IGRAP 1 (Applying the probability test on the initial recognition of revenue), GMT recognises the full amount of revenue upon initial recognition which meets the recognition criteria. Subsequent evaluation is done to determine whether there are any indicators of impairment, to adjust the value to that which is expected to be recovered. A summary of the revenue recognition is detailed below in the context of the COVID-19 pandemic read with the accounting policies pertaining to each line item:</p> <p>Revenue (note 15) Consists of kilometer- and daily tariffs, and the interest earned of finance lease receivables. The tariff charges are approved by the Provincial Treasury. The GMT systems are configured to charge the approved tariffs per activity. The interest earned on finance lease receivables is calculated by amortisation tables and reallocated from the daily tariffs earned. No adjustments to these pre-determined tariff structures exist and is consistently applied leading up to the reporting date and during subsequent periods.</p> <p>Interest earned (note 17) Interest earned is earned on the main bank account, investments through the Provincial Treasury and accounts receivable. The effective interest rates are determined at Governance bodies and recognised on the financial system of GMT once this meets the recognition criteria.</p> <p>Government Grants and Receipts received (note 18) GMT recognises revenue once the criteria, conditions or obligations embodied in the agreement are fulfilled. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.</p> <p>Other income (note 16) The profit on sale of vehicles and PPE and parking income are recognised at the calculated rate of which the net assets of GMT will increase.</p> <p>Services in-kind (note 19) GMT recognises services in-kind revenue for the use of free accommodation and hosting services provided which are deemed to be significant to the entity's operations and /or service delivery objectives. The revenue is recognised at the fair value of the services provided.</p>	
33.1.6.4	<u>Valuation of assets</u>	
	<p>The primary value chain processes within GMT are focused on the management of goods and services associated with assets. The accounting policies contained in these financial statements are considered to meet the requirements of GRAP and provide reliable, relevant information about the valuation of assets.</p>	
33.1.6.5	<u>Collectability of client institutions' debt</u>	
	<p>GMT charges tariffs for the rendering of goods and services for mobility solutions to other organs of State. Corresponding debts are raised against the accounts of client institutions. Internal control procedures pertaining to debt management includes monthly reconciliations of working capital accounts, debt recovery processes and reporting in terms of s40 of the PFMA. The collection of debts subsequent to 31 March 2021 have been within the expectation levels of management.</p> <p>In addition, adequate provision has been made for the provision of doubtful debts of recoverable amounts for Fleet Risk Debtors included within the Receivables from Non-Exchange Transactions.</p> <p>The carrying value of receivables as disclosed on 31 March 2021 are considered recoverable and to management's best knowledge does not require further impairment.</p>	
33.1.6.6	<u>Impairment of assets</u>	
	<p>GMT considers the external and internal sources of information as contained in GRAP 21 on Impairment of Non-cash generating assets and GRAP 26 on Impairment of Cash generating assets. The impairment losses recognised are disclosed on the Statement of Financial Performance, and related note.</p>	

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

33 EVENTS AFTER THE REPORTING DATE (continued)

33.1.6.7 Completeness and valuation of liabilities

GMT recognises provisions, Payables from Exchange Transactions, Payables from non-exchange Transactions, Unspent Conditional Grants and Receipts and liabilities associated with long service awards on the Statement of Financial Position. The COVID-19 pandemic did not result in any additional matters arising which may indicate that the liabilities already disclosed on the Statement of Financial Position is incomplete and/or the valuation being lower than actual events may be reflecting.

In addition to the above, GMT performs a test of completeness to ensure that all liabilities are disclosed at the reporting date.

33.1.7 Compliance to governance prescripts for procurement done through transversal contracts

The Department of Transport and Public Works (including GMT) in addition to processes followed by National Treasury, performs due diligence processes through checks of its databases and Western Cape Supplier Evidence Bank to ensure compliance during procurement through participation of transversal contracts before any orders are placed.

33.1.8 Resignation of Mr. Bonginkosi Madikizela as the Provincial Minister of Transport and Public Works

Mr. Bonginkosi Madikizela resigned as the Provincial Minister of Transport and Public Works on 28 April 2021. A person which occupies this position is considered to be part of key management personnel as stipulated in IPSAS 20 on Related Party Disclosures. Key management personnel have the authority and responsibility for the planning, directing and controlling of financial and operating activities of GMT.

Minister Tertius Simmers (the Provincial Minister of Human Settlements) was assigned the responsibilities of the Transport and Public Works portfolio as an interim arrangement.

Minister Daylin Mitchell was appointed as the Provincial Minister of Transport and Public Works on 24 May 2021.

33.1.9 Appointment of key management personnel

Key management personnel are considered to be all persons within DTPW structures who are responsible for planning, directing and controlling activities of GMT. All officials appointed in an acting and permanent capacity on salary level 11 and above are considered to meet this criteria. In addition, persons within DTPW who are responsible for these activities are also considered to be key management personnel. The financial implication for the appointment of officials in higher posts cannot be quantified at this stage as the cost-of-living adjustment from 1 April 2021 is not yet determined.

The appointment details of key management personnel which occurred after the reporting date are:

Key management members and position of appointment	Period of appointment	Planning, directing and controlling activities
Mr. S Tyman - Deputy Director: Fleet Repairs and Maintenance	6 April 2021 to 30 April 2021	Oversee the client care centre, Coordinate the repair repair and maintenance of the fleet, Provide a fleet quality assurance services, Manage the registration of vehicle related suppliers and process their invoices
Mr. JC Fourie - Acting Deputy Director: Fleet Operations	6 April 2021 to 30 September 2021	Plan, acquire, convert, fit and prepare the fleet, Render an effective general vehicle rental service, Provide fleet administration services
Mrs. T Tennant - Acting Deputy Director: Management Support Services	2 May 2021 to 31 July 2021	Manage facilities and coordinate business planning, marketing and communications, Provide office support services, Render an ICT management service

33.1.10 Interest earned on Trade Receivables from Exchange Transactions written off

Interest earned totalling R1 126 790.20 on Trade Receivables from Exchange Transactions were approved for write off on 22 April 2021. The write off was subsequently processed on the accounting system. GRAP 104 on Financial Instruments states that financial assets must be impaired if evidence exists that the asset is uncollectable, such evidence may include the default in interest payments and that the estimated future economic cash flows from these will likely decrease. The interest was included in the provision for impairment on 31 March 2021 as disclosed in note 12.

33.1.11 Price threshold for procurement of official vehicles for Members of the Executive

A recommended price range and list of vehicle categories determined by the Minister of Finance will be included in the RT57 Transversal Contract issued by the National Treasury for bulk purchase of official vehicles. The RT57 Transversal Contract will be updated annually to include a list of indicative vehicles that may be procured by Members of the Executive. Members of the Executive and/or Accounting Officers of departments are prohibited from purchasing vehicles priced higher than the price limit set in the Treasury Instruction and Members of the Executive are further prohibited from making additional personal financial contribution to purchase a higher priced vehicle exceeding the set price limit. This is also taken up in the handbook for benefits and privileges for members of the Western Cape Provincial Cabinet and in client policies.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

33.2 Adjusting events

33.2.1 Amounts receivable under Finance Leases:

Interest rates on Finance Lease Receivables are calculated once-off in accordance with the monthly cash flows over the period of the lease. The following factors affect the calculated effective annual interest rate over the lease period: (1) daily tariffs charged over the lease period, (2) the residual value/proceeds on disposal at the end of the lease period (3) lease period which coincide with the useful life of the vehicle. The three factors above are re-assessed on an annual basis which have an impact on the effective annual interest.

Future Lease instalment and tariff increases:

Increases in future lease instalments agree with approved future tariff increases as recorded in the Medium Term Expenditure Framework (MTEF guidelines). A proposal by management was approved by Provincial Treasury not to increase the 2022 daily tariffs due to inter alia the COVID-19 pandemic. Future lease instalments have therefore been increased as follows:

2021/22: 0% (Unchanged from the 2020/21 pricing levels)

2022/23: 4.2%

2023/24: 4.4%

Annual increase beyond the 2025 financial year: 2.8667% (average of the previous 3 financial years).

If tariffs were increased in line with MTEF guidelines and prior tariff adjustments by GMT (which was 1% point lower than MTEF guideline during the past two financial years before 2019/20), future lease instalments would have been increased as follows:

2021/22: 4.2% less 1% = 3.2%

2022/23: 4.2%

2023/24: 4.4%

Annual increase beyond the 2025 financial year: 3.9333% (average of the previous 3 financial years).

The daily tariff pricing levels remained unchanged from the 2019/20 financial year levels during 2020/21.

The effect on amounts receivable under finance leases receivables:

Amounts receivable under finance leases:

Within one year

In the second to fifth years, inclusive

Over five years

Less: Unearned Future Finance Income

Present Value of Minimum Lease Receivables

Minimum Lease Receivables	
2020/21 R'000	2020/21 R'000
MTEF - 1% tariff increase in 2021	0% tariff increase in 2021
437,466	424,208
1,073,499	1,056,217
2,405	2,346
<u>1,513,370</u>	<u>1,482,771</u>
629,049	606,873
<u>884,321</u>	<u>875,899</u>

Present Value of Minimum Lease Receivables

2020/21 R'000	2020/21 R'000
MTEF - 1% tariff increase in 2021	0% tariff increase in 2021
119,171	116,134
762,971	757,620
2,179	2,144
<u>884,321</u>	<u>875,899</u>

Amounts receivable under finance leases:

Within one year

In the second to fifth years, inclusive

Over five years

Present Value of Minimum Lease Receivables

2020/21 R'000	2020/21 R'000
MTEF - 1% tariff increase in 2021	0% tariff increase in 2021
331,505	322,918

The effect on Interest earned on finance lease receivables in 2020/21

Interest earned:

Finance Lease Receivables

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

33.2 Adjusting events

33.2.2 Settlement of cases

Six claims were settled in terms of an agreed payment after the reporting date but before the financial statements were issued and amounts to R196,476 (31 March 2020: one claim amounting to R19,420).

34 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.

GMT as Lessee:

Leasing arrangements:

GMT uses vehicle identification unit devices fitted to vehicles in its fleet for fuelling and associated services. The ownership of the device remains with the lessor at the end of the lease, GMT does not have the option to purchase the devices, the lease term is not considered to be the major part of the economic life of the devices and the devices can easily be transferred without major modifications.

These rentals are classified as contingent rentals due to uncertain 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 paid 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.

Other operating leases relate to office equipment, vehicle tracking units and containers with lease terms up to 3 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 of future minimum lease payments under non-cancellable operating leases, which fall due as follows:

		2020/21 R'000	2019/20 R'000
Up to 1 year		55	1,971
2 to 5 years		-	55
More than 5 years		-	-
Total future minimum lease payments	Note 34.1.1 and 34.1.2	<u>55</u>	<u>2,026</u>
34.1 Commitments under non-cancellable operating leases for future minimum lease payments			
34.1.1 Vehicle tracking units			
Up to 1 year		-	1,862
2 to 5 years		-	-
More than 5 years		-	-
Total future minimum lease payments		<u>-</u>	<u>1,862</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

34 OPERATING LEASE ARRANGEMENTS (continued)

	2020/21 R'000	2019/20 R'000
34.1.2 Office equipment		
Up to 1 year	55	109
2 to 5 years	-	55
More than 5 years	-	-
Total future minimum lease payments	55	164
An analysis of the operating expenses recorded is detailed below:		
The following payments have been recognised as an expense in the Statement of Financial Performance:		
Minimum lease payments	32,213	32,744
Contingent rentals	-	-
Total Operating Lease Expenses - as Lessee	32,213	32,744
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	-	-
Operating expenses recorded	32,213	32,744
Operating lease payments effected	(32,213)	(32,744)
Total Operating Lease Liabilities	-	-
GMT has operating lease agreements for the following class of assets:		
- Vehicle tracking units		
- Variable injection timing units		
- Office equipment		
- Container rental		

GMT is restricted to the hiring of office equipment and labour saving devices by National Tender RT3-2018.

34.2 Operating expenses recorded

An analysis of the operating expenses recorded is detailed below:

Vehicle tracking units	22,344	22,344
Variable injection timing units	9,748	10,012
Office equipment	121	323
Container rental	-	64
Total operating expenses recorded	32,213	32,744

35 RELATED PARTY DISCLOSURES

35.1 Western Cape Department of Transport and Public Works

Government Motor Transport operates as a Trading Entity under the administration of the Western Cape Department of Transport and Public Works ('the Department'). The Department is considered to be the governing body for the purposes of the reporting requirements of IPSAS 20.

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

GMT occupies four properties that are owned by 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:

34 Roeland Street, Cape Town
49 Hope Street, Cape Town
3 Rusper Street, Maitland, Cape Town
Erf 3472, York Road, George

The Western Cape Department of Transport and Public Works incurred costs at the stipulated sites during the year under review for use by Government Motor Transport:

3 Rusper Street, Maitland, Cape Town R31,226,644 (incl. VAT) (2019/20: R13,582,420 incl. VAT)
Erf 3472, York Road, George R252,519 (2019/20: R8,002,701 incl. VAT).

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

35 RELATED PARTY DISCLOSURES (continued)

35.1.2 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:

		2020/21 R'000	2019/20 R'000
35.1.2.1 Revenue and expenditure			
Revenue			
Transport claims		71,464	72,101
Kilometre tariffs		28,699	35,163
Daily tariffs		42,765	36,938
Interest earned on finance lease receivables		28,650	27,059
Services in-kind	Note 19	10,714	8,267
		<u>110,828</u>	<u>107,428</u>
Expenditure			
License fees		4,938	4,393
Services in-kind	Note 19	10,714	8,267
		<u>15,652</u>	<u>12,660</u>

35.1.2.2 Other receipts, payments and balances receivable/due

Receipts and balances receivable

Reimbursive income

Reimbursements for mobility solutions

Reimbursements for in-vehicle technology equipment and other devices

Reimbursements for in-vehicle technology licenses, maintenance and support

Reimbursements for settlement of tracking and related services

100,679	32,448
658	901
51,532	-
4,982	-
43,508	31,547

Balances due to GMT and excluded from the receipts listed in note 35.1.2.2 above:

Receivables from non-exchange transactions -

Sundry Debtors

Note 13

22,516 12,844

Reimbursements for settlement of tracking and related services

Reimbursements for settlement of sanitising costs

Reimbursements for settlement of cleaning costs

11,641	12,844
10,733	-
142	-

Total of other receipts and balances receivable

123,194 45,292

Payments and balances due

Reimbursive expenses

Reimbursements for mobility solutions

Reimbursements for in-vehicle technology equipment and other devices

Reimbursements for in-vehicle technology licenses, maintenance and support

Reimbursements for settlement of tracking and related services

(49,594)	(34,146)
(658)	(901)
(7,693)	-
(4,690)	-
(36,553)	(33,245)

Balances due by GMT and excluded from the payments listed in note 35.1.2.2 above:

Payables from exchange transactions - Accrued expenditure

(66,507) (11,147)

Reimbursements for tracking and related services

Reimbursements for in-vehicle technology equipment and other devices

Reimbursements for settlement of sanitising costs

Reimbursements for settlement of cleaning costs

(18,596)	(11,147)
(37,037)	-
(10,733)	-
(142)	-

Payables from non-exchange transactions -

Payments received in advance

Note 4

(4,522) -

Trade creditors

(2,572) -

Total of other payments and balances due

(123,194) (45,292)

Reimbursive income and reimbursive expenditure does not meet the definitions of revenue and expenses as stated in GRAP 1. These items are thus disclosed under other payments and other receipts.

35.1.2.3 Balances included under assets as at the reporting date

Finance lease receivables		86,986	78,584
Trade receivables from exchange transactions		6,345	6,123
Receivables from non-exchange transactions	Note 13	22,516	12,844
		<u>115,847</u>	<u>97,552</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

		2020/21 R'000	2019/20 R'000
35	RELATED PARTY DISCLOSURES (continued)		
35.1.2.4	Balances included under liabilities as at the reporting date		
	Payables from non-exchange transactions	Note 4 4,522	-
	Unspent conditional grants and receipts	Note 5.1.5 1,273	1,273
		<u>5,795</u>	<u>1,273</u>

The balances disclosed in note 35.1.2.4 are the balances at the reporting dates. Refer to note 5.1.5 for an analysis of the movements during the financial reporting periods.

- 35.1.2.5 Remuneration of key management personnel within Government Motor Transport
Mr. Yasir Ahmed - Chief Director: GMT. The remuneration reflected below was allocated to the branch Transport Management, with an effective date of the pay point to GMT from 1 July 2019. The remuneration from this date onwards is disclosed in note 21.1.

Salary	-	318
Medical aid contributions	-	5
Pension contributions	-	27
	<u>-</u>	<u>351</u>

- 35.1.2.6 Equipment procured as procuring agent
- | | | |
|--|----------|--------------|
| | <u>-</u> | <u>3,340</u> |
|--|----------|--------------|

- 35.1.2.7 Employee costs of Government Motor Transport
Employee costs of Government Motor Transport as per note 21 are paid by the Department of Transport and Public Works (Western Cape) and refunded by GMT.

35.2 Related party relationships

The persons listed in notes 35.2.1 and 35.2.2 are considered key management personnel of GMT and members of the governing body of the entity as stipulated in IPSAS 20. These persons have the authority and responsibility for the planning, directing and controlling of financial and operating activities of GMT.

35.2.1 Members of the governing body (Department of Transport and Public Works (Western Cape))

Mr. Bonginkosi Madikazela - Provincial Minister of Transport and Public Works
Ms. Jacqueline Gooch - Head of Department
Adv. Chantal Smith - Deputy Director General: Finance
Adv. Kyle Reinecke - Deputy Director General: Transport Management

35.2.2 Members of the key management personnel within Government Motor Transport

Mr. Yasir Ahmed - Chief Director: Government Motor Transport
Mr. Riaan Wiggill - Director: Fleet Finance
Mr. Anthonie Janse van Rensburg - Acting Director: Fleet Services (2 April 2020 to 30 September 2020 and 2 October 2020 to 31 March 2021)
Mrs. Kathy Proctor Fourie - Deputy Director: Financial Accounting
Mr. Christiaan Kriegler - Acting Deputy Director: Management Support Services (1 April 2020 to 31 January 2021)
Mrs. Tania Tennant - Acting Deputy Director: Management Support Services (2 February 2021 to 31 March 2021)
Mrs. Gadija Hartley - Deputy Director: Internal Control
Mrs. Bianca Hendricks - Deputy Director: Management Accounting
Mr. Clarence Hansby - Deputy Director: Fleet Risk Management (also Acting Deputy Director: Fleet Operations for the periods 8 September 2020 to 31 December 2020, and 11 January 2021 to 31 March 2021)
Mr. S Tyman - Acting Deputy Director: Fleet Repairs and Maintenance (1 October 2020 to 30 October 2020, 2 November 2020 to 31 December 2020, 4 January 2021 to 23 January 2021, 8 February 2021 to 27 February 2021 and 1 March 2021 to 31 March 2021)
Mr. JC Fourie - Acting Deputy Director: Fleet Operations (1 April 2020 to 31 December 2020 and 11 January 2021 to 31 March 2021)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

35 RELATED PARTY DISCLOSURES (continued)

35.2.3 Remuneration of the key management personnel

Compensation of the key management personnel remuneration for the officials listed in note 35.2.2 is disclosed in note 21 of the Annual Financial Statements. The remuneration of the Provincial Minister, Head of Department, Deputy Director General: Finance and Deputy Director General: Transport Management are not remunerated by Government Motor Transport.

35.2.4 Remuneration of close members of family of key management personnel employed at GMT for the year 1 April 2020 to 31 March 2021:

Key management members	Family Member	Relationship	Remuneration R
Mr. A Janse van Rensburg - Acting Director: Fleet Services	Mr. H. Janse van Rensburg (Administration Clerk: ICT Management Services)	Brother	301,283
Mrs. K Proctor Fourie - Deputy Director: Financial Accounting	Mr. JC Fourie (Assistant Director: Fleet planning and Acquisition)	Spouse	505,242
Mr. JC Fourie - Acting Deputy Director: Fleet Operations	Mrs. K Proctor Fourie - Deputy Director: Financial Accounting	Spouse	869,112

Mr. JC Fourie acted as Deputy Director: Fleet Operations for the periods 1 April 2020 to 31 December 2020 and 11 January 2021 to 31 March 2021. The remuneration earned during this period is reflected in note 21 as part of Key Management Personnel.

35.2.5 Remuneration of close members of family of key management personnel employed at GMT for the period 2 February 2021 to 31 March 2021:

Key management member	Family Member	Relationship	Remuneration R
Mrs. T Tennant - Acting Deputy Director: Management Support Services	Mr. S Peters (Client Liaison Officer: Division Statutory Reporting and Stakeholder Relations)	Brother	66,981
Mrs. T Tennant - Acting Deputy Director: Management Support Services	Mr. C Peters (Chief Clerk: Fleet Administration)	Brother	68,921

The compensation of Mr. S Peters and Mr. C Peters is disclosed for the period 2 February 2021 to 31 March 2021 as Mrs. T Tennant was appointed as Acting Deputy Director: Management Support Services during this period.

35.3 OTHER INTER-GOVERNMENTAL TRANSACTIONS NOT DEFINED AS RELATED PARTIES

35.3.1 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 25 May 2019. The service agreement consists of the following services:

- a) Information and Communication Technology
- b) Organisation Development
- c) Provincial Training and Empowerment (transversal)
- d) People Management Practices
- e) Enterprise Risk Management
- f) Internal Audit
- g) Forensic Services
- h) Legal Services
- i) Corporate Communication

35.3.2 Other Provincial Departments

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

36 FINANCIAL INSTRUMENTS

36.1 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>	2020/21 R'000	2019/20 R'000
Finance lease receivables (non-current portion)	Financial assets at amortised cost	759,765	722,110
Receivables from exchange transactions	Financial assets at amortised cost	39,059	31,228
Receivables from non-exchange transactions	Financial assets at amortised cost	22,965	13,512
Cash and cash equivalents	Financial assets at amortised cost	1,751,694	1,628,686
Finance lease receivables (current portion)	Financial assets at amortised cost	116,134	131,785
Total financial assets		<u>2,689,615</u>	<u>2,527,320</u>

Summary of financial assets:

Financial assets at amortised cost:

Finance lease receivables (non-current portion)	759,765	722,110
Finance lease receivables (current portion)	116,134	131,785
Receivables from exchange transactions	39,059	31,228
Receivables from non-exchange transactions	22,965	13,512
Cash and cash equivalents	1,751,694	1,628,686
	<u>2,689,615</u>	<u>2,527,320</u>
Total Financial Assets	<u>2,689,615</u>	<u>2,527,320</u>

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>	2020/21 R'000	2019/20 R'000
Payables from exchange transactions			
Trade creditors	FLAC	4,184	4,800
Accrued expenditure	FLAC	84,302	26,625
Sundry creditors	FLAC	196	19
Payables from non-exchange transactions			
Staff bonuses	FLAC	1,142	1,131
Other creditors	FLAC	188	6
Total financial liabilities		<u>90,012</u>	<u>32,583</u>

Summary of financial liabilities:

Financial liabilities at amortised cost (FLAC):

Trade creditors	4,184	4,800
Accrued expenditure	84,302	26,625
Sundry creditors	196	19
Staff bonuses	1,142	1,131
Other creditors	188	6
Total Financial Liabilities	<u>90,012</u>	<u>32,583</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

36 FINANCIAL INSTRUMENTS (continued)

36.2 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.

	2020/21 R'000	2019/20 R'000
<u>Gearing ratio</u>		
The gearing ratio at the end of the reporting period was as follows:		
Debt	124,696	62,346
Equity	<u>2,957,148</u>	<u>2,797,755</u>
Debt to equity ratio	<u>4%</u>	<u>2%</u>

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.

36.3 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.

36.4 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.

36.5 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 BB 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.

36.6 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.

	2020/21 R'000	2019/20 R'000
Maximum credit risk exposure		
Finance lease receivables (non-current portion)	759,765	722,110
Cash and cash equivalents	1,751,694	1,628,686
Receivables from exchange transactions	39,059	31,228
Receivables from non-exchange transactions	22,965	13,512
Finance lease receivables (current portion)	116,134	131,785
	<u>2,689,615</u>	<u>2,527,320</u>

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

Financial assets past due

Receivables from Exchange Transactions:

More than 30 days and not more than 60 days	2,466	551
More than 60 days and not more than 90 days	1,371	1,842
More than 90 days and not more than 120 days	6,071	2,773
Total	<u>9,908</u>	<u>5,166</u>

Financial assets past due

Receivables from Non-exchange Transactions:

More than 30 days and not more than 60 days	-2	14
More than 60 days and not more than 90 days	-2	76
More than 90 days and not more than 120 days	445	598
Total	<u>440</u>	<u>688</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

36 FINANCIAL INSTRUMENTS (continued)

36.7 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
2020/21			
<i>Non-interest bearing:</i>			
Payables from non-exchange transactions	8,502	-	-
<i>Variable interest rate instruments:</i>			
Payables from exchange transactions	89,703	-	-
	<u>98,205</u>	<u>-</u>	<u>-</u>
2019/20			
<i>Non-interest bearing:</i>			
Payables from non-exchange transactions	2,799	-	-
<i>Variable interest rate instruments:</i>			
Payables from exchange transactions	37,250	-	-
	<u>40,047</u>	<u>-</u>	<u>-</u>

36.8 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.

37 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

37.1 Unauthorised expenditure

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

37.2 Fruitless and Wasteful expenditure

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

37.3 Irregular expenditure

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

38 GOING CONCERN

A going concern is the assumption that GMT will continue to operate for the foreseeable future, which is usually regarded as at least the next 18 months from the reporting date, however not limited to this timeframe. This assumption implies that the GMT will meet its financial obligations and that there are no material uncertainties related to events or conditions that may cast significant doubt upon GMT's ability to continue as a going concern.

38.1.1 GOING CONCERN ASSESSMENT IN THE CONTEXT OF THE COVID-19 PANDEMIC

At the 31 March 2021 reporting date, the going concern assessment of GMT must be evaluated in the context of the prevailing COVID-19 pandemic. The impact, extent and duration of the COVID-19 pandemic is uncertain and dependent on the COVID-19 spread and the impact thereof on GMT. The going concern evaluation is done for a period of 18 months from the reporting date (i.e. up to 30 September 2022) considering all available information based on management's judgement.

GMT as a trading entity is self funded, thus does not receive any funding allocations.

The following factors are considered by management in the context of the pandemic to determine the relevance of the going concern assumptions for which the financial statements were prepared on the 31 March 2021 reporting date:

38.1.2 *Stable and expanding client base*

GMT has a well established client base with a footprint in the National and Provincial government sphere. The demand for the service offering of GMT remained stable from 31 March 2021 to subsequent periods up to the submission date of the financial statements. GMT is experiencing an increase in the number of vehicles allocated to a National client institution and tariffs are generated from these vehicle allocations.

All active client institutions as at 31 March 2021, remained in the service offering of GMT for the subsequent period. This situation is expected to remain unchanged in the foreseeable future to managements best knowledge.

38.1.3 *Sound financial standing*

GMT is a trading entity under the administration of the Department of Transport and Public Works. The entity must recover the costs associated to offering mobility solutions in the forms of services and goods through tariff charges. It is imperative that the entity maintains a position of sound financial standing to ensure that it is able to meet its operational and capital obligations during the foreseeable future.

GMT is an asset orientated organisation, with its primary value chain activities focused on the provision of mobility solutions in vehicle fleet management. Management determined that liquidity, solvency and ratios indicative of its working capital management are pivotal in the assessment of the entity continuing as a going concern. On 31 March 2021, the liquidity (cash to total liabilities) and solvency (total assets to total liabilities) ratios are multiples of that of industry standards. The entity has sufficient funding to settle its liabilities and commitments.

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 completed in terms of s40 of the PFMA, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

38.1.4 *Budget*

The budget for 2020/21 was tabled and accepted. This three-year Medium Term Revenue and Expenditure Framework is to support the on-going delivery of services to clients. The entity's budget is subjected to an assessment process. The budget is cash backed.

38.1.5 *Revenue, cost base, and working capital management*

GMT was able to realise a surplus for the year ended 31 March 2021 as reflected on the Statement of Financial Performance. The annual tariff adjustment for the 2020/21 financial year was approved on 2 April 2020 by the Provincial Treasury. The kilometer tariffs are adjusted on a monthly basis with the fluctuations in the fuel price. This allows GMT to aligned the funding requirements for operating expenditure to its revenue earnings. The settlement of the tariffs are contained in the Services Levels Agreements which GMT entered with its various client institutions.

Further, GMT manages its working capital management to ensure that cash funds not immediately required are invested at higher interest yields than that offered on its main bank account. It is imperative for GMT to ensure that the revenue earned is converted to cash funds with the shortest possible timeframes. Internal control procedures exist and will continue to be applied to ensure that client debts are collected in the shortest possible timeframe. In addition, that liabilities are settled within the agreed timeframes. Further, GMT's exposure to liabilities are limited to amounts payable arising from the acquisition of goods and services.

38.1.6 *Alignment to the GMT Strategic Plan 2020/21 to 2024/25*

The GMT Strategic Plan for the period 1 April 2020 to 31 March 2025 was signed off by the Executive Authority during March 2020. The Strategy contains various themes across focus areas to support the entity's core mandate to deliver effective fleet management services to its client institutions.

Various initiatives are planned for the Strategic Plan period which includes the development of technology, development of regional hubs, reviewing financial and governance frameworks and other aspects for the development of mobility solutions. Management's intent with these initiatives remained unchanged since the reporting date, reflecting that the entity intends to continue its operating activities. These activities are further detailed in the entity's Annual Performance Plan for 2020/21 and resource allocation to achieve these initiatives.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

38 GOING CONCERN (continued)

38.1.7 *Tariff structures*

GMT has the power to charge daily and kilometers tariffs for goods and services rendered. These tariffs are known and accepted.

38.1.8 *Alternative revenue sources*

GMT has various revenue streams consisting from Revenue, Profit on the sale of vehicles and PPE, Interest earned and: Grants and Subsidies Received. These are disclosed on the Statement of Financial Performance and the disclosure notes. The entity does not have an over dependency on the maximising a specific (or combination) of revenue streams. In the context of the above, GMT has an extensive client base which has been trading with the entity for an extensive period of time. GMT generated daily and kilometer tariffs from these client institutions, reflected in the Revenue earned on the Statement of Financial Performance.

Summary:

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the going concern basis. The entity has the intention, positioning and financial standing to continue its operations in providing goods and services to National and Provincial government clients institutions to meet their mobility requirements.

39 CORRECTION OF ERROR 2020/21
R'000

39.1 STATEMENT OF FINANCIAL PERFORMANCE

39.1.1 ADMINISTRATIVE EXPENSES (note 20)

Reallocation of motor vehicle license fees to operating expenditure.

Total previously reported as at 31 March 2020: 24,627

Remove:

Component	Detail	
Motor vehicle license fees	Motor vehicle license fee expenditure was reallocated from Administrative expenditure to Operating expenditure. This is to reflect the expenditure as part of the core business of GMT during the rendering of mobility solutions.	(4,393)

Restated total as at 31 March 2020 20,234

39.1.2 OPERATING EXPENDITURE (note 22)

Reallocation of motor vehicle license fees to operating expenditure.

Total previously reported as at 31 March 2020: 326,936

Add:

Component	Detail	
Motor vehicle license fees	Motor vehicle license fee expenditure was reallocated from Administrative expenditure to Operating expenditure. This is to reflect the expenditure as part of the core business of GMT during the rendering of mobility solutions.	4,393

Restated total as at 31 March 2020 331,329

39.2 STATEMENT OF CASH FLOWS

39.2.1 CASH FROM OPERATING ACTIVITIES

39.2.1.1 CHARGES FOR SERVICES PROVIDED

Exclusion of non-cash transactions according to GRAP 2 par 44 and correction of payments received in advance previously included in suppliers paid.

Total previously reported as at 31 March 2020: 689,339

Add:

Component	Detail	
Interest earned from Finance Lease Receivables	Less: Interest earned from Finance Lease Receivables which is a non-cash transaction.	(308,813)
Receivables from Exchange transactions	Less: Adjustment for daily tariffs included in the finance lease receivables as at 31 March 2020 (note 12.1)	(14,378)
Receivables from Exchange transactions	Add: Adjustment for daily tariffs included in the finance lease receivables as at 31 March 2019 (note 12.1)	7,332
Payables from Exchange transactions	Less: Payments received in advance as at 31 March 2019	-
Payables from Exchange transactions	Add: Payments received in advance as at 31 March 2020	5,804

Restated total as at 31 March 2020 379,284

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

39.2.1.2 SUPPLIERS PAID

2020/21
R'000

Reallocation of motor vehicle license fees to operating expenditure and exclusion of non-cash transactions according to GRAP 2 par 44 and correction of payments received in advance against charges for services provided.

Total previously reported as at 31 March 2020: (290,675)

Add:

Component	Detail	
Motor vehicle license fees	Motor vehicle license fee expenditure was reallocated from Administrative expenditure to Operating expenditure. This is to reflect the expenditure as part of the core business of GMT during the rendering of mobility solutions.	(4,393)

Add:

Component	Detail	
Loss on Finance Lease Receivables	Add Loss on Finance Lease Receivables which is a non-cash transaction.	(34,354)
Payables from Exchange transactions	Add: Payments received in advance as at 31 March 2019	-
Payables from Exchange transactions	Less: Payments received in advance as at 31 March 2020	(5,804)

Restated total as at 31 March 2020 (335,227)

39.2.1.3 OTHER PAYMENTS

Reallocation of motor vehicle license fees to operating expenditure.

Total previously reported as at 31 March 2020: (207,998)

Add:

Component	Detail	
Motor vehicle license fees	Motor vehicle license fee expenditure was reallocated from Administrative expenditure to Operating expenditure. This is to reflect the expenditure as part of the core business of GMT during the rendering of mobility solutions.	4,393

Restated total as at 31 March 2020 (203,605)

39.2.2 CASH FROM INVESTING ACTIVITIES

39.2.2.1 FINANCE LEASE RECEIVABLES

Exclusion of non-cash transactions from cash from investing activities according to GRAP 2.44 and disclosure of loans made to client institutions and cash receipts from finance lease receivables according to GRAP 2.17 (e) and GRAP 2.17 (f).

Total previously reported as at 31 March 2020: (12,890)

Add:

Component	Detail	
Interest earned from Finance Lease Receivables	Add: Interest earned from Finance Lease Receivables which is a non-cash transaction.	308,813
Receivables from Exchange transactions	Less: Adjustment for daily tariffs included in the finance lease receivables as at 31 March 2020 (note 12.1)	14,378
Receivables from Exchange transactions	Add: Adjustment for daily tariffs included in the finance lease receivables as at 31 March 2019 (note 12.1)	(7,332)
Loss on Finance Lease Receivables	Add Loss on Finance Lease Receivables which is a non-cash transaction.	34,354

Restated total as at 31 March 2020 337,323

Represented by:

Vehicles allocated to client institutions	(73,539)
Cash receipts from Finance Lease Receivables	410,862
	337,323

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

39.3 RELATED PARTY DISCLOSURES 2020/21
R'000

39.3.1 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:

Revenue and expenditure (note 35.1.2.1)

During 2019/20 reimbursive income was disclosed under revenue. Reimbursive income does not constitute revenue as per GRAP 1 as there is no gross inflow of economic benefits or service potential during the reporting period and no increase in the net assets for reimbursive income. In addition, there is no decrease in the economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences of liabilities that result in the decrease in net assets for payments made associated to the reimbursive transactions. These transactions were thus restated and disclosed as Other receipts, payments and balances receivable or due.

Total revenue previously reported as at 31 March 2020: 152,720

Add:

Component	Detail	
Reimbursive income	Reimbursive income is not contemplated to be Revenue in terms of GRAP and therefore separately disclosed under Other receipts, payments and balances receivable or due	(45,292)

Restated total as at 31 March 2020 107,428

Other receipts and balances receivable

Total previously reported as at 31 March 2020: -

Add:

Receipts and balances receivable

Component	Detail	
Reimbursive income	Reimbursements for mobility solutions	901
Reimbursive income	Reimbursements for settlement of tracking and related services	31,547
Receivables from non-exchange transactions - Sundry Debtors	Reimbursements for settlement of tracking and related services	12,844

Restated total of other receipts and balances receivable on 31 March 2020 45,292

Other payments and balances due

Total previously reported as at 31 March 2020: -

Add:

Other payments and balances due

Component	Detail	
Reimbursive expenses	Reimbursements for mobility solutions	(901)
Reimbursive expenses	Reimbursements for settlement of tracking and related services	(33,245)
Payables from exchange transactions - Accrued expenditure	Reimbursements for tracking and related services	(11,147)

Restated total of other payments and balances due on 31 March 2020 (45,292)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

39.4 INTANGIBLE ASSETS

39.4.1 Intangible assets (note 8)

During 2019/20, the cumulative expenditure recognised in the carrying value of intangible assets which are in the process of being developed was not disclosed separately.

	Restated 2019/20 R'000	Previously reported 2019/20 R'000
INTANGIBLE ASSETS		
Net Carrying value at beginning of the year	92,454	92,454
Cost	172,233	172,233
Cost - Software Applications	28,118	28,118
Costs - Internal assets under development	50,607	-
Cost - Internal Development	93,508	144,115
Accumulated Impairment losses	-	-
Accumulated Amortisation	(79,779)	(79,778)
Accumulated Amortisation - Software Applications	(12,045)	(12,045)
Accumulated Amortisation - Internal Development	(67,734)	(67,733)
Internal Development - Cost capitalised	652	2,507
Intangible assets under development	1,855	-
Amortisation during the year	(9,045)	(9,045)
Software Applications	(1,259)	(1,259)
Internal Development	(7,786)	(7,786)
Impairment losses	(24)	(24)
Net Carrying value at end of the year	85,894	85,894
Cost	174,740	174,740
Cost - Software Applications	28,118	28,118
Costs - Internal assets under development	52,462	-
Cost - Internal Development	94,160	146,622
Accumulated Impairment losses	(24)	(24)
Accumulated Amortisation	(88,823)	(88,824)
Accumulated Amortisation - Software Applications	(13,304)	(13,304)
Accumulated Amortisation - Internal Development	(75,519)	(75,519)
<u>Breakdown between systems:</u>		
<u>FleetMan System:</u>		
Net Carrying amount at beginning of the year	8,702	8,702
Cost	47,728	47,728
Costs - Intangible assets under development	10,312	-
Cost - Internal Development	37,416	47,728
Accumulated Amortisation	(39,027)	(39,027)
Accumulated Amortisation - Internal Development	(39,027)	(39,027)
Internal Development - Cost capitalised	652	1,055
Internal assets under development	403	-
Amortisation during the year	(2,446)	(2,446)
Internal Development	(2,446)	(2,446)
Impairment losses	-	(24)
Net Carrying amount at end of the year	7,287	7,287
Cost	48,783	48,783
Costs - Intangible assets under development	10,715	-
Cost - Internal Development	38,068	48,783
Accumulated Impairment losses	(24)	(24)
Accumulated Amortisation	(41,473)	(41,473)
Accumulated Amortisation - Internal Development	(41,473)	(41,473)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	Restated 2019/20 R'000	Previously reported 2019/20 R'000
<u>Oracle Financial System:</u>		
Net Carrying amount at beginning of the year	83,753	83,753
Cost	124,505	124,505
Cost - Software Applications	28,118	28,118
Costs - Intangible assets under development	40,295	-
Cost - Internal Development	56,092	96,387
Accumulated Amortisation	(40,752)	(40,752)
Accumulated Amortisation - Software Applications	(12,045)	(12,045)
Accumulated Amortisation - Internal Development	(28,707)	(28,707)
Internal Development - Cost capitalised	-	1,452
Intangible assets under development	1,452	-
Amortisation during the year	(6,599)	(6,599)
Software Applications	(1,259)	(1,259)
Internal Development	(5,340)	(5,340)
Net Carrying amount at end of the year	78,607	78,607
Cost	125,957	125,957
Cost - Software Applications	28,118	28,118
Costs - Intangible assets under development	41,747	-
Cost - Internal Development	56,092	97,839
Accumulated Amortisation	(47,350)	(47,350)
Accumulated Amortisation - Software Applications	(13,304)	(13,304)
Accumulated Amortisation - Internal Development	(34,046)	(34,046)
Intangible assets in the process of being developed		
Cumulative expenditure recognised in the carrying value of Intangible Assets - computer software internally generated	41,747	-

39.5

PROPERTY, PLANT AND EQUIPMENT

39.5.1

Property, Plant and Equipment (note 7)

Exclusion of vehicles transferred within GMT from Vehicles transferred from Departments to GMT and Vehicles & extras transferred to Departments.

	Previously Reported	Transferred within GMT	Restated
Vehicles transferred from Departments to GMT	34,992	(9,086)	25,906
Cost	69,243	(10,285)	58,958
Accumulated depreciation	(34,251)	1,199	(33,052)
Vehicles & extras transferred to Departments	(82,488)	9,086	(73,402)
Cost	(85,194)	10,285	(74,909)
Accumulated depreciation	2,706	(1,199)	1,507

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

40 CHANGE IN ESTIMATES

40.1 Reassessment of residual values and useful lives of vehicles

Residual values and useful lives of vehicles are annually reassessed and the impact on the depreciation expense in the current- and future periods, on all vehicles purchased in the prior years which were available for use as at 31 March 2020 and 31 March 2021, are as follows.

Depreciation expense

Decrease in the depreciation expense for the year ended 31 March 2021	(756)
Increase in the depreciation expense for future periods after 31 March 2021	3,143
	<u>2,387</u>

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 2021, is as follows:

Revenue

Increase in interest earned on finance lease receivables for the year ended 31 March 2021	36,153
Increase in interest earned on finance lease receivables after 31 March 2021	175,038
	<u>211,191</u>

Amounts receivable under finance leases

Decrease in the present value of finance lease receivables for the year ended 31 March 2021	(43,054)
Increase in the present value of finance lease receivables for future periods, after 31 March 2021	43,054
	<u>-</u>

40.2 Reassessment of useful lives of Intangible Assets

The useful lives of Intangibles assets are annually reassessed and the impact on the amortisation expense in the current period and future periods is as follows:

Depreciation expense:

Decrease in the amortisation expense for the year ended 31 March 2021	(609)
Increase in the amortisation expense for future periods	609
	<u>-</u>

41 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

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

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

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

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

- (i) The assets of the fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for the fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

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

The only obligation of GMT with respect to the pension fund is to make the specified contributions. Where employees leave the 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 2018 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 R1,800,068 million as at 31 March 2018 (31 March 2016: R1,629,923 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 2018. The actuarial results of the March 2018 valuation show that the fund is 108,3% funded, i.e. there are sufficient assets to cover the actuarial liabilities in full.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

The following GRAP standards, interpretations and guidelines have been issued but are not yet effective for trading entities and have therefor not been early adopted by GMT:

GRAP 20 Related party disclosures

GRAP 32 Service concession arrangement grantor

GRAP 108 Statutory receivables

GRAP 109 Accounting by principals and agents

GRAP 110 Living and Non-living Resources

IGRAP 17 Service Concession Arrangements where a grantor controls significant residual interest in an asset

The National Minister of Finance announced in Regulation Gazette no 11129 (dated 4 June 2020) the effective dates as indicated next to each standard below.

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 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.	1 April 2021
GRAP 32 – Service Concession Arrangement Grantor	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.	1 April 2021
GRAP 108 – Statutory receivables	This standards deals with receivables that arise from legislation, supporting regulations or similar means and require settlement by another entity in cash or another financial asset. It is unlikely that this standard will be applicable to GMT because GMT's receivables arise from contractual arrangements which are entered into voluntarily by client departments and are not entered into as a result of specific legislative requirements. Contractual receivables, to the extent that they otherwise meet the definition of a financial asset, are within the scope of the Standard of GRAP on Financial Instruments.	1 April 2021
GRAP 109 Accounting by principals and agents	This standard outlines principles to assess whether an entity is party to a principal-agent arrangement. The definition of a principal-agent arrangement refers to an entity acting on behalf of another entity in relation to transactions with third parties. It is unlikely that the entity will enter into any such arrangements in the near future.	1 April 2021
GRAP 110 Living and Non-living Resources	This standard outlines principles for an entity to recognise, present and disclosure living resources and the disclosure of non-living resources. Living resources are defined as resources which undergo a biological transformation. Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. It is unlikely that the entity will enter into any such arrangements in the near future.	1 April 2021
IGRAP 17 Service Concession Arrangements where a grantor controls significant residual interest in an asset	This Interpretation applies to arrangements that have the characteristics of service concession arrangements, i.e. an operator providing a mandated function related to a service concession asset on behalf of a grantor. It is unlikely that the entity will enter into any such arrangements in the near future.	Not yet determined

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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43 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	159,394
Over budgeted income and expenses	
Financing through own funds	150,000
<i>Over/under spending of approved budget:</i>	
<i>Revenue</i>	
Over budgeted revenue from daily tariffs for permanently allocated vehicles subject to finance leases	20,469
Over budgeted interest income from bank accounts and accounts receivable	25,977
Under budgeted on Government grants and subsidies received	(1,231)
Over budgeted Other income	22,140
Under budgeted services in-kind revenue	(2,312)
<i>Expenditure</i>	
Over budgeted Administrative expenditure	(1,178)
Over budgeted Employee costs	(17,836)
Over budgeted Operating expenditure	(27,228)
Over budgeted Depreciation	(1,077)
Over budgeted Amortization	(329)
Over budgeted Accident and impairment losses	(241)
Over budgeted Operating lease expenditure	(2,413)
<i>Surplus per approved budget</i>	<u>324,134</u>

Refer to the Statement of Comparison between Budget and Actual amounts for explanations of variances between budget and actual amounts.

44 BROAD BASED BLACK ECONOMIC EMPOWERMENT PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

Accounting Policies

for the year ended 31 March 2021

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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

- Useful lives and residual values of property, plant and equipment (PPE)

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

Accounting Policies

for the year ended 31 March 2021

➤ Impairment of property, plant and equipment, intangible assets and heritage assets

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.

➤ 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.

Accounting Policies

for the year ended 31 March 2021

➤ 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.

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 other 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.

Accounting Policies

for the year ended 31 March 2021

5.2. Revenue from exchange transactions

5.2.1 Daily and kilometre tariffs

Revenue arising from the rendering of services, as well as related expenses is recognised according to the stage of completion of the transaction at the reporting date. Revenue from daily tariffs are calculated and charged against user departments over the estimated useful life cycle of vehicles to enable GMT to replace the vehicle at the end of its life cycle and to cover GMT overheads. Revenue is also charged against user departments for all kilometres covered in GMT vehicles according to a tariff per classification code of the vehicle to cover the maintenance and running costs of the fleet.

5.2.2 Interest earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is recognised in the statement of financial performance:

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

5.2.3 Sale of goods

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

- 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 subsidies received

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.

Accounting Policies

for the year ended 31 March 2021

5.3.1 Government grants and subsidies received

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.

5.3.2 Services in-kind

The entity recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity discloses the nature and type of services in-kind received during the reporting period.

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.

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.

Accounting Policies

for the year ended 31 March 2021

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) and GMT contributes 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;
- Any regulation made in terms of the PFMA; or
- Any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure is recorded in the notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impractical to determine, in which case reasons therefore are provided in the notes. Irregular expenditure is removed from the note when it is either condoned by the relevant authority, or is written off.

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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 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.

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 items are initially recognised at their historical cost on their 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.

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)

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.

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8.4. Derecognition of property, plant and equipment

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

The gain or losses arising from derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

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

8.5. Impairment

The impairment of cash generating and non-cash generating assets 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.

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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 2004 which is considered to be the date when the asset was available for use. Intangible assets are not revalued. The carrying amount of the FleetMan system is reviewed annually and adjusted for impairment, where it is considered necessary.

Oracle financial system

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

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 14 to 17 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 (17 years)
- Oracle financial system: Straight-line (14 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.

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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 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.

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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.

11.2. Impairment of non-cash generating assets

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

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

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

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

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

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

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

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

12. Leasing

Classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity. The classification of a lease depends on the substance of the transaction rather than the form of the contract. The following are situations where the lease would normally be classified as a finance lease:

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

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

12.1. GMT as Lessee

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.

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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 of stationery and decals. These are current assets to be consumed during the rendering of vehicle fleet services. Inventories are initially recognised at cost. Cost generally refers to the purchase price and other costs incurred in bringing the inventories to their present location and condition.

The historical cost of inventory includes:

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

13.2. Subsequent measurement

Consumables store are valued at the lower of cost and current replacement cost (the cost the entity would incur to acquire the asset on the reporting date). In general, the basis of determining cost is the weighted average cost of commodities.

13.3. Derecognition

Inventories are derecognised when the inventory is used in the rendering of vehicle fleet services. The expenditure is recognised in the Statement of Financial Performance when the stationery and decals are consumed during the rendering of these services.

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.

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

A financial asset is any asset that is a cash or contractual right to receive cash. GMT has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Finance lease receivables;
- Trade receivables from exchange transactions;
- Trade receivables from non-exchange transactions;
- Cash and cash equivalents; and
- Current portion of finance lease receivables.

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

Type of financial asset	Classification in terms of GRAP 104
Finance lease receivables	Financial assets at amortised cost
Cash and cash equivalents	Financial assets at amortised cost
Trade receivables from exchange transactions	Financial assets at amortised cost
Trade receivables from non-exchange transactions	Financial assets at amortised cost
Current portion of finance lease receivables	Financial assets at amortised cost

Cash includes cash on hand 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.

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Financial liabilities

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

- 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
Unspent conditional grants and receipts	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 assets 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 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.

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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 in terms of which 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 period 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.

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Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the Annual Financial Statements. A contingent liability is defined as a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

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

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

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.

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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 linked to salary levels on the staff structure as the substance of the planning, directing and controlling activities these staff fulfil will govern the input provided by officials appointed on lower salary levels. Staff appointed with GMT at Salary Level 11 and above are considered to meet the definition of key management personnel.

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.

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.

23. Grants and subsidies paid

GMT transfers surplus funds and alienate vehicles to other sectors of government from time to time. When making these transfers, GMT does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

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