



Western Cape
Government



Department of Transport and Public Works

Annual Report 2021/22

Government Motor Transport



**Western Cape
Government**

**Government Motor Transport
Trading Entity**

Vote 10

**Annual Report
1 April 2021 to 31 March 2022**

**Department of Transport and Public
Works
Western Cape Government**

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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
AGSA	Auditor-General of South Africa
AIDS	Acquired Immunity Deficiency Syndrome
AO	Accounting Officer
App	Mobile application
APP	Annual Performance Plan
ASB	Accounting Standards Board
BAS	Basic Accounting System
BB-BEE	Broad-based black economic empowerment
BCP	Business Continuity Plan
BEV	Battery-powered EV
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
COE	Cost of employment
COTO	Committee of Transport Officials
CSC	Corporate Services Centre (DotP)
CSD	Central Supplier Database
DCGIP	Departmental Corporate Governance Improvement Plan
D:ERM	Directorate Enterprise Risk Management (DotP)
DotP	Department of the Premier
DORA	Division of Revenue Act (annual)
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
DTIC	Department of Trade, Industry and Competition
DTPW	Department of Transport and Public Works
EE	Employment equity
EHW	Employee health and wellness
EHWP	Employee Health and Wellness Programme
eNATIS	National Traffic Information System
EMS	Emergency Medical Services
EPS	Electronic Procurement System
EPWP	Expanded Public Works Programme
ERM	Enterprise risk management
ERMCO	Ethics and Enterprise Risk Management Committee
ERP	Enterprise resource planning
EV	Electric vehicle
FleetMan	Fleet Management ERP System
GMT	Government Motor Transport trading entity
GRAP	Generally recognised accounting practice

HCT	HIV and AIDS counselling and testing
HIV	Human Immunodeficiency Virus
ICE	Internal combustion engine
ICT	Information and communication technology
IFMS	Integrated Financial Management System
IESBA	International Ethics Standards Board for Accountants
IGRAPs	Interpretation of Standards of GRAP
ISAs	International Standards on Auditing
IT	Information technology
ITH	Intelligent Transport Hub
IYM	In-year monitoring
LRA	Labour Relations Act, 1995
LOGIS	Logistical Information System
MEC	Member of the Executive Council
MPC	SARB Monetary Policy Committee
MSaaS	Mobility solutions as a service
MTEC	Medium-Term Expenditure Committee
MTP	Massive Transformative Purpose
NDP	National Development Plan
NQF	National Qualifications Framework
OEM	Original equipment manufacturer
PAA	Public Audit Act, 2004
PaaS	Platform as a service
PAC	Provincial Assessment Centre, DoTP
PAIA	Promotion of Access to Information Act, 2000
PAJA	Promotion of Administrative Justice Act, 2000
PERMIS	Performance Management Information System
PERMPS	Provincial Enterprise Risk Management Policy and Strategy
PERSAL	Personnel and Salary System
PFMA	Public Finance Management Act, 1999
PFS	Provincial Forensic Services
PILIR	Policy and Procedure on Incapacity and Ill Health Retirement
POC	Proof of concept
POPI	Protection of Personal Information Act, 2021
PPE	Property, plant and equipment
PPFA	Preferential Procurement Policy Framework Act, 2000
PPRs	Preferential Procurement Regulations
PSCBC	Public Service Coordinating Bargaining Council
PSRMF	Public Sector Risk Management Framework
PSP	Provincial Strategic Plan
R&D	Research and development
RWOPS	Remunerative Work Outside the Public Service (application)
SaaS	Software as a service
SARB	South African Reserve Bank

SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SHERQ	Safety, health, environment, risk and quality
SL	Salary Level
SMS	Senior Management Service
SPW	Supply Procurement World
STI	Sexually transmitted infection
TB	Tuberculosis
TOR	Terms of reference
VIP	Vision Inspired Priority/ very important person
WCG	Western Cape Government
WCBD	Western Cape Bid Document
WCSEB	Western Cape Supplier Evidence Bank

3 Foreword by the Provincial Minister

CO-CREATING CITIZEN WELL-BEING THROUGH MOBILITY SOLUTIONS

I am pleased to present the Annual Report of Government Motor Transport (GMT) for the period 1 April 2021 to 31 March 2022. The purpose of this report is to provide a summary of GMT's achievements, as well as the risks and challenges that were faced by the trading entity over the past financial year.

During 2021/22, GMT achieved an "unqualified with no findings" audit outcome for the tenth 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.

During the State of the Province Address on 15 February 2022, Premier Alan Winde announced that the infrastructure elements of the Department of Transport and Public Works (DTPW) and the provincial Department of Human Settlements would be merged into a new Department of Infrastructure, and that the mobility elements of DTPW would be taken into a new Department of Mobility. Work is set to continue during the 2022/23 financial year to bring the envisaged benefits of these strategically focused departments to fruition. I wish the Provincial Minister for Mobility Daylin Mitchell well in this role and have no doubt that he will make a significant contribution to the service delivery objectives of the Western Cape Government (WCG) to improve the lives of the province's citizens.

As an entity providing mobility solutions to provincial and national client institutions and entities, GMT has direct experience of the adverse effects of the disruptions in global supply chains caused by COVID-19 and the war in Ukraine, including shortages of vehicle makes and models resulting from shortages of the micro-processors that are critical components of motor vehicles. GMT continues to adapt its operations to manage vehicle acquisition delays.

Increases in commodity prices, surges in inflation and the weakening exchange rate resulted in increases in service delivery costs. Fuel prices are one of GMT's main cost drivers and the fuel expenditure totalled R212.9m in the 2021/22 financial year (2020/21: R140.7m). It is likely that fuel prices will continue to increase in the current economic climate. Grants and subsidies paid in the amount of R150m, and fuel are two of the largest operating expenditure items, accounting for 50.5% of GMT's expenditure in the year under review (2020/21: 48.6%). There have been significant increases in the cost per kilometre, namely:

- Fuel and oil costs – R2.24 (2020/21: R1.72); and
- Maintenance, repairs, fuel and oil costs – R3.31 (2020/21: R2.76).

GMT continually monitors the cost of its services to client institutions by benchmarking its tariffs against those of private rental companies. Figure 1 shows that tariffs charged to

client institutions at the end of March 2022 were 53% to 72% lower than comparative vehicle rentals at private rental companies. Because GMT manages its financial affairs in a prudent manner, it was able to maintain its strong financial position. The figures presented in the Accounting Officer's overview of the financial results (section 4.2) and Part E of this report is evidence of this position. GMT is acutely aware of the fiscal and economic challenges which its client institutions are facing in the wake of the long-term effects of the COVID-19 pandemic. To this end, GMT kept its daily and kilometre tariff charges unchanged from the 2020/21 pricing levels.

GMT's fleet size increased to 5 832 vehicles as at 31 March 2022 (31 March 2021: 5 830 vehicles). During the year under review, GMT disposed of 500 vehicles, with total proceeds of R51.5m (2020/21: 184 vehicles with total proceeds of R17m).

During the year under review, GMT initiated an aggressive strategy aimed at replacing its ageing fleet of vehicles. A total of 1 490 vehicles were ordered during 2021/22 as part of a three-year project which is set to continue to the 2023/24 financial year. Despite the challenges brought about by global shortages in vehicle manufacturing supply chains and limited space at current GMT facilities, the trading entity's team have been working closely with original equipment manufacturers (OEMs) and have made excellent progress in this regard.

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.



TERTUIS SIMMERS

EXECUTIVE AUTHORITY

DEPARTMENT OF TRANSPORT AND PUBLIC WORKS

DATE: 31 August 2022

4 Report of the Accounting Officer

4.1. Overview of operations of the trading entity

During the year under review, GMT 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 2021/22 financial year, GMT continued to navigate the many challenges, uncertainties, risks and added pressures that had an impact on the entity and its client institutions in the wake of the COVID-19 pandemic.

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 2020/21 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 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 for DTPW;
- Integrating GMT systems and reports with transport systems and apps for DTPW (for the Red Dot and Blue Dot taxi services);
- 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 applicable 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 mainly 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 (SARB) Monetary Policy Committee (MPC). To respond to the pandemic, the MPC reduced the prime interest rate several times. The interest yield estimates compared to actual yields for 2021/22 are described in Table 1.

Table 1: Interest yield estimates and actual yields for 2021/22

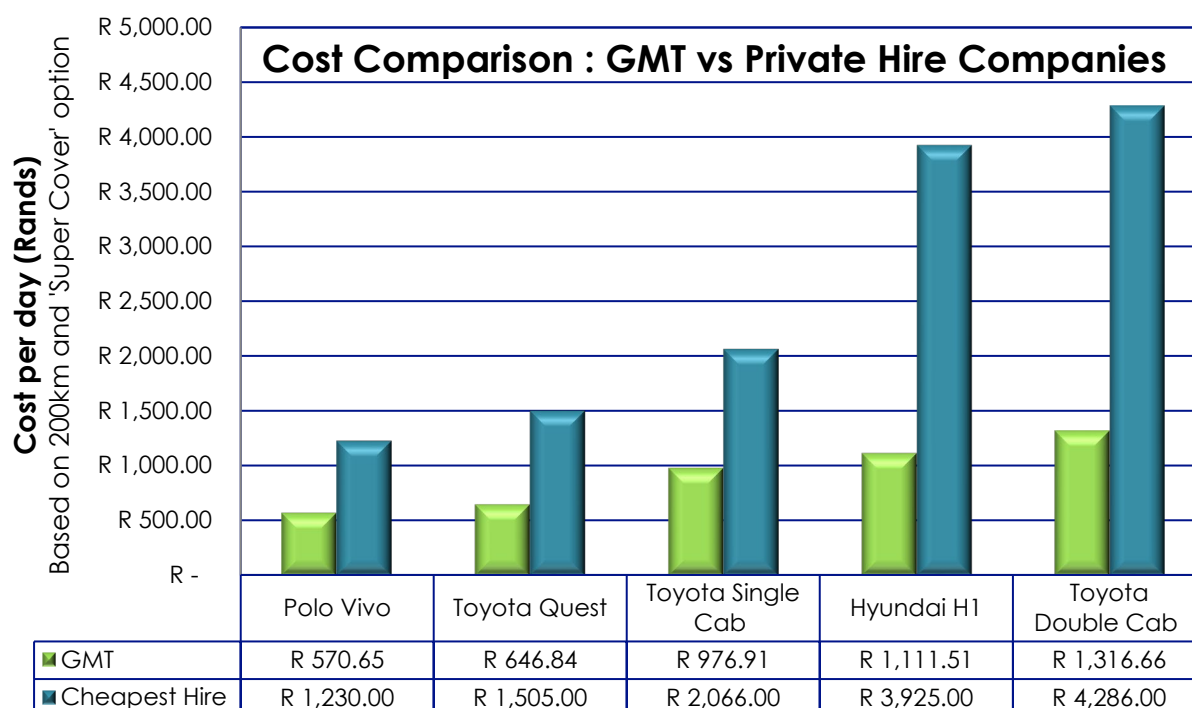
Main bank account estimates:
Actual 3% to 3.75% , estimate 3% to 3.5%; and
Invested funds:
Actual 5.262% , estimate 4.5%



The estimated financial effect of actual interest yields was therefore R18.095m over budget during the year under review.

In order to ensure that the services offered by GMT are competitively priced, the entity's finance team does regular comparisons with private sector vehicle rental companies' pricing. 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 a cost comparison as at 31 March 2022.

Figure 1: GMT pricing compared to private vehicle rental companies' pricing



Note: For illustrative purposes, common makes and models in each category are shown in the graph.

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

- Providing client institution access to the FleetMan system;
- Providing vehicle tracking services and reports for client institutions;
- Providing a fuel management service;
- Providing a toll management service;
- Managing traffic infringements and related fines;
- Providing insurance;
- Providing driver and transport officer training;
- Providing a third party claims management;
- Providing evidence in disciplinary hearings;
- Providing shuttle services to various pick-up points;
- Managing repairs and maintenance;
- Providing very important person (VIP) after-hours support services;
- Not charging booking and administration fees;
- Not charging Value-added Tax (VAT);
- Deeming daily rentals to be 24 hours;
- Providing general hire pool access;
- Making specialised vehicles available; and
- Not placing a hold on bank account funds 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 2021/22 financial year.

Work is underway to give effect to the Premier's Refresh Project announcement in his State of the Province Address that the infrastructure components of the DTPW and the provincial Department of Human Settlements will be merged into a new Department of Infrastructure and DTPW's mobility components will become a new Department of Mobility. These departments will be established on 1 April 2023 and the DTPW will cease to exist on 31 March 2023. The Department is preparing for detailed discussions on the Draft Implementation Plan and a Draft Functional Structure that is under development by the Department of the Premier (DotP). It goes without saying that these changes will have an immense impact on the current operations of the Department and its staff. Personnel matters arising from the Refresh Project will be dealt with in accordance with the Labour Relations Act, 1995, as well as relevant collective agreements. Consultation will take place throughout the process.

The Premier has appointed Tertuis Simmers as Provincial Minister for Infrastructure and Daylin Mitchell as Provincial Minister for Mobility. Interim working and reporting arrangements were put in place which the DTPW is required to follow until the new departments have formally been established.

I am engaging with DotP to obtain clarity on the impact the restructuring will have on business processes, contract commitments, and service delivery across the portfolio of activities.

At the end of the financial year under review, GMT had expected a transfer of some R420 million into its main bank account. This amount comprised the capital investment

together with interest accrued after GMT had invested R400 million with an approved financial institution through the Provincial Treasury. These funds, which are earmarked for the recapitalisation of GMT's ageing fleet, but could not be spent as a result of external factors such as vehicle supply chain shortages and inadequate space at GMT's facilities for processing and fitting of new and withdrawn vehicles. GMT then decided, in consultation with Provincial Treasury, to invest the funds to earn a higher interest yield, than what would have been earned if left in the GMT main bank account. Provincial Treasury was requested to transfer the matured investment back to the GMT main bank account by 28 March 2022, but by 31 March 2022, the funds had still not been transferred.

At the time of writing this report and following engagements and correspondence with Provincial Treasury about the risks to GMT's operations over the MTEF period as a result with Provincial Treasury's withholding of the return of these funds, the funds have still not been returned to GMT.

Electric vehicles

Western Cape Electric Vehicle Strategy

On 13 October 2021, the Provincial Cabinet approved the Western Cape's Electric Vehicle (EV) Strategy. A key cornerstone of the EV Strategy is for GMT and the WCG to become thought leaders in Africa for EVs, and the establishment of critical building blocks towards an EV ecosystem.

The strategy introduces a number of projects to be implemented through collaboration with various stakeholders to facilitate the transition to EVs, stimulate economic growth, contribute to job creation, and achieve the broader Vision-Inspired Priorities (VIPs) of the Western Cape Government.

The strategy is to be implemented over a five-year period divided into three phases:

- The foundation phase of 12 months, during which time collaborative partnerships are to be forged;
- A development phase of 24 months, focusing on the completion of identified projects; and
- A realisation phase of a further 24 months, intended to focus on commercialisation of projects towards the creation of an EV industry in the province.

The realisation of the EV strategy fully supports GMT's three outcomes as articulated in its Strategic Plan 2020-2025, namely:

1. Leaders in mobility solutions (through R&D [research and development]);
2. Greening the fleet; and
3. Satisfied stakeholders.

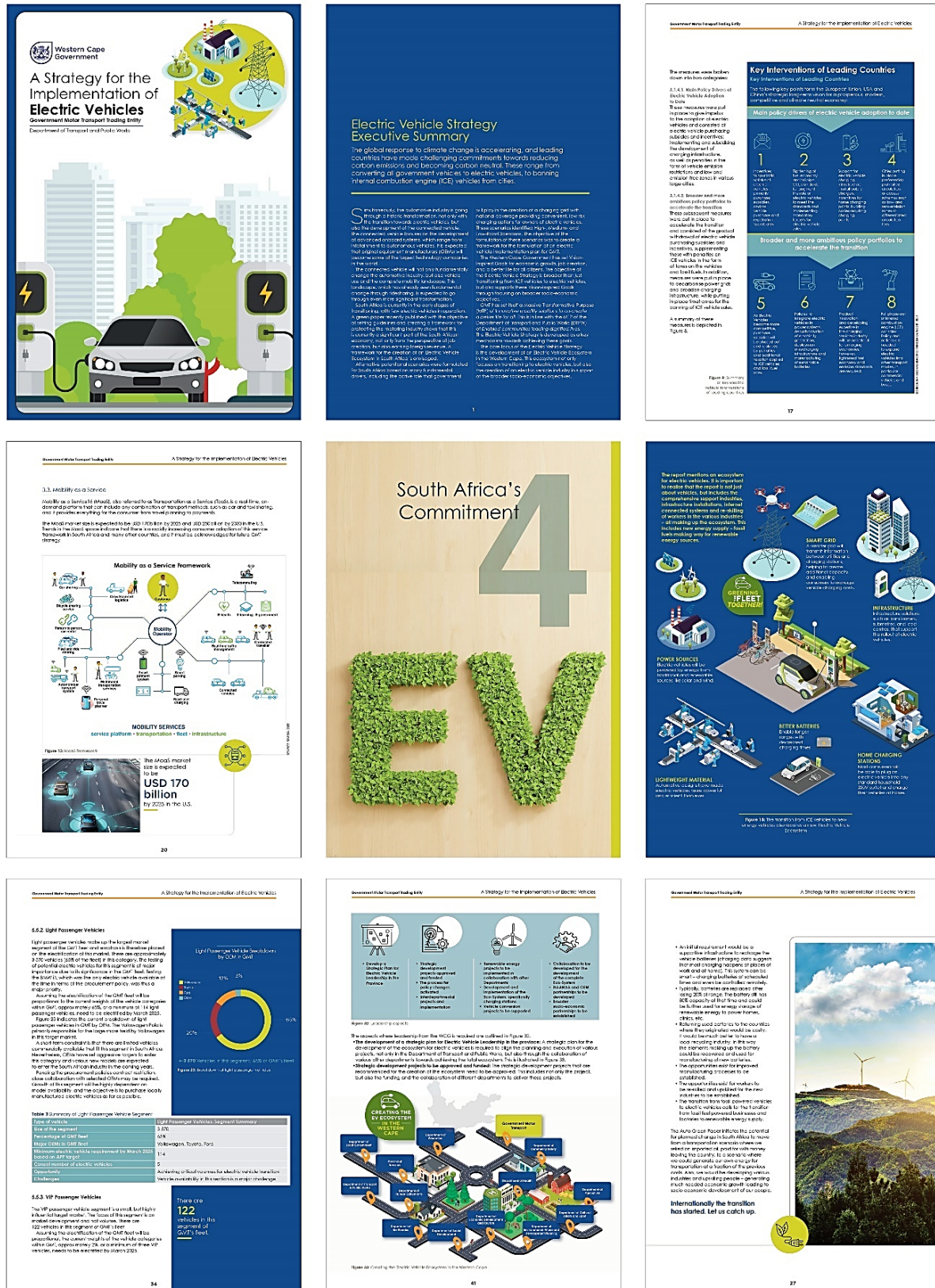
A key outcome of the EV strategy is to position GMT and the WCG as EV thought leaders in Africa by:

- Taking leadership in developing the EV strategy and policies for the Western Cape and influencing and informing national and continental strategies and policies.
- Adopting an agile and innovative approach in swiftly prototyping initiatives and developing these to scale through collaboration and partnerships with stakeholders in government, academia, and the private sector.
- Being both citizen- and client-centric in its approach and desired outcomes.

In deciding to embark on this journey towards EVs, GMT based its rationale on three critical elements, namely:

- i. **Global climate change** and the positive impact that EVs would have on reducing GMT's carbon footprint.
- ii. **Air and environmental pollution**, with the EV strategy taking into consideration aspects such as charging infrastructure that utilises renewable sources of energy, such as solar power; and the repurposing of components of battery-powered electric vehicles (BEVs).
- iii. **Energy efficiency**, with literature showing that EVs are five to six times more efficient than internal combustion engine (ICE) vehicles.

Figure 2: Western Cape's Electric Vehicle Strategy



Source: Government Motor Transport.

In support of two of the critical building blocks identified in the EV strategy, namely the testing and deployment of EVs already in the fleet and the development of charging infrastructure across the province, during a benchmarking exercise to the Eastern Cape, GMT used the opportunity to test the feasibility of using EVs for long distance travel. This exercise provided GMT officials with the opportunity to experience for themselves the challenges that may arise when clients need to recharge EVs in urban and rural environments.

The experience of driving EVs under different conditions also afforded GMT officials the opportunity to identify ancillary initiatives in support of the EV strategy, including the need to train drivers in changing their driving behaviour/ styles when driving an EV rather than an ICE vehicle.



Note: EVs are much more responsive when the accelerator is applied, and the technology built into EVs minimises the need for harsh braking. The speed of driving and topography of the road also impacts on the distance that the EV can cover on a full charge.

Source: Government Motor Transport.

GMT auction sales

During the 2021/22 financial year, the GMT team responsible for the disposal of vehicles reviewed its processes and systems to rapidly increase the number of lots sold. The results were very positive and assisted GMT in maximising the utility of the limited space that it has available for parking of newly acquired vehicles and vehicles withdrawn from service at the end of their useful lives.

Figure 3 provides a summary of the positive trends in the number of lots sold and the revenue generated through the auction sales. Given the negative impact that COVID-19 had on the availability of new vehicles in the market, GMT benefited from the resulting boom in second-hand car prices during its auction sales.

Figure 3: GMT online auction sales 2021 and 2022



GMT – Sale 24

9 September 2021



Event page views: **39 426**



Number of bids: **2 888**



Total sold lots: **108**



Total pay over: **R10 313 100**



GMT – Sale 25

17 November 2021



Event page views: **34 765**



Number of bids: **4 112**



Total sold lots: **149**



Total pay over: **R13 548 411**



GMT – Sale 26

26 January 2022



Event page views: **41 997**



Number of bids: **3 790**



Total sold lots: **135**



Total pay over: **R15 771 723**



Total



Event page views

164 726



Number of bids:

13 642



Total sold lots:

513



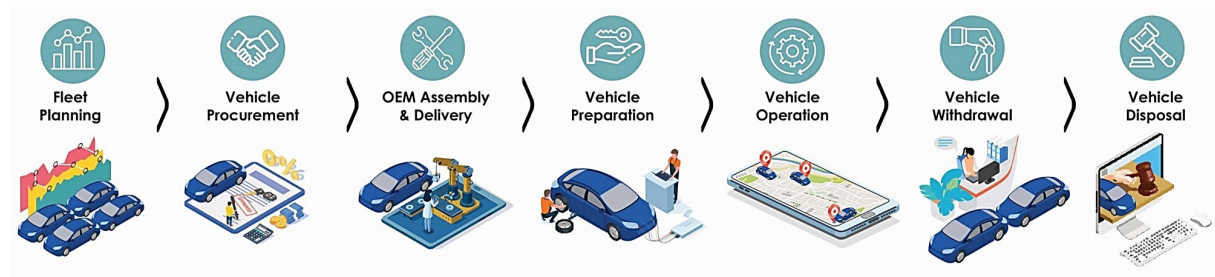
Total pay over:

R50 047 934

Vehicle replacement

One of the top priorities for GMT during the year under review was to accelerate the process of replacing vehicles that had reached the end of their useful lives with new vehicles. While this initiative was constrained by the impact that COVID-19 had on the supply chains of vehicle manufacturers as well as internal factors such as limited parking space at GMT facilities, the teams responsible for vehicle acquisitions and vehicle auctions worked in tandem with the entire GMT vehicle supply chain to renew the fleet for client institutions.

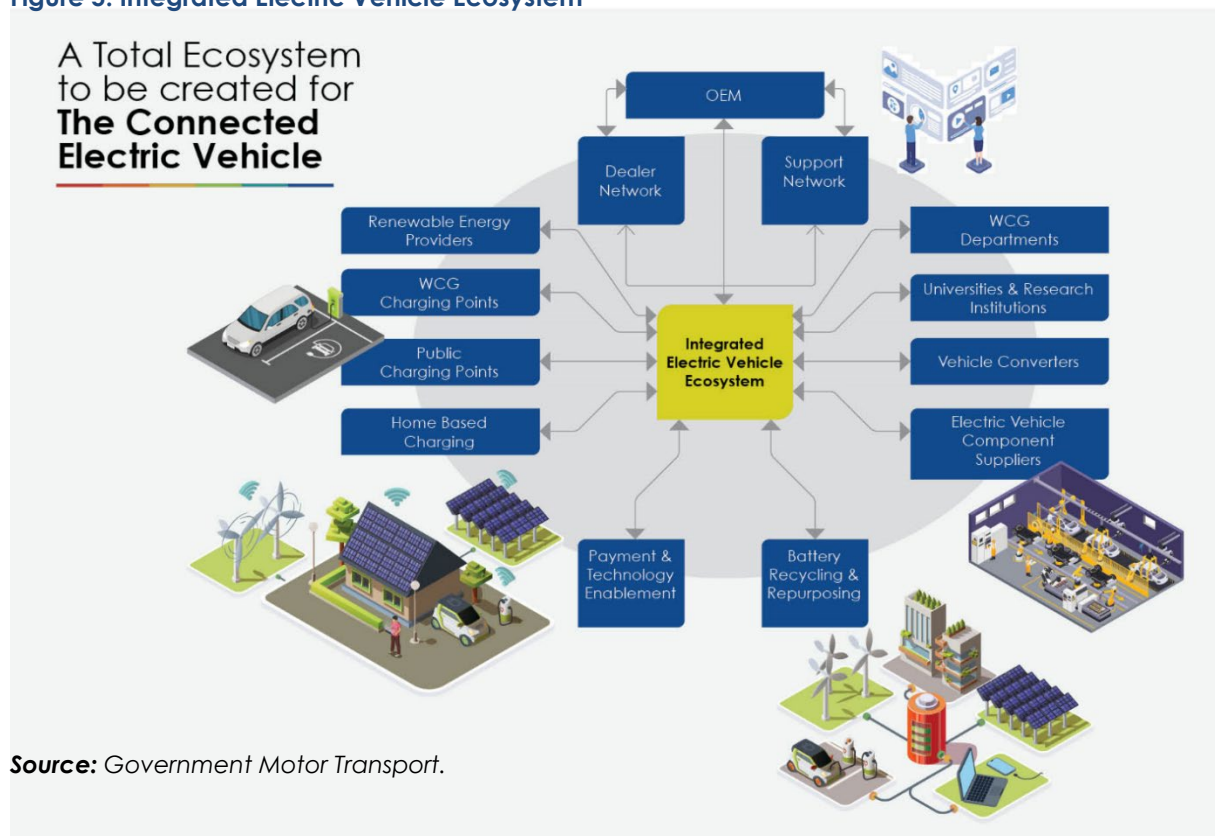
Figure 4: Vehicle Replacement Project – next steps



Source: Government Motor Transport.

The team adopted a phased implementation approach to allow time for the implementation of supply chain improvements for improved vehicle throughput.

Figure 5: Integrated Electric Vehicle Ecosystem



Source: Government Motor Transport.

GMT fully supports the fight against the global COVID-19 pandemic, and therefore accelerated the replacement of vehicles for the Department of Health and Wellness, resulting in the allocation of 97 specialised vehicles:

- **53** ambulances;
- **6** rescue light delivery vehicles;
- **12** service vehicles;
- **20** forensic pathology vehicles; and
- **6** 23-seater HealthNet patient transporters.

A further 118 general purpose vehicles (i.e. sedans and LDVs) for the Department of Health and Wellness were also replaced in the year under review. GMT also accelerated the replacement of a further five Volkswagen Crafter ambulances to support the Emergency Medical Service Vaxi Taxi Project.

Inward and outward benchmarking

Benchmarking initiatives allow GMT to continually improve its service offerings to clients through incorporating best practices and lessons learned from stakeholders in the same “market” and in support of GMT’s aim of being the leader in mobility solutions.

During the year under review, a team from GMT embarked on a benchmarking exercise to the Department of Transport: Government Fleet Management (Eastern Cape), which is also a trading entity. Lessons learned and collaboration opportunities resulting from this benchmarking initiative include:

- Refinements to the format and content of statutory reports;
- Management of relief vehicles for EMS;
- Driver identification technology and processes;
- Vehicle branding policy;
- Financial management and policy; and
- Client needs analysis.

Client engagements

To strengthen GMT’s operational and client liaison functions, GMT officials embarked on a number of visits to client institutions to observe the use of its vehicles by these clients “in the field”. This enabled GMT technical officials to better advise clients on the most suitable vehicles for specific purposes.



Examples of such visits include observing EMS vehicles used for mountain rescue and recovery operations, mobile clinics that are required to navigate poor-quality dirt roads in rural areas, traffic “interceptor” vehicles fitted with in-vehicle technology and operated on national routes, and marine and fisheries enforcement operations in rough terrain along the Western Cape coastline.



Engagement with OEMs

As has already been said, COVID-19 has had an adverse impact on supply chain processes in the vehicle manufacturing sector. A global shortage of micro-processors limited the number of new vehicles that could be manufactured, and GMT engaged with key OEMs such as Volkswagen South Africa to maintain some momentum in replacing vehicles that had reached or exceeded their useful lives.

During these engagements, GMT introduced the Western Cape EV Strategy and sought insights into their plans and timelines for introducing BEVs and hybrid vehicles into the South African market. The OEMs shared their plans for partnering with various stakeholders to establish EV charging infrastructure in South Africa.

World Expo 2020

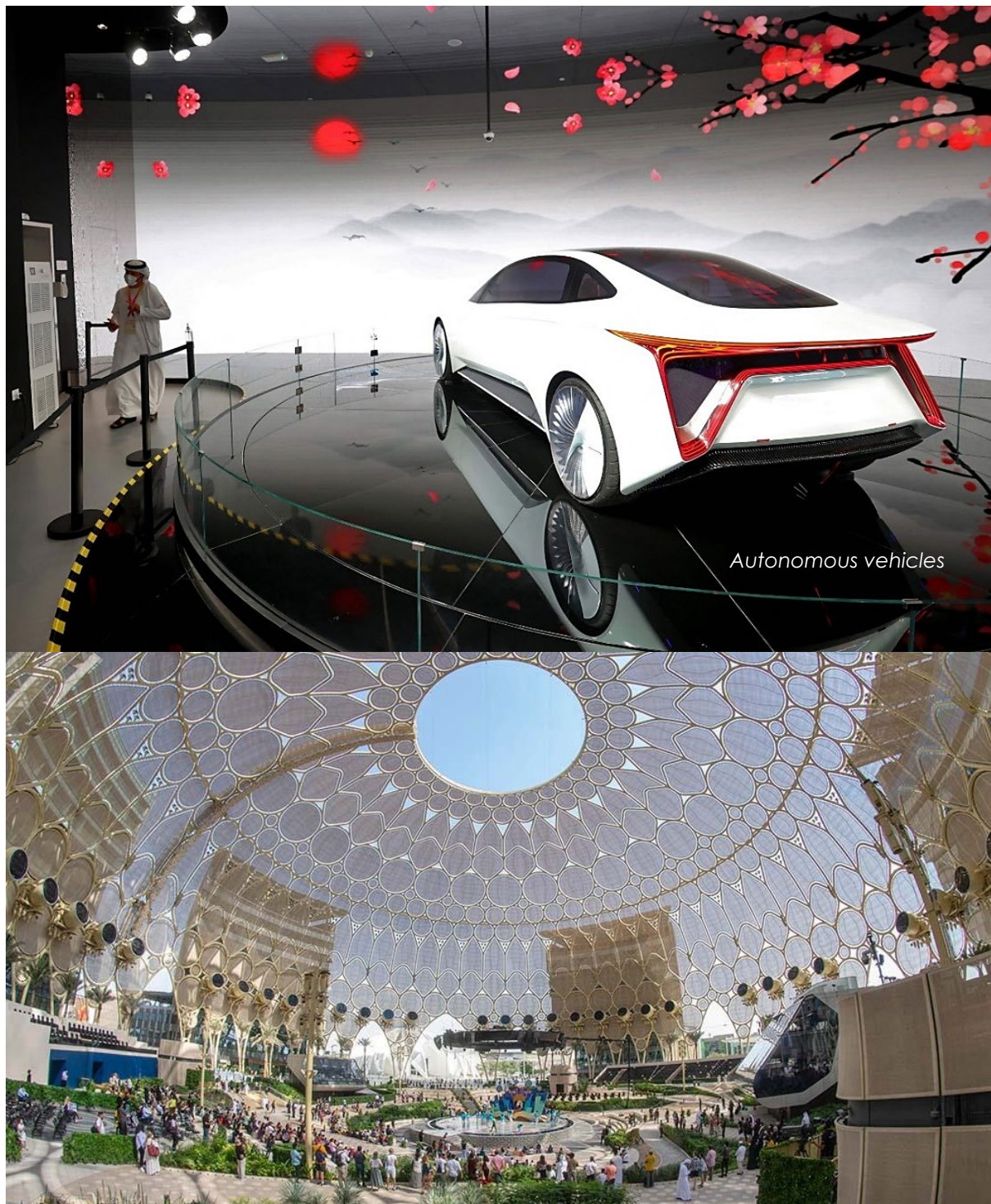
During March 2022, a team of GMT officials attended World Expo 2020 in Dubai (postponed to 2022 because of the COVID-19 pandemic). The theme of the Expo was “**Connecting Minds, Creating the Future**”, and three very relevant subthemes: opportunity, mobility, and sustainability.

This mega-fair attracted visitors from 192 countries. In addition to being exposed to futuristic technological advances, the team also had the opportunity to visit Amazon Web Services and Microsoft to learn about best practices in the mobility space from across the world.



Every experience at the Expo and in the City of Dubai itself reaffirmed that GMT is on the right path with its MTP: to create “**Innovative mobility solutions to co-create a better life for all**”. Figure 6 contains images from the Expo.

Figure 6: Dubai World Expo 2020 images

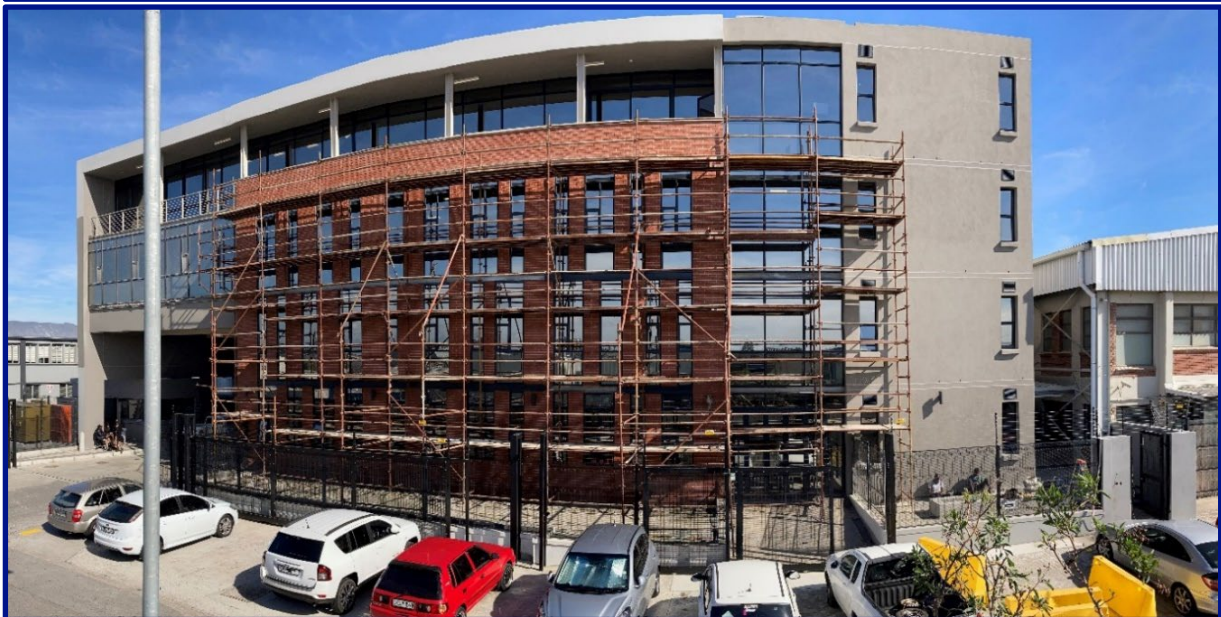


Source: Government Motor Transport.

Accommodation

Rusper Street GMT facility

Completion date scheduled for June 2022.



Photos showing progress of the Rusper Street GMT facility between 1 April 2021 (top) and 31 March 2022 (bottom).

Source: Government Motor Transport.

ICT Roadmap

GMT is on an information and communication technology (ICT) modernisation path aligned to its MTP. At the start of the journey, GMT lifted and shifted all its internal information technology (IT) systems from an on-premises model to a WCG Azure private cloud model. GMT further leveraged Microsoft's Azure services including Data Lake and Power BI (business intelligence) to enable management decision-making dashboard capabilities.

During the year under review, the focus on information security was key as part of the continuous effort to de-risk the ICT environments. The ICT Management Services team performed a security due diligence exercise on the GMT technology stack as well as the cloud hosting environment.

On a GMT enterprise level, using enterprise architecture principles, and in line with the intention to improve secure connectivity and workflows between systems, the ICT Team designed and implemented an Enterprise Integration Platform in the Microsoft Azure cloud.

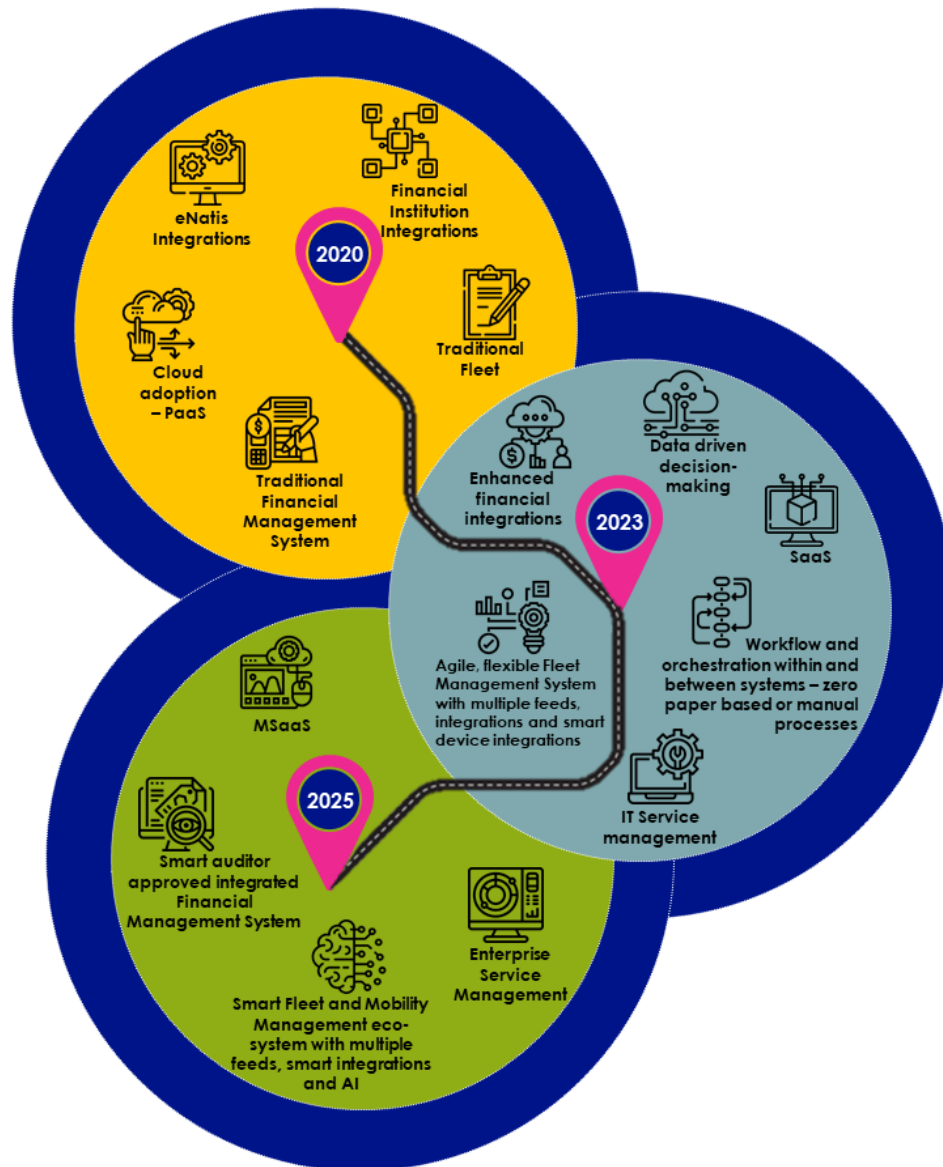
This platform offers specialised software tools that help to design, implement, run, and monitor integration solutions that integrate and orchestrate a set of existing and new applications. GMT can now connect and collaborate securely between internal applications as well as external systems, e.g., the Administration Adjudication of Road Traffic Offences Act (AARTO), Fuel Fraud Management, etc.

Document management was further improved in the year under review, with the following outcomes:

- Training and change management;
- Business process implementation of the newly designed Content folder structure; and
- Records management analysis, business process implementation and GMT Finance Document Management.

Another key focus area was to prove new, faster, smarter and more efficient methods of application development with a view to replace legacy ICT systems. To this end, GMT successfully participated in a number of proofs of concept (POCs) which will lay the foundation for the development of smarter modules in future.

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

The ICT roadmap set out to:

- De-Risk GMT IT infrastructure and connectivity;
- Build information and data capability;
- Build the capability to connect systems to each other in a secure and controlled manner in the cloud;
- Enable smart mobility solutions through the adoption of the appropriate emerging technologies available in this Fourth Industrial Revolution; and
- Enable a smart integrated Financial Management System.

4.2. Overview of the financial results

Statement of financial performance

Revenue

Revenue increased by 11% to R845m during the year under review, compared to R758.1m during 2020/21. The increase is attributed to increases in grants and subsidies received, revenue earned from kilometre charges, interest earned on finance lease receivables as well as profits on the sale of vehicles.

Grants and subsidies received increased by 700% to R9.6m (2020/21: R1.2m). 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 2021/22, more assets were allocated to the departments of Health and Wellness, Agriculture, Police Oversight and Community Safety, and the Western Cape Education Department with the funding received being allocated to the relevant client institutions as unspent conditional grants and receipts.

Revenue earned from kilometre tariffs increased by 23% to R340.7m (2020/21: R277.1m). The gradual easing of National State of Disaster restrictions resulted in an increase in the kilometres driven by client institutions from 2020/21 to 2021/22.

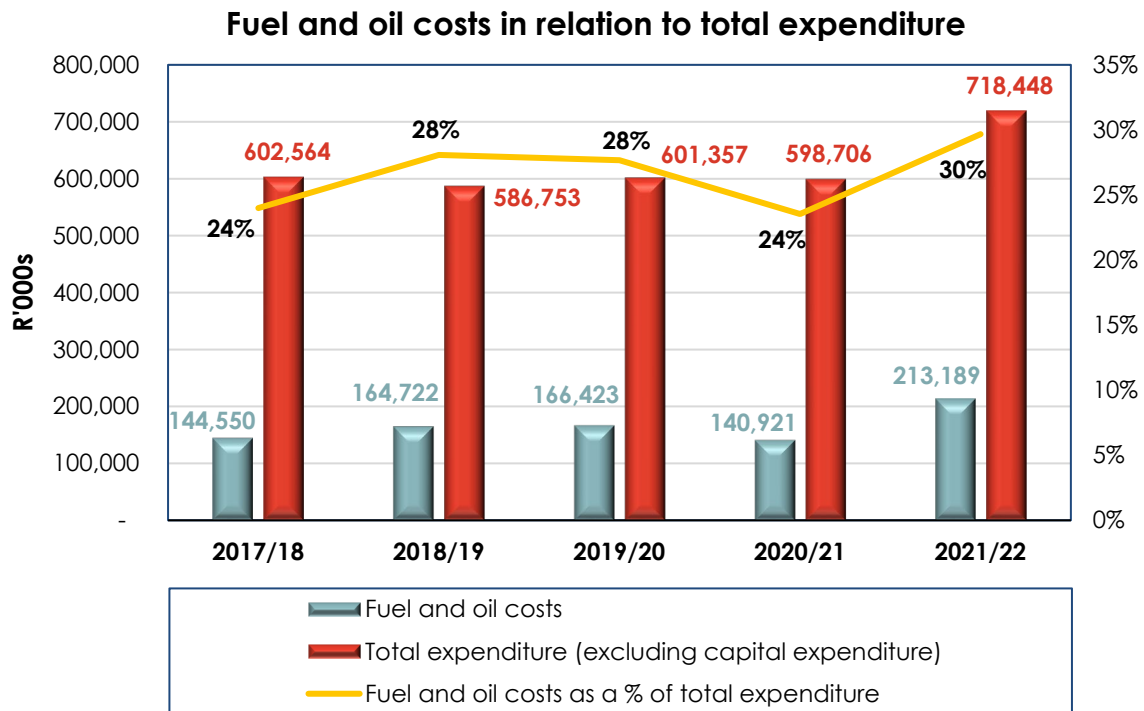
Interest earned on finance lease receivables increased by 10% to R356.5m (2020/21: R322.9m). The increase is the result of higher capital values of vehicles classified as finance lease receivables.

The profit on the sale of vehicles increased by 105% to R7.4m (2020/21: R3.6m). More auctions were held during the reporting period than in 2020/21 due to National State of Disaster restrictions imposed from 15 March 2020. A total of 386 vehicle disposals generated profits during 2021/22 (2020/21: 121).

Expenditure

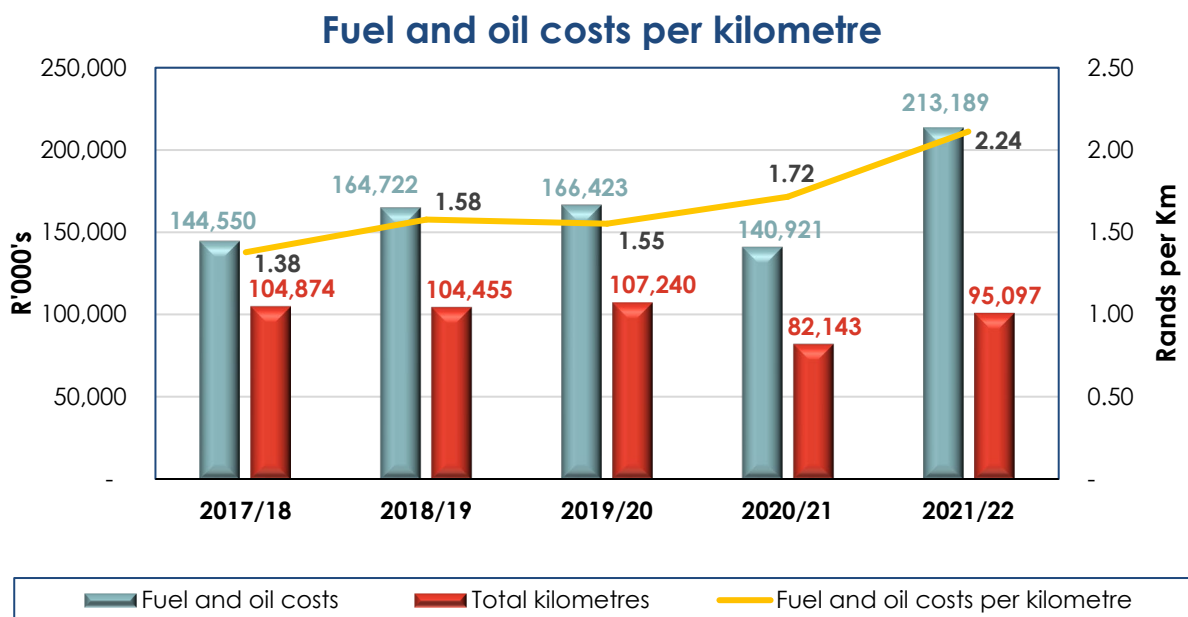
Total expenditure increased by 20% to R718.4m (2020/21: R598.7m). This is mainly due to the increase in operating- and administrative expenditure from the 2020/21 levels.

Figure 8: Fuel and oil costs in relation to total expenditure



As shown in Figure 9, the fuel and oil component of the running costs increased from R140.9m during 2020/21 to R213.1m in 2021/22. This is due to the increase in kilometres travelled and fluctuations in fuel prices during 2021/22.

Figure 9: 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 25% to R1.432bn (2020/21: R1.145bn). The increase is mainly due to increases of R218.6m in the intangible assets due to acquisitions and R91.3m of vehicle additions included under property, plant and equipment.

The carrying value of current assets decreased by 10% to R1.738bn (2020/21: R1.937bn). This decrease is mainly due to decrease in the carrying value of the cash funds which were utilised on the acquisition of intangible assets.

The accumulated surplus increased from R2.957bn on 31 March 2021 to R3.084bn on 31 March 2022.

Cash flow statement

Net cash generated from operating activities decreased by R233.4m (2020/21: net outflow of R84.9m). This is mainly due to the increase in amounts paid to suppliers for various goods and services received during 2021/22.

The net cash outflow from investing activities decreased to R24.5m (2020/21: R207.9m). The cash receipts from finance lease receivables and disposal of PPE resulted in the net cash inflow from investing activities.

Cash utilised through operating and investing activities resulted in a net decrease of R209m (2020/21: net increase of R123m).

4.3. Receipts

GMT's revenue is derived primarily through charging 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 2021/22 and the comparative totals for the previous year are presented in Table 2.

Table 2: Revenue collected

Category of revenue	2021/22			2020/21		
	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	729 259	753 955	(24 696)	675 414	654 945	20 469
Other income	4 948	7 403	(2 454)	25 756	3 616	22 139

Category of revenue	2021/22			2020/21		
	Estimate R'000	Actual amount R'000	(Over)/ Under R'000	Estimate R'000	Actual amount R'000	(Over)/ Under R'000
Government grants and other subsidies received (funding received from clients for additional vehicles)	14 897	9 629	5 268	-	1 231	(1 231)
Services in-kind	10 727	10 724	3	8 402	10 714	(2 312)
Interest earned – accounts receivables, and cash and cash equivalents	45 154	63 248	(18 095)	113 570	87 593	25 977
Total	804 984	844 959	(39 975)	823 142	758 100	65 042

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 2021/22 is shown in Table 3.

Table 3: Claims and accounts receivable comparison

Type	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Daily-, kilometre tariffs and interest earned on finance lease receivables	571 036	544 187	582 704	630 986	692 722	654 945	753 955
Accumulative debt at year-end	65 922	33 841	64 192	35 177	45 606	49 320	73 999
% debt at year-end to daily, kilometre tariffs and interest earned on finance lease receivables	12	6	11	6	7	8	10

Table 4 reflects the outstanding debt per client.

Table 4: Outstanding debt per client

Client	Outstanding balance 2022 R'000	Outstanding balance 2021 R'000
Western Cape Education Department	157	588
CapeNature	3 007	2 324
Department of Transport and Public Works	9 759	6 345
Western Cape Provincial Parliament	774	354
Department of Health and Wellness (Western Cape)	34 738	13 396
Department of Cultural Affairs and Sport	277	71
Department of Human Settlements	256	106
Provincial Treasury	9	-

Client	Outstanding balance 2022 R'000	Outstanding balance 2021 R'000
Department of Social Development	5 828	87
Department of Environmental Affairs and Development Planning	512	466
Department of the Premier	768	1 041
Department of Agriculture (Western Cape)	2 438	2 166
Department of Local Government	-	14
Department of Economic Development and Tourism	38	-
Western Cape Liquor Authority	197	383
Department of Police Oversight and Community Safety	1 810	760
Stellenbosch Municipality	-	177
Department of Justice and Constitutional Development	3 052	4 286
National Prosecuting Authority	136	126
Public Service Commission	10	9
Marine Living Resource Fund	287	2 626
Department of Agriculture, Forestry and Fisheries	2 586	5 141
Department of Home Affairs	198	-
Department of Agriculture (National)	57	52
Department of Rural Development and Land Reform	317	344
Department of Environmental Affairs	31	78
Department of Cooperative Governance and Traditional Affairs	19	-
National Parliament	89	90
Department of International Relations and Cooperation	372	353
South African National Defence Force	432	571
Office of the Chief Justice	5 836	7 691
Grand total	73 990	49 646

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 2021/22 on 24 March 2021.

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 presented in Table 5 and the reasons for under-spending in Table 6.

Table 5: Expenditure versus budget

2021/22			2020/21		
Final Budget R'000	Actual expenditure R'000	Variance R'000	Final budget R'000	Actual expenditure R'000	Variance R'000
771 136	718 448	52 689	649 008	598 706	50 302

Table 6: Reasons for under-spending

Expenditure	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Reasons for variance *Variance below R1m is considered insignificant
Administrative expenses	25 337	24 687	650	Variance considered insignificant
Employee costs	57 070	45 099	11 971	Under-spending due to the filling of vacancies being slower than planned, with unforeseen resignations and transfers out of GMT
Operating expenditure	467 473	432 004	35 468	Under-spending due to cost savings on certain categories of consultant fees, vehicle repairs, maintenance and running costs
Depreciation	20 987	20 572	414	Variance considered insignificant
Amortisation	8 772	8 448	324	Variance considered insignificant
Accidents and impairment losses	4 034	3 683	351	Variance considered insignificant
Grants and subsidies paid	150 000	150 000	-	n/a
Operating leases	37 465	33 953	3 511	Variance considered insignificant
Total	771 134	718 448	52 689	

4.5. Virements/ roll overs

Virements

No virements were effected in 2021/22.

Roll overs

No rollovers were requested from 2020/21 to 2021/22.

4.6. Unauthorised, irregular, fruitless and wasteful expenditure

To the best of management's knowledge, no unauthorised and irregular expenditure was incurred during the year under review.

To the best of management's knowledge, R199 000 expenditure was incurred during the year under review which is classified as fruitless and wasteful expenditure.

4.7. Strategic focus over the short to medium term period

GMT will continue to be guided by its MTP, with a strong focus on renewing its fleet and in the process also transitioning from ICE vehicles to EVs in support of its strategic outcomes of "**Greening the fleet**" and positioning GMT as "**Leaders in mobility solutions**".

Through regular engagements with client institutions, keeping its service offerings at the most economic levels possible and continually improving its systems and processes, GMT will give effect to its strategic outcome of "**Satisfied stakeholders**".

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 2022/23 financial year.

4.10. New or proposed key activities

After successfully operationalising of its first regional hub in George, GMT was unfortunately delayed in its efforts to find a suitable location for the establishment of a second regional hub. This initiative will be expedited over the remaining years of the current five-year strategic plan with the assistance of the DTPW Branch: Provincial Public Works.

In its quest to improve efficiencies in the vehicle supply chain, GMT initiated the development of an app and the introduction of hand-held technology to replace cumbersome paper-based systems, and processes linked to vehicle inspections.

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 detection, 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 2021/22.

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 2021/22 financial year. Refer to pages 181 to 184 for the details on these events.

4.15. Acknowledgements

The GMT trading entity lived up to the high expectations of administrative and executive managers by achieving its tenth 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.

Our annual Long Service Awards honour and recognise the extraordinary contributions made by our long-serving and dedicated staff. Due to the COVID-19 National State of Disaster, the Long Service Awards Ceremony for GMT officials who had served for 10-, 20- and 30 years could not be held between 1 April 2021 and 31 March 2022.

These officials are appreciated for the part they played in strengthening the public service throughout the course of their many years of dedicated service. They have been invaluable in the continued success of GMT and the Western Cape Government as a whole.

Long-service



4.16. Conclusion

Now that the global challenges that COVID-19 created in the vehicle manufacturing and broader technology environments are slowly being resolved, GMT is gearing itself up to accelerate its plans, projects and initiatives towards the achievement of its strategic outcomes as articulated in its Strategic Plan 2020–2025. Exciting new developments and innovation in the electric vehicle ecosystem require GMT management to stay abreast of international best practices in fleet and mobility management in order to continually improve GMT's service offering to client institutions.

The Annual Financial Statements set out on pages 130 to 225 are hereby approved.

JACQUELINE GOOCH

ACCOUNTING OFFICER

DEPARTMENT OF TRANSPORT AND PUBLIC WORKS

DATE: 31 August 2022

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 the Generally Recognised Accounting Practice, relevant frameworks and guidelines issued by the National Treasury;
- 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, Annual Financial Statements, and in line with an agreed governance framework with the Corporate Services Centre (CSC) in the Department of the Premier for the human resources information;
- 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 2022.

Yours faithfully



JACQUELINE GOOCH

ACCOUNTING OFFICER

DEPARTMENT OF TRANSPORT AND PUBLIC WORKS

DATE: 31 August 2022

6 Strategic overview

6.1. Vision

The WCG's vision as contained in the Provincial Strategic Plan 2020–2025:

"A safe Western Cape where everyone prospers."

The DTPW's vision is:

"Enabled communities leading dignified lives."

#JUSTdignity

GMT's vision is:

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

#Ubuntumobility

6.2. Mission

The DTPW's mission is:

"To tirelessly pursue the delivery of infrastructure and transport services that are: 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 DTPW and GMT both subscribe, are as follows:

Table 7: Core values of the WCG

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

These values are all underpinned by teamwork.

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.
	Critical Infrastructure Protection Act, 2019 (Act 8 of 2019) Provides for the identification and declaration of infrastructure as critical infrastructure; provides for guidelines and factors to be taken into account to ensure transparent identification and declaration of critical infrastructure; provides for measures to be put in place for the protection, safeguarding and resilience of critical infrastructure; provides for the establishment of the Critical Infrastructure Council; provides for the administration of the Act under the control of the National Commissioner; provides for the powers and duties of persons in control of critical infrastructure; provides for reporting obligations; and provides for the repeal of the National Key Points Act, 1980, and related laws.
	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) (now repealed), through: - 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.

Function	Legislation
	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.
	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. This Act has not yet been brought into operation.
	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.

Function	Legislation
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; further regulates 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.
	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 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.

Function	Legislation
	Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003) Establishes a legislative framework for the promotion of broad-based black economic empowerment (BB-BEE); 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 BB-BEE; provides for the cancellation of a contract or authorisation; and establishes the Broad-Based Black Economic Empowerment Commission to deal with compliance matters.
	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.
	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.
	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.
	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.
	Criminal Procedure Act, 1977 (Act 51 of 1977) Makes provision for procedures and related matters in criminal proceedings.
	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.
	Division of Revenue Act (DORA) (Annual) An annual Act of Parliament which provides, inter alia, 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.
	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.

Function	Legislation
	Firearms Control Act, 2000 (Act 60 of 2000) Establishes a comprehensive, effective system of firearms control and related matters.
	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.
	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.
	Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) 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.
	National Environmental Management Act, 1998 (Act 107 of 1998) 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.
	Occupational Health and Safety Act, 1993 (Act 85 of 1993) 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.
	Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) 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.

Function	Legislation
	Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004) Provides for the strengthening of measures to prevent and combat corruption and corrupt activities.
	Promotion of Access to Information Act, 2000 (Act 2 of 2000) (PAIA) 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.
	Promotion of Administrative Justice Act, 2000 (Act 3 of 2000) (PAJA) 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.
	Protection of Personal Information Act, 2013 (Act 4 of 2013) 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.
	Provincial Archives and Records Service of the Western Cape Act, 2005 (Act 3 of 2005) 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.
	Public Audit Act, 2004 (Act 25 of 2004) 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.
	Public Finance Management Act, 1999 (Act 1 of 1999) Supports transparency, accountability, and sound management of the revenue, expenditure, assets, and liabilities of the DTPW and GMT.
	Public Service Act, 1994 (Proclamation 103 published in Government Gazette 15791 of 3 June 1994) 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.

Function	Legislation
	Public Administration Management Act, 2014 (Act 11 of 2014) 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.
	Skills Development Act, 1998 (Act 97 of 1998) 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.
	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.
	Radio Act, 1952 (Act 3 of 1952) Controls radio activities and related matters.
	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.
	Western Cape Land Use Planning Ordinance, Amendment Act, 2009 (Act 1 of 2009) Regulates land use planning in the Western Cape and related matters.
	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.

Function	Legislation
	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.

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	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.
	National Public Transport Strategy, 2007 This strategy has two key thrusts, namely: - 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.
	National Road Safety Strategy, 2016–2030 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.
	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.
	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.
	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.
	Access Management Guidelines, 2020 Provides guidelines to assist practising engineers and planners, as well as property developers, to develop acceptable road access standards.
	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.

Function	Policies
	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. Western Cape Policy Statement on Transport for Special Needs Passengers, 2009 Places certain responsibilities on the DTPW: • 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 • 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.

Function	Policies
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.
	Western Cape E-Mobility Policy 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.
	Western Cape Government Transversal Management System 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.
	White Paper on Human Resource Management, 1997 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.

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 2022

The GMT linkage within the macro-structure of the DTPW is presented in Figure 10.

Figure 10: Organisational structure



9 Trading entity reporting to the Provincial 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 124 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

The main services of GMT are described below.



Fleet Services

Fleet Operations

- Plan, acquire, convert, fit and prepare the fleet;
- Render an effective general vehicle rental service; and
- Provide fleet administration services.

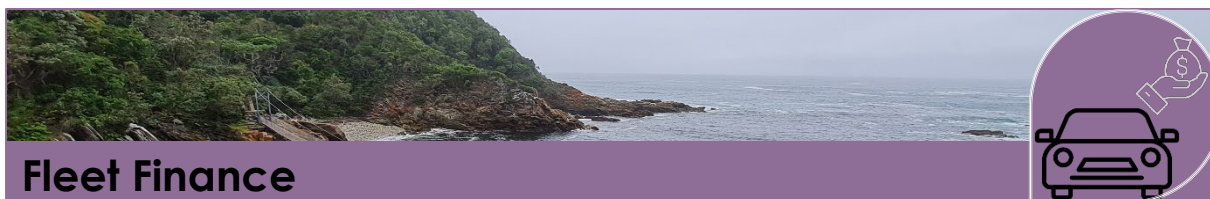
Fleet Repairs and Maintenance

- Oversee the Client Care Centre;
- Coordinate the repair and maintenance of the fleet; and
- Provide a fleet quality assurance service.

Fleet Risk Management

- Manage and administer accidents and claims in favour of the State;
- Manage and administer fleet and non-vehicle losses;
- Manage and administer third parties' accidents and claims against the State; and
- Manage the risk regarding drivers of GMT vehicles.





Fleet Finance

Management Accounting

- Manage the GMT budget process;
- Prepare inputs for the strategic plan and annual performance plan;
- Manage the GMT Medium-Term Expenditure Committee (MTEC) process;
- Maintain and monitor financial information;
- Prepare an analysis of estimated revenue and expenditure;
- Monitor actual revenue and expenditure against estimates;
- Manage the monthly, quarterly and annual reporting process;
- Provide input to the daily- and kilometre tariffs adjustments;
- Manage the revenue and expenditure adjustment process; and
- Develop and maintain processes, policies and procedures.

Financial Accounting

- Ensure an integrated, effective and efficient accounting system;
- Manage in-year and annual reports on recorded financial affairs and financial systems; and
- Ensure effective supply chain management services.

Internal Control

- Ensure proper governance;
- Manage external assurance engagements; and
- Render assurance services.



Management Support Services

Statutory Reporting and Stakeholder Relations

- Facilitate GMT's multi-term annual planning cycle;
- Facilitate departmental Batho Pele/ service delivery improvement initiatives;
- Facilitate the compilation of the GMT's annual report;
- Facilitate organisational performance monitoring and reporting as per GMT's strategic and annual performance plan;
- Render a client liaison service; and
- Facilitate communication and marketing activities in GMT in conjunction with the DTPW Sub-Directorate: Departmental Communication.

Office Support Services

- Coordinate cleaning and security contracts;
- Maintain and manage venues;
- Coordinate occupational health and safety matters;
- Render a human resource support service.

ICT Management Services

- Identify, implement, optimise, maintain and administer ICT application systems;
- Ensure the management and administration of GMT ICT projects;
- Manage the GMT ICT service level agreement and contracts with external service providers;
- Coordinate and facilitate the provision of user system and desktop support in liaison with the Centre for e-Innovation (Ce-I) in the Department of the Premier and other service providers;
- Facilitate training with regard to ICT systems at GMT; and
- Provide ICT infrastructure management support.

2.2. Service Delivery Improvement Plan (SDIP)

The Department of Public Service and Administration (DPSA) provided a gap year for SDIP processes to allow for proper alignment of the SDIP to the Department of Planning, Monitoring and Evaluation (DPME) Framework for Strategic Plans and Annual Performance Plans. According to the Service Delivery Improvement Plan Circular No. 1 of 2020/21 dated 24 March 2021, paragraph 3 (d):

"There is a gap year, 2021-2022, in which consultations will be taking place across the public service to finalise the new SDIP Directive and related toolkit."

As a result, GMT did not implement any SDIPs during the 2021/22 reporting period.

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 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 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.

Organisational challenges

The Department operates in an extremely challenging compensation of employee environment, one that is informed by a general reflection of the state of the national fiscus, measures being proposed and implemented by National Treasury, as well as continued uncertainty over wage negotiations.

Traditional mechanisms of retention and attraction through monetary means have been curtailed, limiting the options available to executive authorities to, for example, recognise performance through a monetary reward system. In addition, continued pressure being brought to bear on the overall cost of employment (COE) level is forcing careful consideration of an appropriate COE response. An appropriate response recognises that, where needed, especially scarce technical skills would need to be aggressively acquired. In other areas, some level of reorganisation of functions would be necessary to allow the DTPW to continue to function at an optimum level within the current curtailed COE environment.

GMT Strategy Workbook 2020–2025

In support of **Vision-Inspired Priority 5: Innovation and Culture**, GMT has created a Strategic Workbook that captures some of the work that has been done on GMT's journey, guided by its MTP of "*innovative mobility solutions to co-create a better life for all*".

Through creating this space and opening these conversations, GMT identified a few objectives, namely:

- To welcome every GMT official to contribute towards the future of their team's work;
- To find this document useful and that it becomes a space that officials refer to often, using it as a canvas to capture some of their own ideas; and
- To help staff see that strategy is about creating the space to think strategically – dreaming of where you want to go in the future, how you are going to get there, with the resources available to you.

During the Strategic Review Session held in February 2022, this workbook was presented to the GMT Management Team, allowing team members to familiarise themselves with the above objectives, as well as to assist them to guide their own teams.

Figure 11: GMT Strategy Workbook 2020–2025



Source: Government Motor Transport.

2.4. Key policy developments and legislative changes

GMT is closely monitoring developments around the court challenges that could have an impact on the implementation of the Administrative Adjudication of Road Traffic Offences Act.

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:



During the course of the financial year, GMT's management team held strategic review and planning sessions where further insights emerged and participants emphasised areas of focus they thought were critical in order to actualise the organisation's strategic vision. These areas of focus are centred strongly around **Sustainability, Jobs of the Future, Technology and Local Content**. All of these are informed by and aligned with the existing transformative themes that serves as pillars of GMT's Massive Transformative Purpose.

Figure 12: GMT's themes



Source: Government Motor Transport.

All these emergent clusters are interconnected in their impact both internally and externally. They expand the reach of GMT's strategic plan and embeds agility within the organisation and how it participates as a government entity, championing citizens and their experiences in the local and international mobility arena.

All projects in GMT are continually evaluated and measured against the above five themes to ensure that GMT is making progress towards achieving its MTP. Progress made towards the achievement of the five-year Strategic Plan 2020/21–2024/25 three broad focus areas and targets are outlined below.

Outcome 1	Leaders in mobility solutions (R&D)
This outcome contributes to the following national and provincial directives: - National Development Plan (NDP) Chapter 5: Environmental sustainability and resilience; - WCG Vision Inspired Priority 4: Mobility and spatial transformation; and - VIP5: Innovation and culture.	

Development of the Electric Vehicle Strategy and consultation with stakeholders in the identified EV ecosystem.

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.	

Testing of electric vehicles available in the market in South Africa in support of the Cabinet approved EV Strategy.

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.	

Initiation of a phased project, in consultation with client institutions and other stakeholders to replace vehicles that have gone beyond their useful lives.

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 functional areas described below.



Directorate: Fleet Services

Purpose

The purpose of this Directorate is to manage fleet operations of GMT. It consists of three sub-directorates:

Fleet Operations

Purpose: To manage fleet operations.

Fleet Repairs and Maintenance

Purpose: To ensure an effective and efficient fleet repair and maintenance service.

Fleet Risk Management

Purpose: To manage fleet risk.



Directorate: Fleet Finance

Purpose

The purpose of this Directorate is to ensure effective financial management services for GMT. It consists of three sub-directorates:

Financial Accounting

Purpose: To ensure effective financial accounting service.

Management Accounting

Purpose: To ensure effective management accounting service.

Internal Control

Purpose: To ensure sound internal control practices.



Sub-directorate: Management Support Services

Purpose

The purpose of this sub-directorate is to provide management support services. It is sub-divided into three components:

Statutory Reporting and Stakeholder Relations

Purpose: To facilitate and coordinate business planning, marketing and communication processes and activities for GMT.

Office Support Services

Purpose: To provide office support services.

ICT Management Services

Purpose: To render an ICT management service.

Outcomes, outputs, output indicators, targets and actual achievements

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

Table 9: 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
			2019/20	2020/21	2021/22	2021/22	2021/22	
Leaders in mobility solutions (R&D)	Providing adequate fleet rental services	Number of vehicles in the fleet	5 640	5 830	5 600	5 832	232 4.1%	The GMT fleet size fluctuates as new vehicles are procured, and withdrawn vehicles are sold via the online auction platform.
Leaders in mobility solutions (R&D)	Providing fleet inspections	Number of vehicle inspections carried out	6 252	2 350	6 705	3 452	(3 253) (48.5%)	The provisions for the State of Disaster announced by the State President on 20 March 2020 and the subsequent regulations issued due to the global COVID-19 pandemic for 750 days (until 24:00 on 4 April 2022) impacted negatively on the vehicle usage by GMT clients. This in turn resulted in fewer requests for vehicle inspections.
Leaders in mobility solutions (R&D)	Providing an effective and efficient fleet service	Number of vehicles travelling more than 1 000km per month	3 561	2 657	4 300	3 208	(1 092) (25.4%)	Fleet usage is subject to client service delivery requirements. COVID-19 reduced operational demand, which resulted in fewer vehicles doing 1 000km or more.

Outcome	Outputs	Output indicators	Audited/ Actual performance		Planned Annual target	Actual achievement	Deviation from planned target	Reasons for deviations
			2019/20	2020/21	2021/22	2021/22	2021/22	
Leaders in mobility solutions (R&D)	Increasing the percentage of automatic transmission vehicles in the fleet to, inter alia, accommodate people with disabilities	Number of automatic transmission vehicles	**New indicator	446	1 100	537	(563) (51.1%)	The availability of new vehicles in general has been impacted by a global shortage in the supply of microprocessors. For this reason, GMT had to accept any available vehicles on the Transversal RT57 State contract to replace its ageing fleet.
Leaders in mobility solutions (R&D)	Maintaining GMT's value proposition (Research and development/ market analysis)	Number of inward benchmarking engagements	**New indicator	1	1	1	-	n/a
Leaders in mobility solutions (R&D)		Number of outward benchmarking engagements	**New indicator	1	1	1	-	n/a
Greening the fleet	To acquire alternative fuel vehicles	Number of alternative fuel vehicles in the fleet	**New indicator	5	10	23	13 130%	Target met. Hybrid vehicles are included in this category. Dependent on availability of vehicle models on the Transversal RT57 State contract.
Satisfied stakeholders	Stakeholder engagements	Number of stakeholder surveys	1	2	2	1	(1) (50%)	Client survey in process of being reviewed. Will be completed within the first quarter of the 2022/23 financial year.

Outcome	Outputs	Output indicators	Audited/ Actual performance		Planned Annual target	Actual achievement	Deviation from planned target	Reasons for deviations
			2019/20	2020/21	2021/22	2021/22	2021/22	
Satisfied stakeholders	Manage fleet risk	Number of traffic fines processed	7 077	3 600	6 000	3 964	(2 036) (34%)	While the "underperformance" is a positive indicator, the lower number of fines can also be attributed to lower demand for vehicles and mileage covered during the National State of Disaster.
Satisfied stakeholders		Number of crashes and losses incidents processed	2 651	1 759	3 000	2 277	(723) (24.1%)	While the "underperformance" is a positive indicator, the lower number of crashes and losses can also be attributed to lower demand for vehicles and mileage covered during the National State of Disaster.

**New indicator during 2020/21.

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 10: Expenditure versus budget

2021/22			2020/21		
Final Budget	Actual expenditure	Variance	Final budget	Actual expenditure	Variance
R'000	R'000	R'000	R'000	R'000	R'000
771 136	718 448	52 689	649 008	598 706	50 302

Strategies to overcome areas of under performance

In order to increase the number of vehicle inspections, GMT is set to finalise the development of a Vehicle Inspection App to be used in conjunction with hand-held technology to replace the current paper-based system.

While the number of automatic transmission vehicles in the fleet should ideally be increased, the current shortfall in available new vehicle models necessitate that GMT stays in continual contact with OEMs and replaces its aging fleet with the best vehicles that OEMs have available under the circumstances.

Reporting on the entity's response to the COVID-19 pandemic

In response to the COVID-19 pandemic in the Western Cape, the Department of Transport and Public Works, in partnership with the Department of Health and Wellness, implemented a transportation service (the Red Dot taxi service) involving contracting minibus taxis through regional companies that DTPW helped the industry to establish. The purpose of Red Dot is to provide a specialised transport service for individuals who are showing symptoms of being infected with the coronavirus but do not have the means to be transported from their homes to quarantine and isolation facilities.

Other services provided by the Red Dot service include the transportation of health care workers, the distribution of food parcels, and the transportation of essential service workers. Red Dot was implemented using a phased approach, allowing services to be progressively ramped up to meet increasing demands throughout the peak COVID-19 infection waves. Red Dot vehicles need to be sanitised in accordance with the relevant National Regulations and Guidelines issued by the national Department of Health on 25 and 31 March 2020.

GMT's role includes, among other things, monitoring Red Dot vehicles in collaboration with the DTPW team, using tracking technology provided by GMT. The Intelligent

Transport Hub (ITH) is used to monitor Red Dot vehicle movements and passenger transportation schedules. The ITH can arrange the passenger transport requested by the Department of Health and Wellness, notify the province and contractual entities of these schedules, and monitor the Red Dot vehicles while they provide these services.

At the end of March 2022, it was uncertain whether the project would continue after 31 May 2022.

Table 11: Progress on institutional response to the COVID-19 pandemic

Budget programme	Intervention	Geographic location (province/ district/ local municipality) (Where possible)	No. of beneficiaries (Where possible)	Disaggregation of beneficiaries (Where possible)	Total budget allocation per intervention	Budget spent per intervention	Contribution to the outputs in the APP* (Where applicable)	Immediate outcomes
GMT	GMT contribution towards Red Dot initiative to assist Healthnet capacity	City of Cape Town; West Coast District; Cape Winelands; Overberg; Eden; and Central Karoo	2 204	- Male: 3 199 - Female: 3 248 - Unclassified: 7 638 - Youth (15-24) 963 - Child (0 -14) 399 - Total transported for vaccines 9 246	24,329,250	19,502,330 (Q4: R15,413,329.79; and Q3: R4,089,588.15)	No direct contribution to any specific APP outputs.	Safe and effective transportation of health care workers. Support provided to the MBT industry. Formalisation and transformation of the MBT industry. Support for COVID vaccination.

* Annual Performance Plan.

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

No transfer payments were made.

GMT transferred R150m (2020/21: R150m) to the Asset Finance Reserve held by Provincial Treasury. This constitutes grants and subsidies paid, rather than a transfer payment.

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 and earmarked funds received during the period 1 April 2021 to 31 March 2022.

Table 12: Conditional Grant: Department of Health and Wellness

Department which transferred the grant	Health and Wellness
Purpose of the grant	To purchase 15 additional vehicles with its associated conversions of the vehicles as well as extras (canopies and towbars) for the Department of Health.
Expected outputs of the grant	Procurement of 15 additional vehicles with associated conversions of the vehicles as well as extras (canopies and towbars) as stipulated in the Conditional Grant.
Actual outputs achieved	The order was placed for one vehicle and was delivered. The orders for the remaining 14 vehicles, as well as extras (canopies and towbars) had not yet been placed by 31 March 2022.
Amount per amended DORA	n/a
Amount received (R'000)	9 761
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 with associated conversions of the vehicles as well as extras (canopies and towbars) were not yet allocated at year end, therefore there is no recognition of the revenue received.
Reasons for deviations on performance	The vehicles with associated conversions of the vehicles as well as extras (canopies and towbars) have not yet been delivered. The one delivered vehicle was not yet in a suitable 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 Agriculture

Department which transferred the grant	Agriculture
Purpose of the grant	To purchase one additional vehicle, canopy, towbar and two trailers for the Department of Agriculture.
Expected outputs of the grant	Procurement of one additional vehicle, canopy, towbar and two trailers as stipulated in the Conditional Grant.
Actual outputs achieved	The vehicle, canopy and towbar were delivered and allocated to the Department. The orders for the two trailers were placed.
Amount per amended DORA	n/a
Amount received (R'000)	1 194
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	550
Reasons for the funds unspent by the entity	The two trailers are not yet allocated at year end, therefor no recognition of the revenue received.
Reasons for deviations on performance	The two trailers have not yet been delivered and could therefore not be allocated to the Department.
Measures taken to improve performance	n/a
Monitoring mechanism by the receiving department	n/a

Table 14: Conditional Grant: Department of Police Oversight and Community Safety

Department which transferred the grant	Police Oversight and Community Safety
Purpose of the grant	Additional funds required for the procurement of vehicles, canopies, and towbars for the Department of Police Oversight and Community Safety.
Expected outputs of the grant	Procurement of vehicles, canopies and towbars as stipulated in the conditional grant.
Actual outputs achieved	The vehicles, canopies and towbars were delivered and allocated to the Department.
Amount per amended DORA	n/a
Amount received (R'000)	22
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	22
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

Table 15: Conditional Grant: Western Cape Education Department

Department which transferred the grant	Education
Purpose of the grant	To purchase 12 additional vehicles for the Western Cape Education Department.
Expected outputs of the grant	Procurement of 12 additional vehicles as stipulated in the Conditional Grant.
Actual outputs achieved	Orders were placed for eight vehicles of which two vehicles were delivered and allocated to the Department. Six vehicles have not yet been delivered.
Amount per amended DORA	
Amount received (R'000)	The orders of four vehicles must still be placed, as these vehicles were not available on the transversal contract
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	5 599
Reasons for the funds unspent by the entity	n/a
Reasons for deviations on performance	482
Measures taken to improve performance	The vehicles were not yet allocated at year end, therefore there is no recognition of the revenue received.
Monitoring mechanism by the receiving department	Six vehicles have not yet been delivered and allocated. The orders of four vehicles have not yet been placed.

Table 16: Conditional Grant: Paid up value – Judges' vehicles

Department which transferred the grant	Paid up value – Judges' vehicles
Purpose of the grant	Additional funds required for the procurement of vehicles.
Expected outputs of the grant	Procurement of vehicles.
Actual outputs achieved	The vehicles were delivered and allocated.
Amount per amended DORA	n/a
Amount received (R'000)	219
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	219
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 2022 (comparative year), refer to pages 148 to 149.

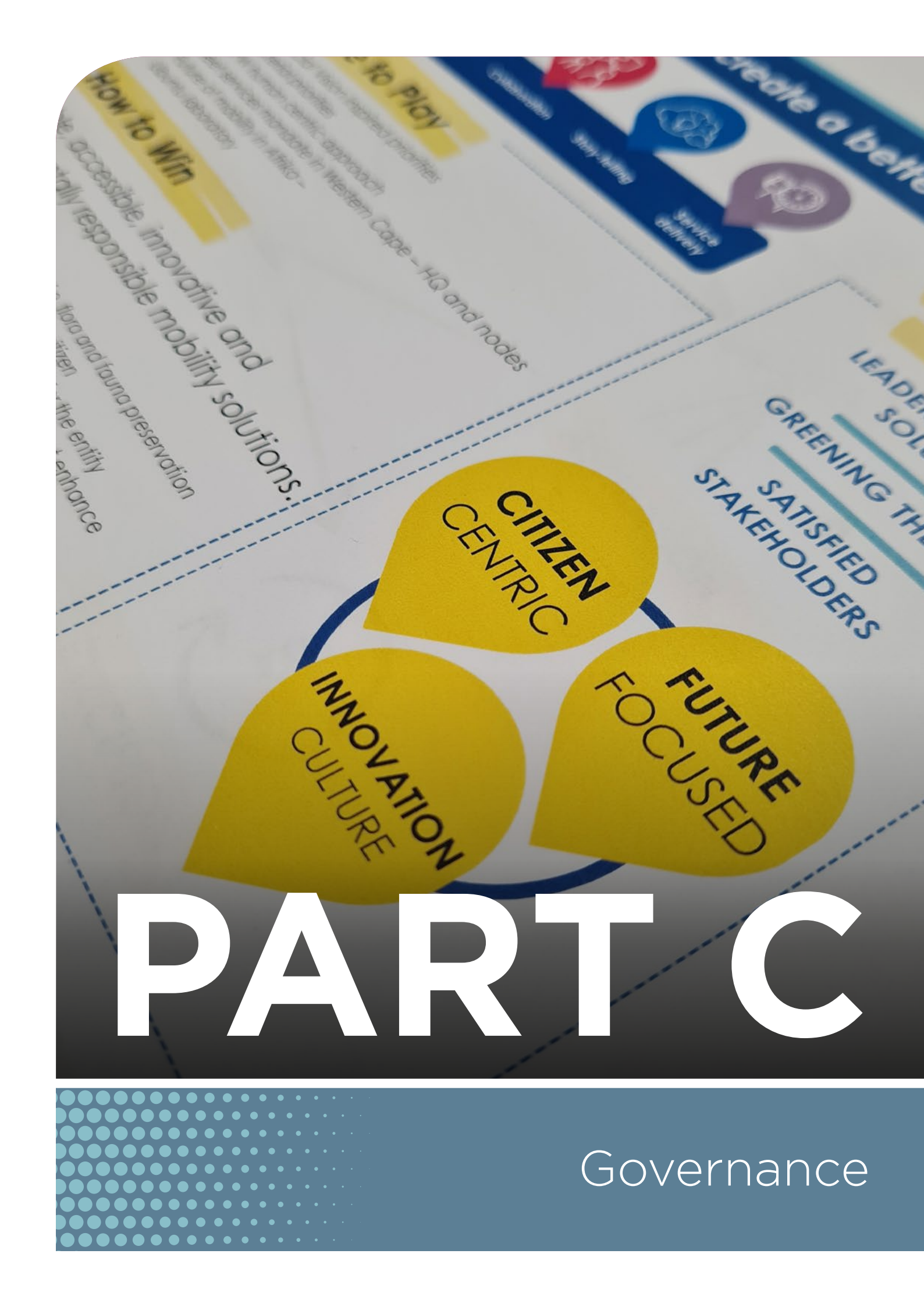
7 Donor funds

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 eNATIS are updated.

The background features a collage of documents and sticky notes. At the top, a document has a blue header with icons and the text 'Create a better'. Below it, a yellow sticky note reads 'How to Win' and another yellow one says 'How to Play'. A document snippet mentions 'services mandate in Western Cape - HQ and nodes'. A large yellow sticky note in the center contains the text 'CITIZEN CENTRIC', 'INNOVATION CULTURE', and 'FUTURE FOCUSED'. To the right, a document lists 'LEADER SOLD', 'GREENING THE', 'SATISFIED STAKEHOLDERS'.

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 provides a centralised strategic support service to the Department. The Department established an Ethics and Enterprise Risk Management Committee (ERMCO) to assist the Accounting Officer (AO) in executing her responsibilities relating to risk management.

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 2022.

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), regulated its affairs in compliance with this TOR 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 and DotP's executive and senior management team. As per its Terms of Reference, the ERMCO met 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
Adv. C Smith	Deputy Director-General: Finance – (CFO)	4	07/04/2021
Mr G van Schalkwyk	Chief Director: Policy and Strategy Integration	*3	07/04/2021
Mr R Maharaj	Chief Director: Strategic Management and Operational Support	4	07/04/2021
Adv. G Kode	Deputy Director-General: Provincial Public Works	4	07/04/2021
Mr L Fourie	Deputy Director-General: Roads	4	07/04/2021
Adv. K Reinecke	Deputy Director-General: Transport Management	4	07/04/2021
Ms H Robson	Deputy Director-General: Corporate Assurance (DotP)	2	07/04/2021
Mr R Jansen van Rensburg	Chief Director: Provincial Forensic Services (DotP)	4	07/04/2021
Mr A Fakir	Services Manager: Centre for e-Innovation (Department of the Premier)	4	07/04/2021
Ms A Haq	Director: Enterprise Risk Management (DotP)	4	07/04/2021
Ms P van der Merwe	Director: Governance and Demand – Supply Chain Management (Ethics Officer)	4	07/04/2021
Ms S Andrews	Chief Director: Financial Management	*1	24/01/2022
Mr Y Ahmed	Chief Director: Government Motor Transport	4	07/04/2021
Mr G van Schalkwyk	Deputy Director-General: Strategy, Planning and Co-ordination	*1	07/04/2021

* Newly appointed.

The following is an indication 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)	3
Ms W Hansby	Director: Provincial Forensic Services (DotP)	2
Mr X Khanyile	Risk Advisor: Enterprise Risk Management (DotP)	1
Mr D Micketts	Chief Risk Advisor: Enterprise Risk Management (DotP)	3
Mr S Martin	Director: Internal Audit (DotP)	3
Ms B Beukes	Deputy Director: Internal Audit (DotP)secundus to Mr S Martin	1
Ms S Hanekom	Deputy Director: Financial Governance (secundus to Mr B Rahim)	1

Ethics and Enterprise Risk Management Committee key activities

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

- Reviewed the Department's ERM Strategy and Implementation Plan for recommendation by the Audit Committee and approval by the Accounting Officer;
- Monitored and reviewed risks in set grouped categories of appetite ranges, reviewed and applied appropriate risk appetite and tolerances guided by the Provincial Enterprise Risk Management Policy and Strategy (PERMPS) adopted by Provincial Top Management;
- Reported to the Accounting Officer any material changes to the risk profile of the Department;
- Confirmed the Department's citizen-centric strategic risks. This illustrates the Department's effort in addressing the contributing factors and impacts that relate directly to the citizen;
- Received and considered risk intelligence and trend reports;
- Identified emerging risks;
- Reviewed risks that are outside the tolerance levels for further action/ attention;
- Monitored the implementation of the Fraud and Corruption Prevention Implementation Plan;
- Monitored the implementation of the departmental ERM Policy, Strategy and Implementation Plan;
- Evaluated the effectiveness and mitigating strategies to address the material, ethics and economic crime risks;
- 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

There is cognisance that the risk management process is an iterative one and that certain risk response decisions are available to management. Much attention is continually spent on the top risks which are listed below and is driven by, inter alia, Principle 7 of the Corporate Governance Framework for the Western Cape of 2018: "Management must instil and inculcate a culture of risk and opportunity management at all levels across the Department that supports defining core functions and to set and achieve strategic objectives".

- Largely due to external factors, the risk **impact of threats and work environment on the safety and well-being of transport operation officials and stakeholders** remains high. The Department continues collaboration efforts amongst government spheres to promote integrated planning.
- **Safety and security threats** to departmental officials, assets and property is continually on the radar. Contributing factors to the risk has much to do with peoples' behaviour and perceptions and the Department has little control over these matters. Camera monitoring and engagements with authorities responsible

for community safety continues to ensure a collective approach to constrain the risk.

- **Further public transport violence and criminal acts** is often a result of the deteriorating economic environment which places huge pressure on taxi drivers. Operating licences incorporate a requirement to comply with labour legislation and the Blue Dot pilot project was implemented to, amongst other things, change driver behaviour.
- The lack of capacity and expertise in the development of integrated and sustainable transport systems may result in an **unsustainable provincial transport system**. A leadership development programme was initiated to upskill existing staff.
- **Community action fuelled by construction-related expectations** places additional strain on financial resources and expertise of contractors and consultants. The appointment of community liaison officers on all projects plays a notable role in reducing the impact and likelihood of this risk.

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 ERM strategy is flexible such that the risk owners can change risk response decisions at any stage of the risk's life.

Management of risks

Regular strategic and programme risk assessments are conducted to determine the effectiveness of the Department's risk management strategy and to identify new and emerging risks because of changes in the internal and/or external environment. Each programme's risks were deliberated and debated during the year and presented at the quarterly ERMCO meetings. Senior managers were required to provide feedback on progress with implementation of action plans to reduce the likelihood of risks materialising and/or the impact should they materialise. ERMCO also referred risks back to the respective programmes that should be analysed more extensively and recommended additional mitigations or actions to manage risks. Management takes ownership of risks and often discusses risk matters at various platforms as part of its culture in an effort to constrain risks in a collaborative and innovative way. The Department's ERM Policy and Strategy are circulated to all officials on an annual basis for all levels of staff to stay abreast of enhancements that have been affected and as a means of embedding risk management throughout the Department. Bespoke and generic risk awareness sessions were also conducted to share benchmarking elements so that risk management can mature in the Department. Activities detailed in the implementation plan are perpetually monitored and periodically reported on, in the same way that APP deliverables are monitored, to detect potential risks and deviations from indicators and the achievement of outcomes and non-adherence to legislative and policy mandates.

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 their independent oversight role.

Key emerging risks for the following financial year

The following two emerging risk will be considered in the new financial year:

- The Refresh Project implementation process was identified as an emerging risk. The risk management process will consider the threats and opportunities associated with the implementation of Refresh as well as the potential impact for the organisation and its ongoing stability for delivery. During the first phase, the risk will be crafted at a strategic level together with contributing factors and impacts linked to it.
- The negative impact of geopolitical risks on the procurement of commodities for the Department has been highlighted. The current geopolitical tensions could have negative impacts on the Department's supply chain system and business. The Department will be conducting an analysis on the potential impact of fuel shortages and the mitigation strategies that can be developed.

Conclusion

The Ethics and Enterprise Risk Management Committee remains an important forum within 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.



JACQUELINE GOOCH

ACCOUNTING OFFICER

DEPARTMENT OF TRANSPORT AND PUBLIC WORKS

DATE: 24 August 2022

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 Plan and a concomitant 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., it meets the 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 17.

Table 17: PFS Case Movement Certificates issued

Cases	Number of cases
Open cases as at 1 April 2021	2
New cases (2021/22)	5
Closed cases (2021/22)	(3)
Open cases as at 31 March 2022	4

Table 18 further analyses the closed cases tabulated above.

Table 18: Nature and investigation outcome of PFS cases closed

Outcome of cases closed	
Outcome	Number
Investigation concluded with no adverse findings	3

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 has been 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 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 BB-BEE 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.
 - BB-BEE 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 Police Oversight and 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.

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 or committee meetings were conducted during this period. No further changes were made to the GMT Business Continuity Plan (BCP).

7 Standing Committee on Transport and Public Works

7.1. Report of the Standing Committee on Transport and Public Works

There were no matters raised by the Standing Committee of Transport and Public Works that required a response from GMT for the previous financial year.

8 Public Accounts Committee resolutions

8.1. Response to the report of the Public Accounts Committee (PAC) on the 2020/21 Annual Report

The Committee noted the audit opinion of the Auditor-General regarding the annual financial statements of the entity for the 2020/21 financial year, having obtained a clean audit. The audit opinion remains unchanged from the 2019/20 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 deficiencies in its internal controls.

Financial management

During the 2020/21 financial year, the Entity spent R598.706m of an approved budget of R649.008m, which resulted in under-expenditure of R50.302m (92.2% budget spend). However, during the 2019/20 financial year, the entity spent R601.357m of an appropriated budget of R651.832m, which resulted in under-expenditure of R50.475m (92.2% budget spend).

The under-expenditure occurred under the following line items:

- Administrative expenses (R1.178m);
- Employee costs (R17.834m);
- Operating expenditure (R27.228m);
- Depreciation (R1.077m);
- Amortisation (R779 000);
- Accidents and Impairment losses (R329 000); and
- Operating leases (R2.413m).

In addition, the total estimated revenue budget of Government Motor Transport of R823.142m was under-collected by R65.042m, which resulted in a departmental receipt of R758.100m.

The over- and under-collection of revenue occurred under the following categories:

- Daily-, kilometre tariffs and interest earned on finance lease receivables (R20.469m under-collection);
- Other income (R22.139m under-collection);
- Government grants and other subsidies received (funding received from clients for additional vehicles) (R1.231m over-collected);
- Services in-kind (R2.312m over-collected); and
- Interest earned – accounts receivables, and cash and cash equivalents (R25.977m under-collected).

The entity incurred no unauthorised, irregular, fruitless and wasteful expenditure during the 2020/21 financial year.

The views and resolutions of the Committee, the response, and the current status are presented in Table 20.

Table 19: Views and resolutions of the Committee

Resolution No.	Subject	Details	Response	Resolved (Yes/ No)
4.1	Paragraph 4 Transversal departmental resolutions – Page 80 (Integrated Financial Management System (IFMS) Piloting in the Western Cape)	That the Department of the Premier, as well as Provincial Treasury, brief the Committee on the status of the implementation of the IFMS in the Western Cape.	Noted. A letter in this regard was sent to the Deputy Director-General: Finance and the Chief Director: Government Motor Transport on 30 March 2022.	Yes
4.2	Paragraph 4 Transversal departmental resolutions – Page 80 to 82 (Red Ants Security Relocation and Eviction Services (Pty) Ltd)	That Provincial Treasury brief the Committee on the Red Ants Security Relocation and Eviction Services (Pty) Ltd matter, including the general sourcing and implementation of transversal departmental contracts which are utilized by the WCG (e.g. transversal cleaning contracts) and how these differ from the Red Ants sourcing matter.	Noted. A letter in this regard was sent to the Deputy Director-General: Finance on 30 March 2022.	Yes
4.3	Paragraph 4 Transversal departmental resolutions – Page 80 to 82 (National instruction notes)	That the Provincial Treasury brief the Committee on the instruction notes that were issued by National Treasury for the 2019/20 and 2020/21 financial years, including whether there were any departments and entities which deviated from the instruction notes. If such deviations occurred, the respective department/s should indicate the remedies that were introduced to mitigate future instances of deviations from instruction notes.	Noted. A letter in this regard was sent to the Deputy Director-General: Finance on 30 March 2022.	Yes

8.2. List of information required

Table 20: List of information requested

List of information requested:		Response
22.4.1	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.	Attached as Annexure D.

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 21: Financial Governance work performed

Issues	Work performed
Financial Governance commentary	Provided comments on the following documents: • The Draft WCG Disciplinary Guide on Financial Misconduct. • The terms of reference Provincial Budget Governance Engagement. • The review of the WCG Audit Committee terms of reference and Internal Audit Charter.
Financial delegations	The Public Finance Management Act (PFMA) Accounting Officer's delegations were reviewed in totality during the 2021/22 financial year.
The development, review, and amendment of standard operating procedures and policies to enhance financial governance	ERMCO Terms of reference 2021–2022: • Finance Instruction 3 of 2021. Annual revision of Subsistence and Camping Allowances: • Finance Instruction 5 of 2019 (Amendment 1 of 2020). 2020/2021 Regularity Audit by the AGSA: • Finance Instruction 3 of 2021. Catering Expenditure: • Finance Instruction 6 of 2021. Entertainment Allowances: • Finance Instruction 7 of 2021. Distribution of Management Report: • Finance Instruction 08 of 2021. Amended WCG Whistle Blowing Policy: • Finance Instruction 03 of 2022. Distribution of: • Anti-fraud and Corruption Posters • 2022/2023 Enterprise Risk Management Strategy & Implementation Plan • Enterprise Risk Management Policy
Provincial Forensic Services reports	Attended to investigation requests of the three reports received. The outcomes of all three reports were investigations with no adverse findings.
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 2022.

Issues	Work performed	
Internal audit process	As at 31 March 2022, 7 new as well as 13 follow-up reports were received. Implementation of the recommendations are managed through the Departmental Corporate Governance Improvement Plan (DCGIP).	
Retention of financial information	During the 2021–2022 financial year, 32 929 Basic Accounting System (BAS) vouchers, 5 574 BAS journals and 19 064 receipts were verified against the monthly document control reports to ensure completeness and safeguarding of financial information.	
Reporting	Reporting done under the administration of DTPW - 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); - Audit Committee (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 Quarterly Monthly
	Reporting done by GMT - In-year monitoring (Top Management); - Interim Financial Statements (Top Management, Audit Committee and Provincial Treasury); - Annual Financial Statements (Top Management, Audit Committee, AGSA and Provincial Treasury); and - Quarterly Performance Reports.	Monthly Annually Annually Quarterly
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.	

Issues	Work performed
Financial Inspections	• 11 compliance inspections and ad-hoc inspections were conducted; • 7 408 BAS payment vouchers were post-audited; and • As part of the Inspectorate's Operational Plan, the accruals for the financial year are verified for validity, accuracy and completeness 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.
Loss control case files: Cases relate to claims against and by the state, damages to government motor vehicles and loss off moveable assets	• 2 277 accidents and losses cases processed.
Irregular, fruitless and wasteful case files	DTPW • Opening balance 1 April 2021 (2) • New cases registered (5) • Total cases investigated (7) • Cases closed (0) • Balance as at 31 March 2022 (7)

10.2. Chief Directorate: Supply Chain Management, Directorate: Financial 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 22: SCM work performed

Issues	Work performed
Supply Chain Management commentary	Provided comments on the following instructions (Consolidated comments provided via the Provincial Treasury): • Draft National Treasury Instruction – Implementation of Contract Management Framework; • Draft Provincial Treasury Circular – E-Procurement Solution Implementation; • Draft PFMA SCM Instruction – Application of cession and assignment of contracts resulting from procurement; • Draft PFMA SCM Instruction – Prevention and combating abuse in the Supply Chain Management System; and • Draft National Treasury Preferential Procurement Regulations 2022.
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	• SCM Instruction 1 of 2021/22: Issuance of revised Western Cape Bidding Document (WCBD) 6.1 and Utilisation of the correct version of the Western Cape Bidding Document (WCBD) 4; • SCM Instruction 2 of 2021/22: Publication of bid advertisements, cancellations, and awards on the Western Cape Government website; • SCM Instruction 3 of 2021/22: Accounting officer SCM delegations: Delegation Framework 2021; • SCM Instruction 4 of 2021/22: Procurement Thresholds and Processes; • SCM Instruction 5 of 2021/22: Issuance of the revised transaction checklists for purchases between R2 001 and R1 000 000; • SCM Instruction 6 of 2021/22: LOGIS Procurement Report;

Issues	Work performed			
	- SCM Instruction 7 of 2021/22: EPS Implementation: Change Management Strategy; - SCM Instruction 8 of 2021/22: Issuance of the revised template TPW FIN 056 Application for Limited Bids; - SCM Instruction 9 of 2021/22: Application of Formulae in terms of PPPFA Regulation in respect of the disposal and leasing of state assets and other income-generated procurement; - SCM Instruction 10 of 2021/22: Distribution of the Blue Dot Policy Statement; - SCM Instruction 11 of 2021/22: End of financial closure interim financial statements Quarter 2 of 2021/2022 compilation of LOGIS reports for the compilation of the inputs for the disclosure notice 39 interim financial statements for the period ending 30 September 2021; - SCM Instruction 12 of 2021/22: E-Procurement Solution Implementation; - SCM Instruction 13 of 2021/22: Local Content Cement Designation; - SCM Instruction 14 of 2021/22: Closing dates for end of year advertising; - SCM Instruction 15 of 2021/22: Revised Western Cape Bidding Document (WCDB4); - SCM Instruction 16 of 2021/22: Decommissioning of the Integrated Procurement Solution (IPS); - SCM Instruction 17 of 2021/22: Local content steel products and components for construction designation; and - SCM Instruction 19 of 2021/22: Procurement Plan for 2022/23 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 000 (all applicable taxes included). - SCM Instruction 20 of 2021/22: Interim arrangements for the Western Cape Government as it relates to Preferential Procurement Post the Constitutional Court Judgment declaring the Preferential Procurement Regulation, 2017 invalid - SCM Instruction 21 of 2021/22: "Annual Financial Statements for the year ended 2021/2022: Moveable Assets all LOGIS sites - The compilation of the disclosure note 39 to the annual financial statement for the period ending 31 March 2022."			
Capacity and skills programme implemented	Date	Description	Type of training	No. of attendees
	14–15 April 2021	Ethics and Risk Management	External	14
	15 April 2021	POPI & PAIA	Virtual/ Internal Services	20
	21–23 April 2021	Public Sector Infrastructure Delivery Management Programme	Virtual/ External	48

Issues	Work performed			
	5 May 2021	Ethics and Risk Management	Virtual/ External	10
	5–6 May 2021	Ethics and Risk Management (George)	External	17
	12–13 May 2021	Ethics and Risk Management (George)	External	17
	19–20 May 2021	Ethics and Risk Management (George)	External	18
	26–27 May 2021	Ethics and Risk Management (George)	External	14
	31 May–1 June 2021	Ethics and Risk Management	External	15
	2–3 June 2021	Ethics and Risk Management	External	17
	7–8 June 2021	Ethics and Risk Management	External	17
	14–15 June 2021	Ethics and Risk Management	External	16
	21–22 June 2021	Ethics and Risk Management (Worcester Traffic)	External	7
	22 June 2021	POPI & PAIA	Virtual/ Internal	15
	23–24 June 2021	Ethics and Risk Management	External	21
	2 August 2021	Litigation Awareness	Virtual/ Internal	7
	5–6 August 2021	Ethics and Risk Management (Laingsburg Traffic)	External	9
	12–13 August 2021	Ethics and Risk Management (Vredendal Traffic)	External	13
	16–17 August 2021	Ethics and Risk Management (Vredenburg Traffic)	External	13
	16–17 August 2021	Ethics and Risk Management	External	13
	18–19 August 2021	Ethics and Risk Management	External	10
	23–24 August 2021	Ethics and Risk Management	External	14
	25–26 August 2021	Ethics and Risk Management (Worcester Traffic)	External	10
	30–31 August 2021	Ethics and Risk Management	External	10
	1–2 September 2021	Ethics and Risk Management	External	12
	6–7 September 2021	Ethics and Risk Management	External	14

Issues	Work performed			
	7 September 2021	Plain Language	Virtual/Internal	4
	8–9 September 2021	Ethics and Risk Management	External	11
	13–14 September 2021	Ethics and Risk Management	External	13
	13–15 September 2021	14th Annual ACFE Summit	Virtual/ External	6
	14 September 2021	PAJA Workshop	Virtual	5
	15–16 September 2021	Ethics and Risk Management	External	12
	15–16 September 2021	Ethics and Risk Management (Swellendam Traffic)	External	7
	20–21 September 2021	Ethics and Risk Management	External	15
	5 October 2021	Specification Drafting	Virtual/ Internal	5
	6 October 2021	Specification Drafting	Virtual/ Internal	5
	7 October 2021	Litigation Awareness	Virtual/ Internal	20
	12–13 October 2021	Ethics and Risk Management	Virtual/ External	25
	14–15 October 2021	Ethics and Risk Management	External	16
	19–20 October 2021	Ethics and Risk Management (Bellville)	External	10
	21–22 October 2021	Ethics and Risk Management	External	15
	26–27 October 2021	Ethics and Risk Management	Virtual/ External	25
	28–29 October 2021	Ethics and Risk Management	External	18
	3–4 November 2021	Ethics and Risk Management (Robertson)	External	24
	11–12 November 2021	Ethics and Risk Management	External	14
	15–16 November 2021	Ethics and Risk Management (Robertson)	External	26
	16 November 2021	SPW Value for Money Workshop	Virtual/ External	6
	17 November 2021	SPW Post Covid-19 Supplier Performance Management	Virtual/ External	10
	17–18 November 2021	Ethics and Risk Management	Virtual/ External	10

Issues	Work performed			
	22–23 November 2021	Ethics and Risk Management	Virtual/ External	9
	24 November 2021	SPW King IV Procurement Checkpoint	Virtual/ External	15
	24–25 November 2021	Ethics and Risk Management	Virtual/ External	15
	25 November 2021	SPW Supply Chain Management	Virtual/ External	22
	29 November 2021	SPW Agile Procurement	Virtual/ External	5
	29–30 November 2021	Ethics and Risk Management	External	17
	2–3 December 2021	Ethics and Risk Management	External	18
	6–7 December 2021	Ethics and Risk Management	External	30
	28 January 2022	Local Content (Steel and Cement)	Virtual/ Internal	15
	10 February 2022	Local Content (Steel and Cement)	Virtual/ Internal	4
	10–11 February 2022	Ethics and Risk Management	External	22
	21–22 February 2022	Ethics and Risk Management	External	18
Collaboration initiatives with Line Function	• Bi-weekly engagements with the line-function on the implementation of the Accounting Officer's Supply Chain Management System; and • Bi-weekly engagements with the line-function regarding Supply Chain Management Programme Delivery.			
Reporting	• Procurement Statistics; ○ Head of Department ○ Chief Financial Officer ○ Provincial Treasury ○ National Treasury ○ Auditor-General • Monitoring of the Procurement Plan; • Awarded contracts; ○ CIDB register of contracts (I-Tender) • Departmental Corporate Governance Improvement Plan; • Top Management;		Monthly Monthly Monthly Monthly Monthly Quarterly Monthly Monthly Monthly	

Issues	Work performed																																	
	- Infrastructure Delivery Management Committee; - Public Accounts Committee; - Audit Committee; - Standing Committee on Transport and Public Works; and - Ethics.		Monthly As required As required As required Quarterly																															
Procurement through bidding processes	Formal bids:																																	
	<table><tr><th colspan="2">2021–22 financial year</th></tr><tr><td>Number of contracts awarded</td><td>1 693</td></tr><tr><td>Value of contracts awarded</td><td>R4 048 890 746.26</td></tr></table>			2021–22 financial year		Number of contracts awarded	1 693	Value of contracts awarded	R4 048 890 746.26																									
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	Value of contracts awarded	R4 048 890 746.26																																
	*Including framework packages in the main focussed on construction procurement.																																	
	Value per BB-BEE Level Contributor:																																	
	<table><tr><th>BB-BEE Level Contributor</th><th>Contract Value R</th><th>Number of Records</th></tr><tr><td>0</td><td>218 918 402.28</td><td>269</td></tr><tr><td>1</td><td>3 243 489 724.77</td><td>920</td></tr><tr><td>2</td><td>303 044 017.65</td><td>235</td></tr><tr><td>3</td><td>177 092 417.13</td><td>48</td></tr><tr><td>4</td><td>83 605 716.81</td><td>193</td></tr><tr><td>5</td><td>11 940 796.28</td><td>6</td></tr><tr><td>6</td><td>0.00</td><td>0</td></tr><tr><td>7</td><td>0.00</td><td>0</td></tr><tr><td>8</td><td>10 803 671.34</td><td>22</td></tr><tr><td>Total</td><td>4 048 890 746.26</td><td>1 693</td></tr></table>	BB-BEE Level Contributor	Contract Value R	Number of Records	0	218 918 402.28	269	1	3 243 489 724.77	920	2	303 044 017.65	235	3	177 092 417.13	48	4	83 605 716.81	193	5	11 940 796.28	6	6	0.00	0	7	0.00	0	8	10 803 671.34	22	Total	4 048 890 746.26	1 693
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Issues	Work performed						
	Informal bids: <table> <tr> <th colspan="2">2021–22 financial year</th></tr> <tr> <td>Number of contracts awarded</td><td>490</td></tr> <tr> <td>Value of contracts awarded</td><td>R82 769 659.01</td></tr> </table>	2021–22 financial year		Number of contracts awarded	490	Value of contracts awarded	R82 769 659.01
2021–22 financial year							
Number of contracts awarded	490						
Value of contracts awarded	R82 769 659.01						
Supply Chain Management Compliance Assessments	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: (5 Compliance Assessments were performed for the year under review): • Formal assessment with defined methodology; • Plan; • Engage; • Prepare; • Assess; • Report; • Monitoring and evaluation; • Identify weakness; • Mutual agreement to address weaknesses; • Continual 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 (46 incidents investigated)						
Bidder and Staff Verification	• Quarterly 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						

Issues	Work performed
	- 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	- Ongoing facilitation of registering suppliers on the WCSEB and CSD by participating in Contractor Development Programme with EPWP at construction information sessions, 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 inform and enforce compliance to compulsory registration requirements.
Departmental Corporate Governance Improvement Plan	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.

Internal Audit work completed during the year under review for the GMT included one assurance engagement. Details of these engagements are included in the Audit Committee report.

The Audit Committee is established as an oversight body, providing independent oversight over governance, risk management and control processes 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 24 provides information on Audit Committee members.

Table 23: 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 2016 (2nd term as chair)	31 December 2021	5
Mr Mervyn Burton (Chairperson)	B.Compt; B.Compt (Hons); CA (SA)	External	n/a	1 January 2021 (2nd term)	n/a	7
Mr Ebrahim Abrahams	B.Com (Accounting)	External	n/a	1 January 2022 (2nd term)	n/a	6
Mr Tshepo Lesihla	ND IT and Master of Technology in IT	External	n/a	1 January 2021 (1st term)	n/a	6
Ms Louise Stevens	ND: Fin Info Systems CIA, CCSA, CRMA, PEQA	External	n/a	1 January 2022 (1st term)	n/a	2

12 Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2022.

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from **Section 38 (1) (a) (ii)** of the **Public Finance Management Act (PFMA) and National Treasury Regulation 3.1.13**. In addition, the Audit Committee has complied with its responsibilities arising from Section 51(1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1.10. The Audit Committee also reports that it has adopted appropriate formal terms of reference, has regulated its affairs in compliance with these terms, and has discharged all its responsibilities as contained therein.

The effectiveness of Internal Control

The Department (including the GMT 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, to promote efficiency and effectiveness of operations, and to support 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 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.

The following internal audit engagement was approved by the audit committee and completed by the internal audit during the year under review.

Assurance Engagements

Government Motor Transport Fleet Finance.

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.



Mr Mervyn Burton
Chairperson of the Audit Committee
Government Motor Transport
Date: 03 August 2022

13 BB-BEE compliance performance information

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

Has the trading entity applied any relevant Code of Good Practice (BB-BEE Certificate Levels 1–8) with regards to the following:		
Criteria	Response Yes/ No	Attachment (include a discussion on your response and indicate what measures have been taken to comply)
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	Yes	- 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 <i>must</i> [own emphasis] apply subcontracting to advance designated group" and local production and content challenges. - Cabinet approved the following strategy for WCG: - 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

Has the trading entity applied any relevant Code of Good Practice (BB-BEE Certificate Levels 1–8) with regards to the following:		
Criteria	Response Yes/ No	Attachment (include a discussion on your response and indicate what measures have been taken to comply)
		goods and services. Refer to Part C, section 10.2 (Supply Chain Management: Governance) of the Annual Report for the value and number of contracts awarded per BB-BEE 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.



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 the impact of increased demands 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 priorities

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 DTPW Strategic Plan.

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;
- A high-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 employment equity (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 2021/22 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 Department of the Premier 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 Department of the Premier 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 Department of the Premier, the DTPW monitors the implementation of a range of people management compliance indicators. The monthly management information that is developed by the DotP Chief Directorate: People Management Practices 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 GMT trading 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, 2021/22

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	718 448	45 099	55	673 294	6.3	369 664	122

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, 2021/22

Salary band	Personnel expenditure (R'000)	% of total personnel expenditure	Average personnel expenditure per employee (R'000)	Number of employees
Interns	-	-	0	0
Lower skilled (Levels 1-2)	1 121	2.5	160	7
Skilled (Levels 3-5)	14 139	31.7	262	54
Highly skilled production (Levels 6-8)	19 025	42.6	414	46
Highly skilled supervision (Levels 9-12)	7 672	17.2	590	13
Senior management (Levels 13-16)	2 669	6.0	1 335	2
Total	44 626	100.0	366	122

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, 2021/22

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	30 024	67.3	62	0.1	1 546	3.5	3 063	6.9

Table 3.1.4: Salaries, overtime, housing allowance and medical assistance by salary band, 2021/22

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)	665	1.5	29	0.1	89	0.2	113	0.3
Skilled (Levels 3-5)	9 096	20.4	33	0.1	745	1.7	1 495	3.4
Highly skilled production (Levels 6-8)	13 215	29.6	-	-	640	1.4	1 293	2.9
Highly skilled supervision (Levels 9-12)	5 374	12.0	-	-	71	0.2	140	0.3
Senior management (Levels 13-16)	1 674	3.8	-	-	-	-	21	0.0
Total	30 024	67.3	62	0.1	1 546	3.5	3 063	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 2022

Entity	Number of active posts	Number of posts filled	Vacancy rate %
GMT	113	112	0.9

Table 3.2.2: Employment and vacancies by salary band, as at 31 March 2022

Salary band	Number of active posts	Number of posts filled	Vacancy rate %
Lower skilled (Levels 1-2)	13	13	-
Skilled (Levels 3-5)	56	55	1.8
Highly skilled production (Levels 6-8)	31	31	-
Highly skilled supervision (Levels 9-12)	11	11	-
Senior management (Levels 13-16)	2	2	-
Total	113	112	0.9

Table 3.2.3: Employment and vacancies by critical occupation, as at 31 March 2022

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 2021 to 31 March 2022

Salary band	Total number of active posts as at 31 March 2022	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	-	-	-	-	-	-
Skilled (Levels 3-5)	56	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	31	-	-	-	-	-	-
Highly skilled supervision (Levels 9-12)	11	-	-	-	-	-	-
Senior Management Service Band A (Level 13)	1	-	-	-	-	-	-

Salary band	Total number of active posts as at 31 March 2022	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
Senior Management Service Band B (Level 14)	1	-	-	-	-	-	-
Total	113	-	-	-	-	-	-

Table 3.3.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2021 to 31 March 2022

Beneficiaries	African	Coloured	Indian	White	Total
None					

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 salary level. 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 2021 to 31 March 2022

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 2021 to 31 March 2022

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 2021 to 31 March 2022

Salary Band	Number of employees as at 31 March 2021	Turnover rate % 2020/21	Appointments into the entity	Transfers into the entity	Terminations out of the entity	Transfers out of the entity	Turnover rate % 2021/22
Lower skilled (Levels 1-2)	13	0.0	2	-	-	-	0.0
Skilled (Levels 3-5)	58	5.2	1	-	3	2	8.6

Salary Band	Number of employees as at 31 March 2021	Turnover rate % 2020/21	Appoint-ments into the entity	Transfers into the entity	Termina-tions out of the entity	Transfers out of the entity	Turnover rate % 2021/22
Highly skilled production (Levels 6-8)	34	5.9	-	-	3	-	8.8
Highly skilled supervision (Levels 9-12)	11	0.0	-	1	2	-	18.2
Senior Management Service Band A (Level 13)	1	0.0	-	-	-	-	0.0
Senior Management Service Band B (Level 14)	1	0.0	-	-	-	-	0.0
Total	118	4.2	3	1	8	2	8.5
			4		10		

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 2021 to 31 March 2022

Critical occupation	Number of employees as at 31 March 2021	Turnover rate % 2020/21	Appoint-ments into the entity	Transfers into the entity	Termina-tions out of the entity	Transfers out of the entity	Turnover rate % 2021/22
None							

Table 3.4.3: Staff leaving the employ of the entity, 1 April 2021 to 31 March 2022

Exit category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2021
Death	-	-	-
Resignation*	4	40.0	3.4
Expiry of contract	-	-	-
Dismissal – operational changes	-	-	-
Dismissal – misconduct	-	-	-
Dismissal – inefficiency	-	-	-
Discharged due to ill-health	-	-	-
Retirement	4	40.0	3.4
Employee initiated severance package	-	-	-
Transfers to statutory bodies	-	-	-
Transfers to other public service departments	-	-	-
Promotion to another WCG department	2	20.0	1.7
Total	10	100.0	8.5

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 2021 to 31 March 2022

Resignation reasons	Number	% of total resignations
Family/ personal circumstances (e.g., transfer of husband/ wife/ life partner)	1	25.0
No reason provided	3	75.0
Total	4	100.0

Table 3.4.5: Different age groups of staff who resigned, 1 April 2021 to 31 March 2022

Age group	Number	% of total resignations
Ages <19	-	-
Ages 20 to 24	-	-
Ages 25 to 29	1	25.0
Ages 30 to 34	-	-
Ages 35 to 39	1	25.0
Ages 40 to 44	-	-
Ages 45 to 49	-	-
Ages 50 to 54	2	50.0
Ages 55 to 59	-	-
Ages 60 to 64	-	-
Ages 65 >	-	-
Total	4	100.0

Table 3.4.6: Employee-initiated severance packages

Total number of employee-initiated severance packages offered in 2021/2022	None
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Table 3.4.7: Promotions by salary band, 1 April 2021 to 31 March 2022

Salary Band	Employees as at 31 March 2021	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)	13	-	-	-	-
Skilled (Levels 3-5)	58	-	-	-	-
Highly skilled production (Levels 6-8)	34	-	-	-	-
Highly skilled supervision (Levels 9-12)	11	-	-	-	-
Senior management (Levels 13-16)	2	-	-	-	-

Salary Band	Employees as at 31 March 2021	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
Total	118	-	-	-	-

Table 3.4.8: Promotions by critical occupation, 1 April 2021 to 31 March 2022

Critical occupation	Employees as at 31 March 2021	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 2022

Occupational level	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management (Levels 13-14)	-	1	-	1	-	-	-	-	-	-	2
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	2	2	-	3	-	2	-	2	-	-	11
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	1	14	-	10	1	15	-	2	-	-	43
Semi-skilled and discretionary decision making (Levels 3-5)	2	16	-	1	13	16	-	1	-	-	49
Unskilled and defined decision making (Levels 1-2)	2	2	-	1	1	1	-	-	-	-	7
Total	7	35	-	16	15	34	-	5	-	-	112
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand total	7	35	-	16	15	34	-	5	-	-	112

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 2022

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

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 2021 to 31 March 2022

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

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)	1	-	-	-	-	1	-	-	-	-	2
Total	1	-	-	-	-	2	-	1	-	-	4
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand total	1	-	-	-	-	2	-	1	-	-	4

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

Note: Recruitment refers to the appointment of new employees to the staff establishment of the entity 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 2021 to 31 March 2022

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

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

Table 3.5.5: Terminations, 1 April 2021 to 31 March 2022

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management (Levels 13-14)	-	-	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	-	2	-	-	-	-	-	-	-	-	2

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)	-	1	-	-	-	1	-	1	-	-	3
Semi-skilled and discretionary decision making (Levels 3-5)	-	3	-	-	1	1	-	-	-	-	5
Unskilled and defined decision making (Levels 1-2)	-	-	-	-	-	-	-	-	-	-	-
Total	-	6	-	-	1	2	-	1	-	-	10
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand total	-	6	-	-	1	2	-	1	-	-	10

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 2021 to 31 March 2022

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 2021 to 31 March 2022

Occupational level	Male				Female				Total
	A	C	I	W	A	C	I	W	
Senior management (Levels 13-14)	-	-	-	1	-	-	-	-	1
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	1	-	-	-	-	1	-	1	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	-	1	-	2	-	11	-	1	15
Semi-skilled and discretionary decision making (Levels 3-5)	-	3	-	1	4	3	-	1	12

Occupational level	Male				Female				Total
	A	C	I	W	A	C	I	W	
Unskilled and defined decision making (Levels 1-2)	1	-	-	-	-	1	-	-	2
Total	2	4	-	4	4	16	-	3	33
Temporary employees	-	-	-	-	-	-	-	-	-
Grand total	2	4	-	4	4	16	-	3	33

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 May 2021

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	1	1	1	100.0
Total	2	2	2	100.0

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.

Table 3.6.2: Reasons for not having concluded performance agreements with all SMS members on 31 May 2021

Reasons for not concluding performance agreements with all SMS
None

Table 3.6.3: Disciplinary steps taken against SMS members for not having concluded performance agreements on 31 May 2021

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 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	-	-
Salary Level 13	1	1	100.0	-	-
Total	2	2	100.0	-	-

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 2022

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	-	-
Salary Level 13	1	1	100.0	-	-
Total	2	2	100.0	-	-

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 3.7.3: Advertising and filling of SMS posts, as at 31 March 2022

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	1	0	0
Total	1	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	N/A
Salary Level 13	N/A

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

Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts
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 2021 to 31 March 2022

Salary band	Employees as at 31 March 2021	Progressions to another notch within a salary band	Notch progressions as a % of total employees within a salary band
Lower skilled (Levels 1-2)	13	0	0.0
Skilled (Levels 3-5)	58	0	0.0
Highly skilled production (Levels 6-8)	34	0	0.0
Highly skilled supervision (Levels 9-12)	11	0	0.0
Senior management (Levels 13-16)	2	0	0.0
Total	118	0	0.0

Table 3.8.2: Notch progressions by critical occupation, 1 April 2021 to 31 March 2022

Critical occupation	Employees as at 31 March 2021	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 2020/21 but paid these in the financial year 2021/22. 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 2021 to 31 March 2022

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2021	% of total within group	Cost (R'000)	Average cost per beneficiary (R)
African	0	22	0.0	0	0
Male	0	6	0.0	0	0
Female	0	16	0.0	0	0
Coloured	0	74	0.0	0	0
Male	0	40	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

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2021	% of total within group	Cost (R'000)	Average cost per beneficiary (R)
White	0	20	0.0	0	0
Male	0	15	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 2021 to 31 March 2022

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2021	% 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	13	0.0	0	0	0.0
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	11	0.0	0	0	0.0
Total	0	116	0.0	0	0	0.0

Table 3.8.5: Performance rewards (cash bonus), by salary band, for Senior Management Service level, 1 April 2021 to 31 March 2022

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2021	% 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

Table 3.8.6: Performance rewards (cash bonus) by critical occupation, 1 April 2021 to 31 March 2022

Critical occupation	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2021	% 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 2021 to 31 March 2022

Salary band	1 April 2021		31 March 2022		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 2021		31 March 2022		Change	
	Number	% of total	Number	% of total	Number	% change
None						

3.10. Leave utilisation for the period 1 January 2021 to 31 December 2021

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 2021 to 31 December 2021

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	-	-	-	-	-	-	-
Lower skilled (Levels 1-2)	153	95.4	5	7	71.4	31	68
Skilled (Levels 3-5)	250	91.2	37	55	67.3	7	177
Highly skilled production (Levels 6-8)	206	87.4	29	47	61.7	7	232
Highly skilled supervision (Levels 9-12)	45	91.1	4	13	30.8	11	84

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)
Senior management (Levels 13-16)	0	0.0	0	2	0.0	0	0
Total	654	91.0	75	124	60.5	9	561

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 2021 to 31 December 2021

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	-	-	-	-	-	-	-
Lower skilled (Levels 1-2)	71	100.0	1	7	14.3	71	31
Skilled (Levels 3-5)	110	100.0	3	55	5.5	37	68
Highly skilled production (Levels 6-8)	14	100.0	2	47	4.3	7	14
Highly skilled supervision (Levels 9-12)	0	0.0	0	13	0.0	0	0
Senior management (Levels 13-16)	0	0.0	0	2	0.0	0	0
Total	195	100.0	6	124	4.8	33	113

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 and Procedure 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 out at the time of termination of service.

Table 3.10.3: Annual leave, 1 January 2021 to 31 December 2021

Salary band	Total days taken	Total number employees using annual leave	Average number of days taken per employee
Interns	-	-	-
Lower skilled (Levels 1-2)	160	6	27
Skilled (Levels 3-5)	1 143	53	22
Highly skilled production (Levels 6-8)	1 236	47	26
Highly skilled supervision (Levels 9-12)	305	13	23
Senior management (Levels 13-16)	60	2	30
Total	2 904	121	24

Table 3.10.4: Capped leave, 1 January 2021 to 31 December 2021

Salary band	Total capped leave available as at 31 Dec 2020	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 2021	Total capped leave available as at 31 Dec 2021
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	371	37	2	19	6	334
Highly skilled production (Levels 6-8)	672	38	3	13	23	634
Highly skilled supervision (Levels 9-12)	263	63	1	63	5	200
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	1 306	138	6	23	34	1 168

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 2021 to 31 March 2022

Reason	Total amount (R'000)	Number of employees	Average payment per employee
Leave pay-outs during 2021/22 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service	198	3	66 151
Current leave pay-outs on termination of service	173	8	21 575

3.11. Health promotion programmes, including HIV and AIDS

Table 3.11.1: Steps taken to reduce the risk of occupational exposure, 1 April 2021 to 31 March 2022

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 within the Department.	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: • 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 were required.

Table 3.11.2: Details of health promotion including HIV and AIDS Programmes, 1 April 2021 to 31 March 2022

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.	√		The Corporate Services Centre in the Department of the Premier provides a transversal service to eleven departments, and one entity, Government Motor Transport. 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. The unit consists of a Deputy Director, three Assistant Directors, and two EHW practitioners. The entity consists of one EHW ambassadors (Nazreen Mohamed-Simons). Budget R3.5m.

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.	√		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 provincial departments, as well as GMT. The following intervention sessions were conducted: Impact of lockdown on mental health, positive thinking, coping during crisis, parenting during this time of crisis, mental health awareness, identifying employees in crisis, emotional intelligence, stress, burnout and depression, financial planning and preparing for retirement, transversal workplace functional assessment workshop, empowering women from within and career development, psychological impact of COVID-19, transversal webinar: Leading from a place of personal well-being creates a stronger sense of connectedness during times of crisis and confusion, workplace bullying, CSC youth webinar: Stress, self-care and resilience, dealing with loss and tragedy, transversal webinar: Developing and managing my own personal brand, owning your own personal power, how to support and refer an employee to EHW. 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. 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 employees in the workplace. Information was also distributed online to inform employees on how to access the Employee Health and Wellness Programme.
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.	√		The Provincial Employee Health and Wellness Steering Committee has been established with members nominated by each department. The Department of Transport and Public Works and GMT is represented by Carl Marx and Déan Killian.

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.	√		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 for the Western Cape Province in December 2016. 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. 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 and Wellness, 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 as amended. 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.
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.	√		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. The aim is to: • 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. 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: • 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.	√		HCT sessions: June 2021 (94) and World Aids Day (WAD) December 2021 (2). The following wellness and HCT screening sessions were conducted: - The Department, including GMT, participated in two HCT and wellness screening sessions; and 94 employees were tested in June 2021 and 19 employees in December 2021 and counselled for HIV, TB and STIs. There were no clinical referrals for further management for TB, HIV or STIs on both screening dates.
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.	√		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.

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 2021 to 31 March 2022

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 2021 to 31 March 2022

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

Table 3.12.3: Types of misconduct addressed at disciplinary hearings, 1 April 2021 to 31 March 2022

Type of misconduct	Number	% of total
None		

Table 3.12.4: Grievances lodged, 1 April 2021 to 31 March 2022

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

Note: Grievances lodged 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 2021 to 31 March 2022

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 2021 to 31 March 2022

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

Table 3.12.7: Precautionary suspensions, 1 April 2021 to 31 March 2022

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

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 GMT 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 2021 to 31 March 2022

Occupational category	Gender	Number of employees as at 1 April 2021	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	8	0	8
Professionals (Salary Band 9-12)	Female	3	0	3	0	3
	Male	8	0	8	0	8
Technicians and associate professionals (Salary Band 6-8)	Female	20	0	19	0	19
	Male	27	0	22	0	22
Clerks (Salary Band 3-5)	Female	31	0	76	0	76
	Male	22	0	40	0	40
Elementary occupations (Salary Band 1-2)	Female	1	0	0	0	0
	Male	4	0	8	0	8
Sub Total	Female	55	0	98	0	98
	Male	63	0	86	0	86
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 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 2021 to 31 March 2022

Occupational category	Gender	Number of employees as at 31 March 2022	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	3	0	3
Professionals (Salary Band 9-12)	Female	4	0	4	0	4
	Male	7	0	2	0	2
Technicians and associate professionals (Salary Band 6-8)	Female	18	0	19	0	19
	Male	25	0	3	0	3
Clerks (Salary Band 3-5)	Female	30	0	12	0	12
	Male	19	0	10	0	10
Elementary occupations (Salary Band 1-2)	Female	2	0	1	0	1
	Male	5	0	1	0	1
Sub Total	Female	54	0	36	0	36
	Male	58	0	19	0	19
Total		112	0	55	0	55
Employees with disabilities	Female	0	0	0	0	0
	Male	5	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 2021 to 31 March 2022

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 2021 to 31 March 2022

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	BB-BEE level
GMT	Ducharme Asset Management and Accounting (Pty) Ltd	Rendering of accounting services	Accounting Services	1	86 days	1 082 000	1	2
	Dimension Data (Pty) Ltd	Rendering of Information Communication Services	Information Communication Services	64	267 days	47 156 000	11	2
	C-Institute (Pty) Ltd	Rendering of future studies, complexity science and systems thinking	Future studies, complexity science and systems thinking	17	249 days	10 053 000	2	1
	Datacentrix (Pty) Ltd	Rendering of Information Communication Services	Information Communication Services	15	110 days	2 636 000	2	1
Total				97	712 days	60 927 000	16	



PARTE

Financial
Information

Part E: Financial management

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 134 to 225, which comprise the statement of financial position as at 31 March 2022, 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 2022, 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.

Responsibilities of the accounting officer for the financial statements

6. 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.

7. 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

8. 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.
9. 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

10. 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.
11. 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.
12. 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 outcome presented in the trading entity's annual performance report for the year ended 31 March 2022:

Outcome	Pages in annual performance report
Outcome 1 – leaders in mobility solutions (R&D)	56 – 57

13. 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.
14. I did not raise 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

15. I draw attention to the matters below.

Achievement of planned targets

16. Refer to the annual performance report on pages 56 to 58 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

17. 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.
18. 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

19. 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.
20. 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.

21. 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.
22. 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.
23. I have nothing to report in this regard.

Internal control deficiencies

24. 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

Auditor General

Cape Town

31 July 2022



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 trading entity'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 2022

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	3 Rusper Street Maitland Cape Town 7405
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 2022

Accounting Officer's Responsibility and Approval

1. 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.
2. 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.
3. Standards and Interpretations of GRAP effective for periods commencing on or after 1 April 2021 for all entities, including trading entities, 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; and
 - f) IGRAP 17 Service Concession Arrangements where a grantor controls significant residual interest in an asset.

The effect of the Standards and Interpretations listed above are disclosed in the Changes in Accounting Policies.

4. Pronouncements that are not yet effective, but which trading entities may consider in formulating an accounting policy are:
 - a) Guideline on Accounting for Landfill sites.
5. In addition, it is encouraged to apply the following pronouncement:
 - a) Guideline on the Application of Materiality in Financial Statements.
6. The accounting standards, interpretations and pronouncements listed in paragraphs three to five above were evaluated by management and applied where considered relevant to the financial reporting of GMT for the year ended 31 March 2022. The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.
7. 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 in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour is applied and managed within predetermined procedures and constraints.

8. 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 pandemic continues to have a significant adverse impact on various operational, staff and reporting structures within GMT and is also having a far-reaching impact on the macro- and micro-environments notwithstanding the President's announcement on 4 April 2022 that ended the National State of Disaster brought on by the pandemic. GMT as a trading entity has not been immune to its impact and required of management to assess various areas during the preparation of the financial statements. These are disclosed under the "Events after the reporting date" note and must be read in conjunction with the going concern assessment note. 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.
9. 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 2023. 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.

10. In the light of the above, the current financial position and the expected future cash flows for the 18 months ending 30 September 2023, 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.



JT Gooch

Accounting Officer

Date: 31 August 2022

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Notes	2021/22 R'000	Restated 2020/21 R'000
NET ASSETS AND LIABILITIES			
Net Assets			
Accumulated surplus		3,083,661	2,957,148
Total Net Assets		3,083,661	2,957,148
Non-current liabilities			
Employee benefit liability	1	581	640
Provisions	2	1,293	1,298
Total Non-current liabilities		1,874	1,938
Current liabilities			
Payables from exchange transactions	3	50,033	93,501
Payables from non-exchange transactions	4	4,284	4,704
Unspent conditional grants and receipts	5	29,809	24,242
Provisions	6	21	311
Total current liabilities		84,148	122,758
Total liabilities		86,022	124,697
Total Net Assets and Liabilities		3,169,682	3,081,845
ASSETS			
Non-current Assets			
Property, plant and equipment	7	322,394	300,706
Intangible assets	8	303,299	84,705
Heritage assets	9	140	140
Finance lease receivables	10	805,906	759,765
Total Non-current assets		1,431,738	1,145,315
Current Assets			
Inventory	11	55	163
Receivables from exchange transactions	12	48,685	39,059
Receivables from non-exchange transactions	13	7,113	29,480
Cash and cash equivalents	14	1,542,710	1,751,694
Finance lease receivables	10	139,380	116,134
Total current assets		1,737,943	1,936,530
Total Assets		3,169,682	3,081,845

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2021/22 R'000	2020/21 R'000
REVENUE			
Revenue from Exchange Transactions			
Revenue	15	753,955	654,945
Other income	16	7,403	3,616
Interest earned	17	63,248	87,593
Government grants and subsidies received	18	9,629	1,231
Revenue from Non-exchange Transactions			
Services in-kind	19	10,724	10,714
Total Revenue		844,959	758,100
EXPENDITURE			
Administrative expenses	20	(24,687)	(19,271)
Employee costs	21	(45,099)	(44,758)
Operating expenditure	22	(432,004)	(324,905)
Depreciation	23	(20,572)	(16,639)
Amortisation	24	(8,448)	(6,474)
Accidents and Impairment losses	26	(3,683)	(4,447)
Grants and subsidies paid	27	(150,000)	(150,000)
Operating leases	34	(33,953)	(32,213)
Total Expenditure		(718,448)	(598,705)
SURPLUS FOR THE YEAR		126,511	159,395

**GOVERNMENT MOTOR TRANSPORT
 STATEMENT OF CHANGES IN TOTAL NET ASSETS
 FOR THE YEAR ENDED 31 MARCH 2022**

Description	Accumulated Surplus	Total Net Assets
	R'000	R'000
Balance at 31 March 2020	2,797,754	2,797,754
Changes in net assets for the year ended 31 March 2021		
Surplus for the year ended 31 March 2021	159,395	159,395
Balance at 31 March 2021	2,957,149	2,957,149
Changes in net assets for the year ended 31 March 2022		
Surplus for the year ended 31 March 2022	126,511	126,511
Balance at 31 March 2022	3,083,662	3,083,662

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	2021/22 R'000	Restated 2020/21 R'000
CASH FROM OPERATING ACTIVITIES			
Receipts			
Charges for services provided	28.1	371,745	323,529
Other receipts	28.2	6,094	(1,837)
Interest earned	28.3	63,248	87,593
Government grants and subsidies received	28.4	16,758	5,780
Transactions entered into by GMT on behalf of client institutions	28.5	16,274	-
Payments			
Employee costs	28.6	(45,868)	(44,112)
Suppliers paid	28.7	(450,962)	(245,295)
Other payments	28.8	(209,195)	(200,872)
Vehicles and equipment procured as procuring agent	28.9	(1,561)	-
Transactions entered into by GMT on behalf of client institutions	28.5	-	(9,672)
NET CASH FLOWS FROM OPERATING ACTIVITIES	28.10	(233,467)	(84,886)
CASH FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment	28.11	29,918	11,327
Acquisition of property, plant and equipment	28.12	(97,329)	(94,856)
Intangible Assets - development cost	28.13	(227,043)	(5,286)
Finance lease receivables	28.14	318,937	296,709
- Vehicles allocated to client institutions		(127,701)	(104,919)
- Cash receipts from finance lease receivables		446,638	401,628
NET CASH FLOWS FROM INVESTING ACTIVITIES		24,483	207,894
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(208,983)	123,008
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR		1,751,694	1,628,686
CASH AND CASH EQUIVALENTS - END OF THE YEAR	29	1,542,710	1,751,694

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2022

31 March 2022

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	-	-	-	-	-	-	-	55	-	55	-	-
Receivables from exchange transactions	-	-	-	-	-	-	-	48,685	-	48,685	-	-
Receivables from non-exchange transactions	-	-	-	-	-	-	-	7,113	-	7,113	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	1,542,710	-	1,542,710	-	-
Finance lease receivables	-	-	-	-	-	-	-	139,380	-	139,380	-	-
Non-current assets												
Property, plant and equipment	471,542	1,142	-	472,683	-	81,350	554,033	322,394	-	(231,640)	58	68
Intangible assets	246,366	401	-	246,767	-	(1,350)	245,417	303,299	-	57,881	124	123
Heritage assets	-	-	-	-	-	-	-	140	-	140	-	-
Finance lease receivables	-	-	-	-	-	-	-	805,906	-	805,906	-	-
Total assets	717,908	1,543	-	719,451	-	80,000	799,451	3,169,681	-	2,370,230	396	442
Current liabilities												
Payables from exchange transactions	-	-	-	-	-	-	-	50,033	-	50,033	-	-
Payables from non-exchange transactions	-	-	-	-	-	-	-	4,284	-	4,284	-	-
Unspent conditional grants and receipts	-	-	-	-	-	-	-	29,809	-	29,809	-	-
Provisions	-	-	-	-	-	-	-	21	-	21	-	-
Non-current liabilities												
Employee benefit liability	-	-	-	-	-	-	-	581	-	581	-	-
Provisions	-	-	-	-	-	-	-	1,293	-	1,293	-	-
Total liabilities	-	-	-	-	-	-	-	86,022	-	86,022	-	-
Total assets and liabilities	717,908	1,543	-	719,451	-	80,000	799,451	3,083,659	-	2,284,209	-	-
Net assets												
Accumulated surplus	-	-	-	-	-	-	-	3,083,661	-	3,083,661	-	-
Total Net assets	-	-	-	-	-	-	-	3,083,661	-	3,083,661	-	-

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2022

31 March 2022

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	(729,259)	-	-	(729,259)	-	-	(729,259)	(753,955)	-	(24,696)	103	103
Other income	(4,948)	-	-	(4,948)	-	-	(4,948)	(7,403)	-	(2,454)	150	150
Interest earned	(45,154)	-	-	(45,154)	-	-	(45,154)	(63,248)	-	(18,095)	140	140
Government grants and subsidies received	(16,097)	-	-	(16,097)	-	1,200	(14,897)	(9,629)	-	5,268	65	60
Revenue from non-exchange transactions												
Services in-kind	(9,527)	-	-	(9,527)	-	(1,200)	(10,727)	(10,724)	-	3	100	113
Financing through own funds	(754,067)	-	-	(754,067)	-	-	(754,067)	-		754,067	-	-
Total revenue	(1,559,051)	-	-	(1,559,051)	-	-	(1,559,051)	(844,959)	-	714,093	54	54
Expenditure												
Administrative expenses	27,002	341	-	27,343	-	(2,006)	25,337	24,687	-	(650)	97	91
Employee costs	57,070	-	-	57,070	-	-	57,070	45,099	-	(11,971)	79	79
Operating expenditure	423,792	9,683	-	433,475	-	33,997	467,473	432,004	-	(35,468)	92	102
Depreciation	18,717	-	-	18,717	-	2,270	20,987	20,572	-	(414)	98	110
Amortisation	14,000	-	-	14,000	-	(5,228)	8,772	8,448	-	(324)	96	60
Accidents and Impairment losses	3,776	-	-	3,776	-	258	4,034	3,683	-	(351)	91	98
Grants and subsidies paid	150,000	-	-	150,000	-	-	150,000	150,000	-	-	-	-
Operating leases	146,787	(31)	-	146,756	-	(109,291)	37,465	33,953	-	(3,511)	91	23
Total expenditure	841,143	9,993	-	851,136	-	(80,000)	771,136	718,448	-	(52,689)	93	85
Surplus for the year	-	9,993	-	(707,915)	-	(80,000)	(787,915)	(126,511)	-	661,404	-	-

& IS

& Refer to note 44

IS Refer to the Statement of Financial Performance for note references

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2022

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

REVENUE

Revenue from exchange transactions

Government Grants and Subsidies Received

A shifting of funds decrease of R1,2 million million between the Original Budget and Final Adjustments Budget was done. The shift decrease of R1,2 million was done to cater for services in-kind.

Revenue from Non-exchange Transactions

Services in-kind

A shifting of funds increase of R1,2 million million between the Original Budget and Final Adjustments Budget was done. The shift increase of R1,2 million was done to cater for services in-kind.

EXPENDITURE

Administrative expenses

A budget commitments increase of R341 000 between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds decrease of R2,006 million between the Final Adjustments Budget to the Final Budget. The budget commitments of R341 000 were for purchase orders raised during the 2020/21 financial year for expenditure which were not yet invoiced by 31 March 2021. The shifting of funds decrease of R2,006 million was mainly due to the requirement to re-allocate funds to vehicle replacements.

Operating expenditure

A budget commitments increase of R9,683 million between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds increase of R33,997 million between the Final Adjustments Budget and Final Budget. The budget commitments of R9,683 million were for purchase orders raised during the 2020/21 financial year for expenditure which were not yet invoiced by 31 March 2021. The shifting of funds increase of R33,997 million was mainly due to fund fuel expenditure and consultant fees for research and advisory services.

Depreciation

A shifting of funds increase of R2,270 million between the Final Adjustments Budget and the Final Budget was done. The shifting of funds increase of R2,27 million was due to fund the depreciation expense on vehicles.

Amortisation

A shifting of funds decrease of R5,228 million between the Final Adjustments Budget and the Final Budget was done. The shifting of funds decrease of R5,228 million was due to the requirement to allocate funds to accidents and impairment losses.

Accidents and impairment losses

A shifting of funds increase of R258 000 between the Final Adjustments Budget and the Final Budget was done. The shifting of funds increase of R258 000 was done as the accidents and impairment losses which were recognised on vehicles for the year ended 31 March 2022 was higher than anticipated.

Operating leases

A budget commitments decrease of R31 000 between the Original Budget and Final Adjustments Budget as well as a shifting of funds decrease of R109,291 million between the Final Adjustments Budget and Final Budget was done. The budget commitments decrease of R31 000 was for encumbrance credits transferred from the 2020/21 financial year. The shifting of funds decrease of R109,291 million between the Final Adjustments Budget and Final Budget was to fund consultant- and contractors fees, fuel, repairs, maintenance, running costs, Red Dot expenditure and vehicle replacements.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2022

Explanation of variances between the Original and Final Budget

STATEMENT OF FINANCIAL POSITION

Non-current assets

Property, plant and equipment

A budget commitment increase of R1,142 million between the Original Budget and Final Adjustments Budget as well as a shifting of funds increase of R81,35 million between the Final Adjustments Budget and Final Budget was done. The budget commitments increase of R1,142 million were primarily for vehicle related purchase orders raised during the 2020/21 financial year which were not yet invoiced by 31 March 2021. The shifting of funds increase of R81,35 million was done for the issuing of purchase orders for office furniture, equipment and vehicle replacements.

Intangible assets

A budget commitment increase of R401 000 between the Original Budget and the Final Adjustments Budget as well as a shifting of funds decrease of R1,35 million between the Final Adjustments Budget and Final Budget was done. The budget commitments increase of R401 000 were for purchase orders raised during the 2020/21 financial year which were not yet invoiced by 31 March 2021. The shifting of funds decrease of R1,35 million was mainly due to the purchasing office furniture, equipment and 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 R2,454 million over the Final Budget. This line item includes profit on the sale of vehicles. More vehicles were disposed during auctions which attracted profits than were anticipated during the preparation of the budget estimates. In addition, the second hand vehicle market had a favourable increase in the sales values of second hand vehicles, due a shortage of new vehicles in the context of supply chain challenges and production interruptions caused by the global pandemic.

Interest earned

The actual interest earned is R18,095 million over the Final Budget. The actual interest rate earned on the funds held in the main bank account varied between 3% to 3.75%, while the budget estimate was prepared on interest yields between 3% to 3.5%. The funds invested through the Provincial Treasury yielded an actual return of 5.262%, while the budget estimates were prepared on an interest yield of 4.5%. Thus the actual interest yields on the main account and invested funds were higher than those anticipated during the budget preparation process. In addition, the capital balance in the main account remained consistently above the levels which were used during the budget estimates as some significant outflows of cash funds occurred later during the financial year.

Government grants and subsidies received

The Government Grants and Subsidies received is R5,268 million under the Final Budget. The variance is due to the value of vehicles allocated to client institutions which were procured under the Government Grants and Subsidies received being lower than anticipated during budget estimates.

Financing through own funds

GMT envisages to utilise R754.067 million from its own funding to procure the items envisaged under the Statement of Financial Position and Statement of Financial Performance.

EXPENDITURE

Employee costs

The variance of R11,971 million under the Final Budget 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 2022

FINANCIAL POSITION

The Final Budget is the total of the expected revenue earned and expenditure incurred during the year ended 31 March 2022. 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 2022.

Current assets

Inventories

The variance of R55 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 R48,685 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 R7,113 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 R1,543 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 R139,38 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 R231,64 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 2021/22 while the balance of R322,394 million is the carrying value of the line item which has accrued since its recognition until 31 March 2022.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2022

Intangible assets

The variance of R57,881 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 2021/22, while the balance of R303,299 million is the carrying value of the line item which has accrued since its recognition until 31 March 2022.

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 2022. 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 R805,906 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 R50,033 million over budget is due to the budget being prepared on the cash basis. The expenditure is budgeted under the relevant expenditure items on the Statement of Financial Performance and not under this line item.

Payables from non-exchange transactions

The variance of R4,282 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 R29,809 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 R21 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 R581 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 R1,293 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 2022

	2021/22 R'000	2020/21 R'000
1 EMPLOYEE BENEFIT LIABILITY		
Provision for Long Service Awards	581	640
The movement in the Employee Benefit Liability is reconciled as follows:		
Balance at the beginning of the year	640	543
(Reductions) / contributions to the provision	(48)	228
	592	771
Transfer to current provisions	Note 6 (11)	(131)
Balance at end of the year	581	640

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 2022 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 2022, 112 (31 March 2021: 118) employees were eligible for long service awards.

The current service cost for the year ended 31 March 2022 is estimated to be R39,000, whereas the cost for the year ending 31 March 2023 is estimated to be R31,000 (31 March 2021: R34,285).

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

Discount Rate	7.85%	9.25%
CPI (Consumer Price Inflation)	3.08%	5.94%
Normal Salary Increase Rate	4.08%	6.94%
Net Effective Discount Rate	3.63%	3.12%
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 2022

	2021/22 R'000	2020/21 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	771	679	
Current service costs	39	34	
Interest cost	73	56	
Benefits paid	(120)	(109)	
Actuarial (gains) / losses	(171)	111	
Present Value of Fund Obligation at the end of the year	592	771	
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations	592	771	
Fair value of plan assets	-	-	
Total Benefit Liability	592	771	
The amounts recognised in the Statement of Financial Performance are as follows:			
Current service cost	39	34	
Interest cost	73	56	
Actuarial (gains) / losses	(171)	111	
Total Post-retirement Benefit included in Employee costs	(59)	201	
The history of experienced adjustments is as follows:			
	2021/22 R'000	2020/21 R'000	2019/20 R'000
Present Value of Defined Benefit Obligation	592	771	679
Fair Value of Plan Assets	-	-	-
Deficit	592	771	679
		2021/22 R'000	2020/21 R'000
The effect of a 1% p.a. change in the Consumer Price Inflation assumption is as follows:			
Increase:			
Effect on the aggregate of the current service cost and the interest cost		85	122
Effect on the defined benefit obligation		636	828
Decrease:			
Effect on the aggregate of the current service cost and the interest cost		72	104
Effect on the defined benefit obligation		552	719

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
2 PROVISIONS		
Capped leave pay:		
Opening balance	1,298	1,508
Increase / (decrease) in the provision during the year	5	(29)
Current portion transferred to current liabilities	(10)	(180)
	1,293	1,298

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. No amounts are expected to be reimbursed.

3 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade creditors		3,477	4,184
Staff leave		2,306	2,651
Staff bonuses		1,071	1,142
Overtime payable		7	6
Accrued expenditure	Note 3.1	43,008	84,302
Sundry creditors		127	196
Payments received in advance		37	1,020
		50,033	93,501

Trade creditors are present obligations for goods and services received which arise from past events. The settlement is expected to result in an outflow from GMT's resources included under cash and cash equivalents.

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.

Overtime payable are amounts due to officials for overtime worked.

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 2022.

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. GMT did not default on any payment of its creditors. No terms for payment have been re-negotiated. Discounting of trade and other payables on initial recognition is not deemed necessary.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 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	3,752	3,816
Machinery, equipment and vehicles: repairs and maintenance accrual	4,771	6,189
Machinery, equipment and vehicles: fuel and oil accrual	2,957	3,133
Other goods and services accrual	31,528	71,163
Accrued expenditure for reimbursement Note 35.1.2.2	17,076	66,507
Audit fees - Regulatory and ICT audits	272	145
Motor vehicle license fees	215	103
Office furniture and fittings	2,430	-
Mobility assets (including conversions and extras fitted to vehicles)	404	-
Consultant, contractors and special services	6,769	4,194
Other accrued expenditure	4,361	215
Accrued expenditure liability	43,008	84,302

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), office expenditure and some other expenditure types.

4 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Payments received in advance	4,284	4,522
Refundable auction returns	-	182
	4,284	4,704

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.

Refundable auction returns are amounts owing to client institutions for auction returns generated. These amounts are payable to client institutions.

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 2022

	2021/22 R'000	2020/21 R'000
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Grants from Provincial Departments	29,809	24,010
Department of Agriculture	644	-
Department of Community Safety	-	3,233
Department of Economic Development and Tourism	128	128
Department of Health	20,718	15,885
Department of Social Development	1,930	3,491
Department of Transport and Public Works	1,273	1,273
Department of Education	5,117	-
Grants from Other stakeholders:	-	233
Paid up value - Judges vehicles	-	233
Total Conditional Grants and Receipts	29,809	24,242
GMT complied with the conditions attached to all grants received to the extent of revenue recognised.		
5.1 Grants from Provincial Departments:		
5.1.1 Department of Agriculture		
Current period receipts	1,194	-
Conditions met - transferred to revenue	(550)	-
	644	-
5.1.2 Department of Community Safety		
Balance at the beginning of the year	3,233	3,654
Current year receipts	22	-
Conditions met - transferred to revenue	(3,255)	(421)
	-	3,233
5.1.3 Department of Economic Development and Tourism		
Balance at the beginning of the year	128	166
Unspent grants refunded to the department	-	(38)
	128	128
5.1.4 Department of Health		
Balance at the beginning of the year	15,885	11,109
Current year receipts	9,761	5,485
Conditions met - transferred to revenue	(4,891)	(709)
Unspent grants refunded to the department	(38)	-
	20,718	15,885
5.1.5 Department of Social Development		
Balance at the beginning of the year	3,491	3,491
Vehicles procured as procuring agent	(1,561)	-
	1,930	3,491
5.1.6 Department of Transport and Public Works		
Balance at the end of the year	1,273	1,273
	1,273	1,273

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000	
5.1.7 Western Cape Education Department			
Current year receipts	5,577	-	
Conditions met - transferred to revenue	(482)	-	
Additional invoices raised	22	-	
	5,117	-	
5.2 Grants from Other stakeholders:			
5.2.1 Paid up value - Judges vehicles			
Balance at the beginning of the year	233	-	
Current year receipts	219	334	
Conditions met - transferred to revenue	(452)	(101)	
	-	233	
6 PROVISIONS			
Personnel expense related commitments:			
Employee benefit liability	Note 1	11	131
Capped leave	Note 2	10	180
		21	311

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. Refer to note 2 for the description of the uncertainties about the amount and expected timing of the resulting cash outflows of economic benefits. The provision amount was based on officials who indicated that they intend on leaving GMT's services and/or applied for formal exit approaches from the entity. It is assumed that the applications would all be approved for the purposes of this note. No amounts are expected to be reimbursed.

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
(Reductions) / contributions to the provisions	(259)	(26)	44	(240)
Transfer from non-current provisions	-	131	180	311
Expenditure incurred	-	(109)	(204)	(313)
Balance at the end of the year	-	131	180	311
31 March 2022:		Employee benefit liability R'000	Capped leave provision R'000	Total R'000
Balance at the beginning of the year		131	180	311
(Reductions) to provisions		(11)	(5)	(16)
Transfer from non-current provisions		11	10	21
Expenditure incurred		(120)	(174)	(294)
Balance at the end of the year		11	10	21

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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	376,353
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 2022

7 PROPERTY, PLANT AND EQUIPMENT (continued)

31 MARCH 2022

Reconciliation of Carrying Value

Description	Plant and Equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2021	3,551	297,154	300,706
Gross carrying amount	13,911	450,834	464,745
Accumulated depreciation	(10,355)	(150,526)	(160,881)
Accumulated impairment losses	(4)	(3,154)	(3,158)
Additions at cost (for vehicles refer to note 7.3.1)	5,939	91,390	97,329
Depreciation	(1,755)	(18,817)	(20,572)
Impairment losses	-	(3,548)	(3,548)
Disposals	(2)	(24,247)	(24,248)
Cost (for vehicles refer to note 7.3.2)	(151)	(66,637)	(66,788)
Accumulated depreciation	149	38,501	38,650
Accumulated impairment	-	3,889	3,889
Vehicles moved from client institutions to GMT	-	35,272	35,272
Cost (for vehicles refer to note 7.3.3)	-	79,774	79,774
Accumulated depreciation	-	(44,502)	(44,502)
Vehicles moved from GMT to client institutions	-	(62,014)	(62,014)
Cost (for vehicles refer to note 7.3.4)	-	(65,558)	(65,558)
Accumulated depreciation	-	3,544	3,544
Stolen/Scrapped	-	(531)	(531)
Cost	-	(545)	(545)
Accumulated depreciation	-	15	15
Net Carrying amount - 31 March 2022	7,733	314,659	322,394
Cost	19,699	489,259	508,958
Accumulated depreciation	(11,961)	(171,786)	(183,746)
Accumulated impairment losses	(4)	(2,813)	(2,817)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 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	126	68
Cost	214	137
Accumulated depreciation	(88)	(69)
Additions at cost	-	77
Depreciation	(27)	(19)
Carrying amount at the end of the year	99	126
Cost	214	214
Accumulated depreciation	(115)	(88)
7.1.2 Computer Equipment		
Carrying amount at the beginning of the year	2,174	1,325
Cost	9,383	7,516
Accumulated depreciation	(7,209)	(6,191)
Additions at cost	2,058	1,867
Depreciation	(1,268)	(1,018)
Carrying amount at the end of the year	2,964	2,174
Cost	11,441	9,383
Accumulated depreciation	(8,477)	(7,209)
7.1.3 Telephone		
Carrying amount at the beginning of the year	15	22
Cost	138	138
Accumulated depreciation	(124)	(117)
Depreciation	(6)	(7)
Carrying amount at the end of the year	8	15
Cost	138	138
Accumulated depreciation	(130)	(124)
7.1.4 Workshop Equipment		
Carrying amount at the beginning of the year	61	27
Cost	247	206
Accumulated depreciation	(183)	(176)
Accumulated impairment losses	(3)	(3)
Additions at cost	49	41
Depreciation	(19)	(7)
Carrying amount at the end of the year	91	61
Cost	296	247
Accumulated depreciation	(202)	(183)
Accumulated impairment losses	(3)	(3)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.5 Office Furniture and Fittings		
Carrying amount at the beginning of the year	395	506
Cost	2,144	2,144
Accumulated depreciation	(1,748)	(1,637)
Accumulated impairment losses	(1)	(1)
Additions at cost	2,486	-
Depreciation	(111)	(111)
Transfers	-	-
Cost	(17)	-
Accumulated depreciation	17	-
Carrying value of disposals	(1)	-
Cost	(144)	-
Accumulated depreciation	143	-
Carrying amount at the end of the year	2,770	395
Cost	4,469	2,144
Accumulated depreciation	(1,699)	(1,748)
Accumulated impairment losses	(1)	(1)
7.1.6 Office Equipment		
Carrying amount at the beginning of the year	113	147
Cost	355	352
Accumulated depreciation	(242)	(205)
Additions at cost	113	3
Depreciation	(33)	(37)
Carrying value of disposals	(1)	-
Cost	(5)	-
Accumulated depreciation	4	-
Carrying amount at the end of the year	193	113
Cost	463	355
Accumulated depreciation	(270)	(242)
7.1.7 Domestic Equipment		
Carrying amount at the beginning of the year	14	18
Cost	46	46
Accumulated depreciation	(32)	(28)
Depreciation	(4)	(4)
Carrying amount at the end of the year	10	14
Cost	46	46
Accumulated depreciation	(36)	(32)
7.1.8 Domestic Furniture		
Carrying amount at the beginning of the year	83	105
Cost	146	146
Accumulated depreciation	(63)	(41)
Additions at cost	290	-
Depreciation	(42)	(22)
Carrying amount at the end of the year	330	83
Cost	436	146
Accumulated depreciation	(105)	(63)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.9 Security Equipment and Systems		
Carrying amount at the beginning of the year	445	725
Cost	992	992
Accumulated depreciation	(547)	(267)
Additions at cost	48	-
Depreciation	(191)	(280)
Carrying amount at the end of the year	301	445
Cost	1,041	992
Accumulated depreciation	(739)	(547)
7.1.10 Kitchen Appliances		
Carrying amount at the beginning of the year	27	35
Cost	79	80
Accumulated depreciation	(52)	(45)
Additions at cost	39	-
Depreciation	(10)	(8)
Carrying value of disposals	-	-
Cost	-	(1)
Accumulated depreciation	-	1
Carrying amount at the end of the year	56	27
Cost	118	79
Accumulated depreciation	(62)	(52)
7.1.11 Photographic Equipment		
Carrying amount at the beginning of the year	86	35
Cost	128	69
Accumulated depreciation	(41)	(33)
Accumulated impairment losses	(1)	(1)
Additions at cost	3	59
Depreciation	(16)	(8)
Carrying value of disposals	-	-
Cost	(2)	-
Accumulated depreciation	2	-
Carrying amount at the end of the year	71	86
Cost	129	128
Accumulated depreciation	(56)	(41)
Accumulated impairment losses	(1)	(1)
7.1.12 Crockery		
Carrying amount at the beginning of the year	12	17
Cost	32	31
Accumulated depreciation	(20)	(14)
Additions at cost	-	1
Depreciation	(3)	(6)
Carrying amount at the end of the year	9	12
Cost	32	32
Accumulated depreciation	(23)	(20)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.13 Containers		
Carrying amount at the beginning of the year	-	-
Cost	-	-
Accumulated depreciation	-	-
Additions at cost	849	-
Depreciation	(24)	-
Transfers	-	-
Cost	17	-
Accumulated depreciation	(17)	-
Carrying amount at the end of the year	826	-
Cost	866	-
Accumulated depreciation	(40)	-
7.1.14 Garden Equipment		
Carrying amount at the beginning of the year	-	-
Cost	1	1
Accumulated depreciation	(1)	(1)
Additions at cost	5	-
Depreciation	(1)	-
Carrying amount at the end of the year	4	-
Cost	6	1
Accumulated depreciation	(2)	(1)

7.2 Impairment of Property, Plant and Equipment

Impairment losses on Property, Plant and Equipment to the amount of R 3,548 million (31 March 2021: R 3,154 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.

7.3.1 Analysis of additions at cost	2021/22 R'000	2020/21 R'000
Vehicles purchased during the year	85,515	89,959
Extras purchased during the year	6,750	4,303
	<u>92,266</u>	<u>94,262</u>
Less vehicles alienated to client institutions	(875)	(1,454)
Total vehicle additions at cost	91,390	92,808

Vehicles alienated:

Government Motor Transport alienated two Nissan NV350 vehicles during the year under review to the Department of Social Development (31 March 2020: two Volkswagen Crafter busses during the year under review to the Department of Social Development).

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.3.2 Disposals at cost		
Vehicles	61,653	23,573
Extras fitted to vehicles	4,984	1,650
Total cost	66,637	25,223
7.3.3 Movements from client institutions to GMT at cost		
Vehicles	69,503	55,914
Extras fitted to vehicles	10,271	3,786
Total cost	79,774	59,700
7.3.4 Movements from GMT to client institutions at cost		
Vehicles	62,259	35,921
Extras fitted to vehicles	3,299	4,655
Total cost	65,558	40,576
8 INTANGIBLE ASSETS		
Net Carrying value at beginning of the year	84,706	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)	(88,823)
Accumulated Amortisation - Software Applications	(13,801)	(13,304)
Accumulated Amortisation - Internal Development	(81,497)	(75,519)
Software application acquired	220,000	-
Internal Development - Cost capitalised	3,870	2,811
Intangible assets under development	3,280	2,475
Internal Development - Retirements	(106)	-
Cost - Internal Development	(106)	-
Accumulated Amortisation - Internal Development	-	-
Amortisation during the year	(8,448)	(6,475)
Software Applications	(270)	(497)
Internal Development	(8,178)	(5,978)
Net Carrying value at end of the year	303,299	84,705
Cost	407,069	180,026
Cost - Software Applications	248,118	28,118
Costs - Intangible assets under development	58,217	54,937
Cost - Internal Development	100,734	96,971
Accumulated Impairment losses	(24)	(24)
Accumulated Amortisation	(103,746)	(95,298)
Accumulated Amortisation - Software Applications	(14,071)	(13,801)
Accumulated Amortisation - Internal Development	(89,675)	(81,497)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
8 INTANGIBLE ASSETS (continued)		
<u>Breakdown between systems:</u>		
8.1 <u>FleetMan System:</u>		
Net Carrying amount at beginning 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)
Internal Development - Cost capitalised	1,806	2,811
Intangible assets under development	2,608	151
Internal Development - Retirements	(89)	-
Cost - Internal Development	(89)	-
Amortisation during the year	(1,863)	(1,782)
Internal Development	(1,863)	(1,782)
Net Carrying amount at end of the year	10,929	8,467
Cost	56,070	51,745
Costs - Intangible assets under development	13,474	10,866
Cost - Internal Development	42,596	40,879
Accumulated Impairment losses	(24)	(24)
Accumulated Amortisation	(45,118)	(43,255)
Accumulated Amortisation - Internal Development	(45,118)	(43,255)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
8 INTANGIBLE ASSETS (continued)		
8.2 <u>Oracle Financial System:</u>		
Net Carrying amount at beginning 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)
Internal development - cost capitalised	2,064	-
Intangible assets under development	672	2,324
Internal Development - Retirements	(18)	-
Cost - Internal Development	(18)	-
Accumulated Amortisation - Internal Development	-	-
Amortisation during the year	(6,585)	(4,693)
Software Applications	(270)	(497)
Internal Development	(6,315)	(4,196)
Net Carrying amount at end of the year	72,371	76,238
Cost	130,999	128,281
Cost - Software Applications	28,118	28,118
Costs - Intangible assets under development	44,743	44,071
Cost - Internal Development	58,138	56,092
Accumulated Amortisation	(58,628)	(52,043)
Accumulated Amortisation - Software Applications	(14,071)	(13,801)
Accumulated Amortisation - Internal Development	(44,557)	(38,242)
8.3 <u>Intelligent Transport System and Automated Fare Collection System:</u>		
Net Carrying amount at beginning of the year	-	-
Cost	-	-
Costs - Software applications	-	-
Accumulated Amortisation	-	-
Accumulated Amortisation - Software applications	-	-
Software application acquired	220,000	-
Net Carrying amount at end of the year	220,000	-
Cost	220,000	-
Costs - Software applications	220,000	-
Accumulated Amortisation	-	-
Accumulated Amortisation - Software applications	-	-
8.4 Intangible assets in the process of being developed		
Cumulative expenditure recognised in the carrying value of Intangible Assets - computer software	58,217	54,937

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

8.5 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;
- The Oracle Financial System of modules is used for the financial management within GMT; and
- The Intelligent Transport System and Automated Fare Collection System are integrated technologies which will be used for the management of transport systems.

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 2021/22 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.

8.6 Impairment of Intangible Assets

No impairment of intangible assets occurred during the year (2020/21: Rnil).

9 HERITAGE ASSETS

Gross carrying amount

2021/22
R'000

2020/21
R'000

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 R200,000 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 R200,000 on 31 March 2022 (31 March 2021: R185,000). No impairment losses are considered necessary as the estimated recoverable service amount of the asset exceeds the carrying value thereof.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
10 FINANCE LEASE RECEIVABLES		
Finance Lease Receivables	945,286	875,899
Sub-total	945,286	875,899
Less: Current Portion transferred to Current Assets	139,380	116,134
Finance Lease Receivables	139,380	116,134
Total Long-term portion of Finance Lease Receivables	805,906	759,765

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 0.15 and 7.75 years as at 31 March 2022 (31 March 2021: 0.25 and 8.75 years). (GCC394G and GCR440G, two Toyota Hino truck, have remaining lease terms of 7.75 and 7.67 years and GFC823G, an off road trailer, has a remaining lease term of 7.04 years as at 31 March 2022. If these vehicles are excluded, the remaining lease terms are between 0.15 and 4.95 years. The effective annual interest rate on new vehicles purchased and permanently allocated to departments during the year under review is between 22.06% and 43.2% (31 March 2021: 9.19% and 52.46%).

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

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000		2020/21 R'000	
10 FINANCE LEASE RECEIVABLES (continued)				
The amounts receivable under Finance Leases are as follows:				
	Minimum Lease Receivables		Present Value of Minimum Lease Receivables	
	2021/22 R'000	2020/21 R'000	2021/22 R'000	2020/21 R'000
Amounts receivable under finance leases:				
Within one year	473,211	424,208	139,380	116,134
In the second to fifth years, inclusive	1,158,709	1,056,217	804,635	757,620
Over five years	1,507	2,346	1,272	2,144
	<u>1,633,426</u>	<u>1,482,771</u>	<u>945,286</u>	<u>875,899</u>
Less: Unearned Future Finance Income	688,140	606,873	-	-
Present Value of Minimum Lease Receivables	<u>945,286</u>	<u>875,899</u>	<u>945,286</u>	<u>875,899</u>
Less: Amounts due for settlement within 12 months (Current portion)			139,380	116,134
Finance lease receivables due for settlement after 12 months (Non-current portion)			<u>805,906</u>	<u>759,765</u>
GMT has finance lease agreements for the following significant classes of assets:				
- Vehicles				
Unguaranteed residual values (R'000)			562,529	559,102
Included in these classes are the following significant leases:				
i) GCD412G				
- Instalments are payable monthly in arrears				
- Average effective interest rate			52.22%	45.22%
- Average monthly instalment (Rands only)			R 6,283	R 6,373
- Annual escalation			3.65%	2.87%
ii) GFC192G:				
- Instalments are payable monthly in arrears				
- Average effective interest rate			29.82%	30.50%
- Average monthly instalment (Rands only)			R 17,487	R 16,510
- Annual escalation			3.65%	2.87%

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

		2021/22 R'000	2020/21 R'000
11 INVENTORY			
Consumables store	Note 11.1	55	163
Total Inventory		55	163

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 2022. No reversal of write-down expenditure incurred.

11.1 Analysis of consumables store

Vehicle decals	-	1
Office supplies and stationary	55	161
	55	163

The cost of inventories recognised as an expense for the year amounted to R234,063 (2020/21: R261,212).

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

12 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Accounts receivable	48,685	40,186
Less: Provision for impairment	-	(1,127)
Total receivables from Exchange Transactions	48,685	39,059

12.1 Ageing of Receivables from Exchange Transactions

Current: 0 - 30 days	69,886	39,411
Gross Balances	69,886	39,411
Less: Provision for Impairment	-	-
More than 30 days and not more than 60 days	48	2,466
Gross Balances	48	2,466
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	295	1,371
Gross Balances	295	1,371
Less: Provision for Impairment	-	-
More than 90 days	3,770	6,071
Gross Balances	3,770	7,198
Less: Provision for Impairment	-	(1,127)
	73,999	49,320
Adjustment for daily tariffs included in the finance lease receivables	(25,314)	(10,261)
Net Balances	48,685	39,059

As at 31 March 2022 receivables of R4,113 million (31 March 2021: R9,908 million) 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	48	2,466
Gross Balances	48	2,466
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	295	1,371
Gross Balances	295	1,371
Less: Provision for Impairment	-	-
More than 90 days	3,770	6,071
Gross Balances	3,770	7,198
Less: Provision for Impairment	-	(1,127)
Net Balances	4,113	9,908

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
12.2 Summary of Receivables from Exchange Transactions by Customer Classification		
National and Provincial client institutions:		
<u>Current:</u>		
0 - 30 days	44,572	29,150
<u>Past Due:</u>		
More than 30 days and not more than 60 days	48	2,466
More than 60 days and not more than 90 days	295	1,371
More than 90 days	3,770	7,198
Sub-total	48,685	40,186
Less: Provision for Impairment	-	(1,127)
Total Trade Receivables by Customer Classification	48,685	39,059
12.3 Summary of Receivables from Exchange Transactions by Customer Classification - Provincial		
<u>Current:</u>		
0 - 30 days	60,345	28,322
<u>Past Due:</u>		
More than 30 days and not more than 60 days	-	54
More than 60 days and not more than 90 days	29	(8)
More than 90 days	204	574
Sub-total	60,578	28,942
Less: Provision for Impairment	-	-
Total Trade Receivables by Provincial customer classification	60,578	28,942
12.4 Summary of Receivables from Exchange Transactions by customer classification - National		
<u>Current:</u>		
0 - 30 days	9,541	11,089
<u>Past Due:</u>		
More than 30 days and not more than 60 days	48	2,412
More than 60 days and not more than 90 days	265	1,380
More than 90 days	3,566	6,624
Sub-total	13,421	21,505
Less: Provision for Impairment	-	(1,127)
Total Trade Receivables by National customer classification	13,421	20,378
Total Trade Receivables by Provincial and National customer classification	73,999	49,320
12.5 Reconciliation of the Provision for Impairment		
Balance at beginning of the year	(1,127)	-
Provision impairment losses recognised	-	(1,127)
Amounts written off as uncollectable	1,127	-
Balance at end of the year	-	(1,127)
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.		
12.6 Ageing of impaired Receivables from Exchange Transactions		
<u>Current:</u>		
0 - 30 days	-	-
<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	-	1,127
Sub-total	-	1,127
Less: Provision for Impairment	-	(1,127)
Total	-	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

		2021/22 R'000	2020/21 R'000
13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
Software license fees		300	6,512
Sundry debtors	Note 35.1.2.2	6,242	22,516
Employees with leave debits		8	3
Fleet Risk Debtors	Note 13.1	563	446
Warranties		-	3
Total Receivables from Non-exchange Transactions		7,113	29,480

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

The balance recognised for employees with leave debits are for officials employed at GMT which utilised more annual leave by the reporting date than the leave accrual on 31 March 2022.

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.

Fleet Risk Debtors are recoverable amounts from parties arising from incidents with mobility assets.

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	617	605
Less: Provision for impairment	(55)	(159)
Balance of receivables from Fleet Risk Debtors	563	446

13.2 Ageing of Fleet Risk Debtors

Current: 0 - 30 days	9	6
Gross Balances	9	23
Less: Provision for Impairment	-	(17)
More than 30 days and not more than 60 days	-	(2)
Gross Balances	-	(2)
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	-	(2)
Gross Balances	-	(2)
Less: Provision for Impairment	-	-
More than 90 days	553	445
Gross Balances	608	587
Less: Provision for Impairment	(55)	(142)
Net Balances	563	446

As at 31 March 2022 receivables of R553,000 (31 March 2021: R441,000) 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)
Gross Balances	-	(2)
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	-	(2)
Gross Balances	-	(2)
Less: Provision for Impairment	-	-
More than 90 days	553	445
Gross Balances	608	587
Less: Provision for Impairment	(55)	(142)
Net Balances	553	441

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)		
13.3 Reconciliation of the Provision for Impairment		
Balance at beginning of the year	(159)	(58)
Provision impairment losses recognised	-	(159)
Provision impairment losses reversed	22	-
Amounts written off as uncollectable	82	58
Balance at end of the year	(55)	(159)

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 Non-Exchange Transactions

Current:

0 - 30 days - 17

Past Due:

More than 30 days and not more than 60 days - -

More than 60 days and not more than 90 days - -

More than 90 days 55 142

Sub-total 55 159

Less: Provision for Impairment (55) (159)

Total - -

14 CASH AND CASH EQUIVALENTS

Bank accounts	1,121,715	753,142
Cash-on-hand	2	2
Current investment deposits	420,993	998,549
	1,542,710	1,751,694

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.

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

14.1 Bank Accounts

Nedfleet bank account

Nedbank Account

Cash book balance at the beginning of the year 18,745 20,585

Cash book balance at the end of the year **15,287** **18,745**

Nedbank Account Number: 1452 049 831

Bank statement balance at the beginning of the year 18,745 20,585

Bank statement balance at the end of the year **15,287** **18,745**

Primary bank account

Nedbank Account

Cash book balance at the beginning of the year 734,397 674,060

Cash book balance at the end of the year **1,106,429** **734,397**

Nedbank Account Number: 1452 056 226

Bank statement balance at the beginning of the year 735,179 674,311

Bank statement balance at the end of the year **1,105,802** **735,179**

14.2 Cash-on-hand

Cash float 2 2

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
14 CASH AND CASH EQUIVALENTS (continued)		
14.3 Current investment deposits		
<i>Investments through Provincial Treasury:</i>		
Corporation of Public Deposits	420,993	998,549
	420,993	998,549
Total Cash and Cash Equivalents	1,542,710	1,751,694

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	29,809	24,242
Payables from exchange transactions	Note 3	13,039	39,608
Trade creditors		2,204	2,572
Accrued expenditure		10,835	37,037
Payables from non-exchange transactions		4,284	4,704
Amounts refundable to a client institution		-	182
Payments received in advance	Note 4	4,284	4,522
		47,133	68,554

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 Exchange transactions and Payables from Non-exchange transactions:

Refer to notes 3 and 4 for the narratives of these line items.

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 2022

		2021/22 R'000	2020/21 R'000
15 REVENUE			
An analysis of the entity's revenue is as follows:			
Rendering of services:			
National Departments		43,499	41,415
Provincial Departments		353,908	290,124
Local authorities		-	488
Interest earned:			
Finance lease receivables		356,547	322,918
		753,955	654,945
An analysis of the entity's revenue as per:			
Kilometer tariffs		340,676	277,127
Daily tariffs		56,731	54,900
Interest earned		356,547	322,918
		753,955	654,945
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	7,402	3,606
Parking income		1	11
Total Other Income		7,403	3,616
16.1 Analysis of profit on sale of vehicles and stolen vehicles recovered			
Profit on vehicle sales and extras		7,402	3,606
		7,402	3,606
17 INTEREST EARNED			
Bank account	Note 17.1	42,216	22,906
Investments	Note 17.2	20,993	64,510
Accounts receivable	Note 17.3	40	178
Total Interest Earned		63,248	87,593
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 3.75% (2020/21: 3% to 4.75%).			
Interest earned - Nedbank primary account		42,216	22,906

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
17 INTEREST EARNED (continued)		
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%
Corporation of Public Deposits	3.81%	3.81%
Standard Bank	5.262%	-
ABSA	-	-
Interest earned:		
Nedbank	-	64,197
Corporation of Public Deposits	176	313
Standard Bank	20,817	-
Total interest earned - Investments	20,993	64,510

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 2021/22 varied from 7% to 7.5% (2020/21: 7% to 9.75%).

Interest earned - Accounts receivable	40	178
Total Interest Earned	63,248	87,593

18 GOVERNMENT GRANTS AND SUBSIDIES RECEIVED

Conditional Grants

Grants from Provincial Departments	9,177	1,130
Department of Agriculture	550	-
Department of Community Safety	3,255	421
Department of Health	4,891	709
Department of Education	482	-
Grants from Other stakeholders:	452	101
Paid up value - Judges vehicles	452	101
Government Grants and Subsidies received from exchange transactions	9,629	1,231

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 2022

	2021/22 R'000	2020/21 R'000
19 SERVICES IN-KIND		
Services in-kind benefit revenue	10,724	10,714
Services in-kind benefit revenue - accommodation	10,724	9,603
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
Site adjacent to 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 2022.

19.1 Services in-kind benefit revenue - hosting:

The GMT systems were hosted during 2020/21 in the Western Cape Government - Department of Transport and Public Works - Government Motor Transport environment from 1 December 2020. The cost drivers are infrastructure, platform and software services including 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 were unknown at the stage of preparing the financial statements. The total estimated cost for February 2021 and March 2021, were based on the daily consumption for January 2021 and totalled R499,970.08. The billing is done in US dollars and converted to Rand. These services were considered significant as per GRAP 23 for the operations of GMT on 31 March 2021. GMT was responsible for the settlement of the expenditure incurred during the 2021/22 financial year, hence the decrease in this line item under services in-kind.

20 ADMINISTRATIVE EXPENSES

Bank charges	6,621	6,294
Fees for services		
- Housing and hosting	3,524	3,865
Software usage	3,559	-
- Ignition software	316	-
- Intelligent Transport System	3,243	-
Legal fees	64	56
License and software support fees	9,536	8,347
Other administrative expenses	54	40
Stationery and printing	569	458
Training facility rental	-	-
Training and staff development	55	6
Travel and subsistence	705	203
Total Administrative expenses	24,687	19,271

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.

Other administrative expenses are catering costs, private bag rental, postage and other minor costs associated to the general management of GMT.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
21 EMPLOYEE COSTS		
Salaries		
Basic salaries	29,484	31,511
Periodic payments	2,416	2,409
Other non-pensionable allowances	5,044	3,574
Overtime and long service awards	63	26
Social contributions		
Medical	3,033	3,006
Official unions and associations	12	12
Pension	3,903	4,018
Defined Benefit Plan expense (see note 1):		
Current service cost	39	34
Interest cost	73	56
Net actuarial (gains)/losses recognised	(171)	111
Early retirement - cost to GMT	1,203	-
Total Employee costs	45,099	44,758

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

21 EMPLOYEE COSTS (continued)

21.1 The following is the disclosure of management remuneration:

	Basic salary	Other short-term benefits	Medical Aid Contribution	Pension Contribution	Total
	R'000	R'000	R'000	R'000	R'000
Year ended 31 March 2022					
Personnel members appointed as SMS members (including those appointed in acting capacities) within Government Motor Transport					
Chief Director: Government Motor Transport	911	509	21	118	1,559
Director: Fleet Finance	763	248	-	99	1,110
Acting Director: Fleet Services	678	148	6	88	920
TOTAL (SMS members)	2,351	905	27	306	3,589
Other management personnel (including those appointed in acting capacities) within Government Motor Transport					
Deputy Director: Financial Accounting	668	145	-	87	899
Acting Deputy Director: Management Support Services	149	76	25	19	269
Acting Deputy Director: Management Support Services	31	9	4	4	48
Deputy Director: Management Support Services	235	83	-	31	349
Deputy Director: Fleet Risk Management (retired)	162	297	-	21	480
Acting Deputy Director: Fleet Risk Management	284	167	-	37	488
Deputy Director: Internal Control	527	157	20	68	773
Deputy Director: Management Accounting	527	177	-	68	773
Acting Deputy Director: Fleet Operations	297	81	9	39	426
Acting Deputy Director: Fleet Repairs and Maintenance	197	55	9	26	287
TOTAL (other management personnel)	3,077	1,248	67	400	4,791
TOTAL (management remuneration for the year ended 31 March 2022)	5,428	2,153	94	706	8,380
Year ended 31 March 2021					
Personnel members appointed as SMS members (including those appointed in acting capacities) within Government Motor Transport					
Chief Director: Government Motor Transport	898	470	21	117	1,506
Director: Fleet Finance	751	224	-	98	1,073
Acting Director: Fleet Services	670	310	6	88	1,074
TOTAL (SMS members)	2,319	1,005	27	302	3,653

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GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

21 EMPLOYEE COSTS (continued)

	Basic salary	Other short-term benefits	Medical Aid Contribution	Pension Contribution	Total
	R'000	R'000	R'000	R'000	R'000
Other management personnel (including those appointed in acting capacities) within Government Motor Transport					
Deputy Director: Financial Accounting	660	123	-	86	869
Acting Deputy Director: Management Support Services	314	214	37	41	605
Acting Deputy Director: Management Support Services	59	3	10	8	80
Deputy Director: Fleet Risk Management	645	132	-	84	861
Deputy Director: Internal Control	519	135	20	67	742
Deputy Director: Management Accounting	519	155	-	67	742
Acting Deputy Director: Fleet Operations	392	50	12	51	505
Acting Deputy Director: Fleet Repairs and Maintenance	195	41	9	25	271
TOTAL (other management personnel)	3,305	852	88	430	4,675
TOTAL (management remuneration for the year ended 31 March 2021)	5,624	1,857	115	732	8,328

Notes:

- a Mrs. T Tennant acted as Deputy Director: Management Support Services (1 April 2021 to 30 April 2021, 2 May 2021 to 31 July 2021, 2 August 2021 to 31 August 2021 and 1 September 2021 to 10 September 2021)
- b Mr. C Kriegler acted as Deputy Director: Management Support Services (13 September 2021 to 30 September 2021)
- c Mrs. J Henn was appointed as Deputy Director: Management Support Services from 1 October 2021 in a permanent capacity
- d Mr. C Hansby - Deputy Director: Fleet Risk Management retired on 30 June 2021
- e Mr. P Williams acted as Deputy Director: Fleet Risk Management (1 July 2021 to 31 March 2022)
- f Mr. S Tyman acted as Deputy Director: Fleet Repairs and Maintenance (6 April 2021 to 30 April 2021 and 13 August 2021 to 31 December 2021)
- g Mr. JC Fourie acted as Deputy Director: Fleet Operations (6 April 2021 to 30 September 2021, 10 January 2022 to 31 March 2022)
- h Mr. Anthonie Janse van Rensburg acted as Director: Fleet Services (4 April 2021 to 31 March 2022)
- i Mr. C Kriegler acted as Deputy Director: Management Support Services (1 April 2020 to 31 January 2021)
- j Mrs. T Tennant acted as Deputy Director: Management Support Services (2 February 2021 to 31 March 2021)
- k 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)
- k Mr. JC Fourie - Acting Deputy Director: Fleet Operations (1 April 2020 to 31 December 2020 and 11 January 2021 to 31 March 2021)
- l Mr. S Tyman acted as 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)

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
22 OPERATING EXPENDITURE		
Consultant, contractors and special services	59,866	44,867
- Audit fees - regulatory and ICT audits	3,351	2,641
- Computers and systems service providers:		
Support staff: scan centre	3,522	2,699
System maintenance: xECM	2,056	1,233
Systems Architecture and Integration	2,592	5,827
Support services: Operations	9,955	3,300
Business Analyst(s)	3,623	3,111
Fleet Finance: system maintenance and support	7,221	8,349
FleetBase: system maintenance and support	5,645	6,694
Development operations management	1,412	-
Linux support	225	-
Fleet Management information: system maintenance and support	360	751
Fleet Client: system maintenance and support	349	322
Database administrator: system maintenance and support	1,226	931
- Consultant fees - contracted accountants	1,082	1,269
- Consultant fees - change management	914	-
- Consultant fees - project management	2,710	3,131
- Consultant fees - research and advisory services	13,599	4,598
- Other services	25	10
Maintenance, repairs and running costs	315,093	227,113
- Machinery, equipment and vehicles: repairs and maintenance	88,011	86,192
- Vehicles: cleaning (Covid-19)	266	-
- Vehicles: sanitising (Covid-19)	12,955	-
- Vehicles: foggers (Covid-19)	672	-
- Machinery, equipment and vehicles: fuel and oil	213,189	140,921
Loss on sale of property, plant and equipment; and stolen vehicles	2,261	763
Loss on finance lease receivables	10,018	8,081
Non-rental costs of leases	27,185	26,732
Services in-kind	10,724	10,714
Motor vehicle license fees	5,083	4,938
Third party claims	1,091	1,346
Stores and consumables	434	101
Communication costs	84	126
Data costs	150	115
Courier and delivery charges	15	9
	432,004	324,905
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	87,972	86,102
- General maintenance and services	64,560	71,255
- Tyres, tubes and associated maintenance	10,060	2,963
- Glass repairs	1,256	869
- Accident repairs	8,648	8,938
- Exhaust repairs	108	67
- Shocks	854	311
- Batteries	2,486	1,699
Plant and Equipment	39	89
- Computer equipment	3	-
- Buildings	-	1
- Security Equipment and Systems	26	82
- Office furniture and fittings	8	-
- Linen and Soft Furnishings	2	6
	88,011	86,192
22.2 Analysis of loss on sale of vehicles/stolen vehicles		
Loss on vehicle sales	1,730	535
Stolen vehicles	531	228
	2,261	763

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 2022

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.

Fleet Client: 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.

Development operations management Linux support
Configuration and support of the Linux Operating Systems within the GMT Azure Cloud Subscription.

Consultant fees - Change management
Change Management deliverables within the organisation regarding Business Transformation.

Other services
Other services required on an ad-hoc basis e.g. removal services for Property, Plant and Equipment during relocation.

	2021/22 R'000	2020/21 R'000
23 DEPRECIATION		
Plant and equipment	1,755	1,528
Vehicles	18,817	15,110
	20,572	16,639
24 AMORTISATION		
Intangible asset - FleetMan	1,863	1,782
Intangible asset - Oracle financial system	6,585	4,693
	8,448	6,475

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

		2021/22 R'000	2020/21 R'000
25	FINANCE COSTS		
	No finance costs were incurred during the year under review (2020/21: Rnil).		
26	ACCIDENTS AND IMPAIRMENT LOSSES		
26.1	Impairment losses on fixed assets		
	Impairment losses recognised:		
	Property, plant and equipment Note 26.3.1	3,550	3,154
	- Vehicles	3,548	3,154
	- Plant and Equipment	2	-
26.2	Impairment losses and uncollectability of financial instruments		
26.2.1	Impairment losses recognised:		
	Receivables from Non-exchange transactions Note 26.3.3	-	166
	- Bad debt written off	-	7
	- Provision for bad debt	-	159
26.2.2	Impairment losses recognised:		
	Receivables from Exchange transactions Note 26.3.2	133	1,127
	- Bad debt written off	133	-
	- Provision for bad debt	-	1,127
		3,683	4,447
26.3	The following events and circumstances resulted in the recognition of impairment losses:		
26.3.1	Property, plant and equipment		
	- Vehicles	3,550	3,154
	- Plant and Equipment	3,548	3,154
		2	-

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 2022

	2021/22 R'000	2020/21 R'000
26.3.2 Receivables from Exchange transactions		
- Receivables from Exchange transactions	133	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 26.3.3.

26.3.3 Receivables from Non-exchange transactions		
- Fleet Risk Debtors	-	166

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 26.3.2 for the reasoning for the provision of bad debt.

Identification for impairment losses and uncollectibility of financial instruments

Receivables from Exchange Transactions:

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 2021/22 year correspond to the 2020/21 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 2022 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.

Receivables from Non-exchange Transactions:

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 2022

		2021/22 R'000	2020/21 R'000
27 GRANTS AND SUBSIDIES PAID			
Funds transferred to the Provincial Revenue Fund		150,000	150,000
		150,000	150,000
<i>Funds transferred</i>			
Government Motor Transport transferred funds to the Provincial Revenue Fund on 29 March 2022 (2020/21: 26 February 2021).			
28 CALCULATION OF CASH FLOW			
28.1 Charges for services provided	Note		
Revenue	15	753,955	654,945
Decrease in trade receivables from exchange transactions	12		
Opening balance of trade receivables from exchange transactions		39,059	31,228
Closing balance of trade receivables from exchange transactions		(48,685)	(39,059)
Less: Interest earned on finance lease receivables	15	(356,547)	(322,918)
Debtors adjustment (Daily Tariffs on Finance Lease Receivables)	12.1		
Opening Balance		10,261	14,378
Closing Balance		(25,314)	(10,261)
Payments received in advance	3		
Opening balance of payables from exchange transactions		(1,020)	(5,804)
Closing balance of payables from exchange transactions		37	1,020
		371,745	323,529
28.2 Other receipts			
Other income	16	7,403	3,616
Decrease in trade receivables from non-exchange transactions	13		
Opening balance of trade receivables from non-exchange transactions		29,480	17,961
Closing balance of trade receivables from non-exchange transactions		(7,113)	(29,480)
Adjustment for:			
Profit on disposal of property, plant and equipment	16	(7,402)	(3,606)
Transactions entered into by GMT on behalf of client institutions	13	(16,274)	9,672
Opening balance of sundry debtors		(22,516)	(12,844)
Closing balance of sundry debtors		6,242	22,516
		6,094	(1,837)
28.3 Interest earned			
Interest earned	17	63,248	87,593
28.4 Government grants and subsidies received			
Government grants and subsidies received	18	9,629	1,231
Decrease in unspent conditional grants and receipts			
Opening balance of unspent conditional grants and receipts	5	(24,242)	(19,692)
Closing balance of unspent conditional grants and receipts	5	29,809	24,242
Adjustment for:			
Vehicles and equipment procured as procuring agent		1,561	-
- Department of Social Development	5.1.5	(1,561)	-
		16,758	5,781
28.5 Transactions entered into by GMT on behalf of client institutions			
Decrease in trade receivables from non-exchange transactions			
Opening balance of sundry debtors	13	22,516	12,844
Closing balance of sundry debtors	13	(6,242)	(22,516)
		16,274	(9,672)
28.6 Employee costs			
Employee costs	21	(45,099)	(44,758)
Decrease in provisions - Contributions to provisions		(59)	(41)
Employee benefit liabilities	1	(48)	228
Capped leave	2	5	(29)
Current provisions	6	(16)	(240)
Cash payments made against provisions - Expenditure incurred			
Current provisions	6	(294)	(313)
Increase in Payables from Exchange transactions - Employee cost		(415)	1,000
Opening balance of staff leave accrued	3	(2,651)	(1,662)
Opening balance of staff bonuses	3	(1,142)	(1,131)
Closing balance of staff leave accrued	3	2,306	2,651
Closing balance of staff bonuses	3	1,071	1,142
		(45,868)	(44,112)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

		2021/22 R'000	2020/21 R'000
28.7 Suppliers paid	Note		
Operating expenditure	22	(432,004)	(324,905)
Decrease in inventories		108	17
Opening balance of inventory	11	163	180
Closing balance of inventory	11	(55)	(163)
(Decrease) / increase in payables from exchange transactions		(42,070)	60,035
Opening balance of payables from exchange transactions	3	(93,501)	(37,250)
Closing balance of payables from exchange transactions	3	50,033	93,501
Excluding payments received in advance			
Opening balance of payables from exchange transactions	3	1,020	5,804
Closing balance of payables from exchange transactions	3	(37)	(1,020)
Excluding movement in Payables from Exchange transactions - Employee cost			
Opening balance of staff leave accrued	3	2,651	1,662
Opening balance of staff bonuses	3	1,142	1,131
Closing balance of staff leave accrued	3	(2,306)	(2,651)
Closing balance of staff bonuses	3	(1,071)	(1,142)
Adjustment for:			
Loss on Finance Lease Receivables	22	10,018	8,080
Vehicles moved from GMT to client institutions	7	62,014	36,362
Vehicles moved from client institutions to GMT	7	(35,272)	(28,370)
Finance Lease Receivables - Vehicles moved from GMT to client institutions		(57,145)	(34,064)
Finance Lease Receivables - Vehicles moved from client institutions to GMT		36,235	31,618
Finance Lease Receivables - Stolen vehicles		1,225	359
Finance Lease Receivables - Vehicles sold		2,961	2,174
Operating expenditure - services in-kind	22	10,724	10,714
Loss on disposal of property, plant and equipment	22	2,261	763
		(450,962)	(245,295)
28.8 Other payments			
Administrative expenses	20	(24,687)	(19,271)
Depreciation	23	(20,572)	(16,639)
Amortisation	24	(8,448)	(6,474)
Accidents and Impairment losses	26	(3,683)	(4,447)
Grants and subsidies paid	27	(150,000)	(150,000)
Operating leases	34	(33,953)	(32,213)
		(241,344)	(229,044)
Adjustment for:		32,571	26,267
Depreciation - property, plant and equipment	23	20,572	16,639
Amortisation - intangible assets	24	8,448	6,475
Impairment losses on property, plant and equipment	26.1	3,550	3,154
Increase/(Decrease) in payables from Non-exchange transactions		(237)	4,522
Opening balance of payables - Payments in advance	4	(4,522)	-
Closing balance of payables - Payments in advance	4	4,284	4,522
Decrease in payables from Non-exchange transactions		(182)	(2,617)
Opening balance of payables - other creditors	4	(182)	(2,799)
Closing balance of payables - other creditors	4	-	182
		(209,193)	(200,872)
28.9 Vehicles and equipment procured as procuring agent			
- Department of Social Development	5.1.5	(1,561)	-
		(1,561)	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

		2021/22 R'000	2020/21 R'000
28.10 RECONCILIATION OF CASH GENERATED FROM OPERATIONS			
Surplus for the year		126,511	159,395
Adjustment for:			
Revenue - services in-kind		(10,724)	(10,714)
Operating expenditure - services in-kind		10,724	10,714
Depreciation - property, plant and equipment		20,572	16,639
Amortisation - intangible assets		8,448	6,474
Interest earned on finance lease receivables		(356,547)	(322,918)
Loss on Finance Lease Receivables		10,018	8,080
Finance Lease Receivables - Vehicles moved from GMT to client institutions		(57,145)	(34,064)
Finance Lease Receivables - Vehicles moved from client institutions to GMT		36,235	31,618
Finance Lease Receivables - Stolen vehicles		1,225	359
Finance Lease Receivables - Vehicles sold		2,961	2,174
PPE: Vehicles moved from GMT to client institutions		62,014	36,362
PPE: Vehicles moved from client institutions to GMT		(35,272)	(28,370)
Impairment losses - vehicles		3,550	3,154
Increase in provision for doubtful debts - Non-exchange		-	159
Loss on disposal of property, plant and equipment		2,261	763
Profit on disposal of property, plant and equipment		(7,402)	(3,606)
Increase in provisions		(59)	(41)
Increase in provision for doubtful debts - Exchange		-	1,127
Operating cash flows before working capital changes		(192,646)	(130,774)
Working capital changes		(40,821)	45,891
Decrease in inventories		108	17
(Increase) in trade receivables from exchange transactions		(24,679)	(4,841)
Decrease/(increase) in trade receivables from non-exchange transactions		22,368	(11,678)
(Decrease)/increase in payables from non-exchange transactions		(422)	1,905
(Decrease)/increase in payables from exchange transactions		(43,469)	56,251
Increase in unspent conditional grants and receipts		5,567	4,550
Cash payments made against provisions		(294)	(313)
Cash generated from operations		(233,467)	(84,884)
	Note		
28.11 Proceeds on disposal of property, plant and equipment			
Carrying value of PPE disposals	7	24,247	8,256
Carrying value of stolen vehicles	7	531	228
Adjustment for:			
Profit on disposal of property, plant and equipment	16	7,402	3,606
Loss on disposal of property, plant and equipment	22	(2,261)	(763)
		29,918	11,327
28.12 Acquisition of property, plant and equipment			
PPE additions at cost	7	(97,329)	(94,856)
28.13 Intangible Assets - development cost capitalised			
Software application acquired	8	(220,000)	-
Internal Development - Cost capitalised	8	(3,870)	(2,811)
Intangible assets under development	8	(3,173)	(2,475)
		(227,043)	(5,286)
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		759,765	722,110
Opening balance of Finance Lease Receivables Current		116,134	131,785
Closing balance of Finance Lease Receivables Non-Current		(805,906)	(759,765)
Closing balance of Finance Lease Receivables Current		(139,380)	(116,134)
Loss on Finance Lease Receivables		16,724	(88)
Finance Lease Receivables - Vehicles moved from GMT to client institutions		57,145	34,064
Finance Lease Receivables - Vehicles moved from client institutions to GMT		(36,235)	(31,618)
Finance Lease Receivables - Stolen vehicles		(1,225)	(359)
Finance Lease Receivables - Vehicles sold		(2,961)	(2,174)
Interest earned on Finance Lease Receivables	15	356,547	322,918
Debtors adjustment (Daily Tariffs on Finance Lease Receivables)	12.1	15,053	(4,117)
Opening balance		(10,261)	(14,378)
Closing balance		25,314	10,261
		318,937	296,710

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		2021/22 R'000	2020/21 R'000
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	1,542,710	1,751,694
		1,542,710	1,751,694
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 R126,949 for the year (2020/21: R51,184) in respect of claims made against GMT as at 31 March 2022 and paid during the subsequent year 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 2022 amounts to R3,346,504. A contingent liability of R3,346,504 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.		
32	COMMITMENTS FOR EXPENDITURE		
32.1	Capital commitments		
	Commitments for the acquisition of capital expenditure:		
	Approved and contracted for:	479,291	249,707
	Property, plant and equipment	479,291	249,349
	Intangible assets	-	358
	Total capital commitments	479,291	249,707
	This expenditure will be financed from:		
	Own resources	479,291	249,707
32.2	Analysis of capital commitments		
	The amount of contractual commitments for the acquisition of property, plant and equipment is detailed below:		
	Vehicles:	478,437	247,314
	New vehicle purchases	450,095	215,417
	Conversion of vehicles	18,214	30,474
	Extras fitted to vehicles	10,128	1,423
	Plant and Equipment:	854	2,035
	Computer equipment	-	2,026
	Office Equipment	851	1
	Office Furniture and Fittings	3	7
	Total for property, plant and equipment	479,291	249,349
32.3	Other commitments		
	Non-cancellable operating lease commitments are disclosed in note 34.		

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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

Five claims with a total estimated value of R164,061 were issued to GMT after 31 March 2022 (31 March 2021: Four claims with a total estimated value of R33,195 was issued to GMT after 31 March 2021 for the comparative reporting period).

33.1.3 Damages/Losses - government vehicles

227 cases were registered after 31 March 2022 with a probable loss amount of R1,347,620 (31 March 2021: 211 cases were registered after 31 March 2021 with a probable loss amount of R1,591,609 for the comparative reporting period).

33.1.4 End of the National State of Disaster issued for the COVID-19 pandemic

The South African President, Mr. Cyril Ramaphosa announced an end to the National State of Disaster brought on by the coronavirus pandemic on 4 April 2022. The National State of Disaster was declared on 15 March 2020 under the Disaster Management Act (Act no 57 of 2002) as result of the COVID-19 pandemic. This continues to have a significant impact on various operational, staff- and reporting structures within the GMT environment. Various areas within the financial reporting framework of 2021/22 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:

33.1.4.1 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.

33.1.4.2 Review of accounting policies

During the preparation of the 2021/22 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.

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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

33 EVENTS AFTER THE REPORTING DATE (continued)

33.1.4.3 Impact on the amount of revenue recognised

The revenue recognised by GMT are disclosed under the following line items on the Statements of Financial Performance:

- Revenue;
- Interest earned;
- Government Grants and Receipts received;
- Other income; and
- Services in-kind.

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:

Revenue (note 15)

Consists of kilometer- and daily tariffs, and the interest earned on 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.

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.

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.

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.

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.

33.1.4.4 Valuation of assets

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.

33.1.4.5 Collectability of client institutions' debt

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 2022 have been within the expectation levels of management.

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.

The carrying value of receivables as disclosed on 31 March 2022 are considered recoverable and to management's best knowledge does not require further impairment.

33.1.4.6 Impairment of assets

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 note 26 on accidents and impairment losses.

33.1.4.7 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.

33.1.5 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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

33 EVENTS AFTER THE REPORTING DATE (continued)

33.1.6 Refund of funds held through a Memorandum of Agreement to the Department of Health

On 29 April 2022 an amount of R6 350 032.80 was refunded to the Department of Health which was held as a Unspent Conditional Grants and Receipts and included in note 5.1.4 on 31 March 2022. GMT and the Department of Health agreed to fund the mobility assets through alternative policy initiatives. This prompted the reimbursement of the funds previously held under Unspent Conditional Grants and Receipts.

33.1.7 Department of Infrastructure and Department of Mobility

Premier Alan Winde announced the establishment of a Department of Infrastructure and a Department of Mobility during the State of the Province Address on 15 February 2022. The impact of the establishment of these departments on GMT and its services are unknown at this stage. A media release issued by the Office of the Premier on 22 April 2022 stated that Mr. Tertius Simmers was appointed as the Provincial Minister of Infrastructure and Mr. Daylin Mitchell was appointed as the Provincial Minister of Mobility.

33.1.8 Approval of tariff charges

The adjustments of the daily and kilometer tariffs for the 2022/23 financial year was approved by the Provincial Treasury on 12 April 2022. The approval was issued in terms of National Treasury Regulation (March 2005), S 19.5.3. The adjustment of the aforementioned tariffs were as follows:

- i. The daily tariffs increase at an annual rate of 2 per cent for the 2021/22 pricing levels;
- ii. The tariffs for the repairs and maintenance component included in the kilometer tariffs increase by 2 per cent from the 2021/22 pricing levels; and
- iii. The fuel component included in the kilometer tariffs to be adjusted in line with the fluctuations in the fuel prices as announced by the Department of Mineral Resources and Energy.

33.1.9 Durban floods

On 12 April 2022 Toyota South Africa Motors ('TSAM') suffered extensive damage to its plant at Prospecton, south of Durban, after flooding left a trail of destruction in KwaZulu-Natal. TSAM is a significant supplier of vehicles for GMT. The flooding resulted in delays in the manufacturing and delivery of vehicles which are envisaged for procurement by GMT. GMT monitors the situation on a continuous basis and amends operations to ensure that delays during the process of obtaining vehicle stock are mitigated.

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 to increase the 2023 daily tariffs gradually due to inter alia the COVID-19 pandemic. Future lease instalments have therefore been increased as follows:

2021/22: 2%
2022/23: 4.45%
2023/24: 4.49%

Annual increase beyond the 2026 financial year: 3.6467% (average of the previous 3 financial years).

If tariffs were increased in line with MTEF guidelines by GMT, future lease instalments would have been increased as follows:

2021/22: 4.23%
2022/23: 4.45%
2023/24: 4.49%

Annual increase beyond the 2026 financial year: 4.39% (average of the previous 3 financial years).

The daily tariff pricing levels remained unchanged from the 2020/21 financial year levels during 2021/22.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

33 EVENTS AFTER THE REPORTING DATE (continued)

The effect on amounts receivable under finance leases receivables:

	Minimum Lease Receivables	
	2021/22 R'000	2021/22 R'000
	MTEF tariff increase in 2023	2% tariff increase in 2023
Amounts receivable under finance leases:		
Within one year	483,043	473,211
In the second to fifth years, inclusive	1,173,023	1,158,709
Over five years	1,544	1,507
	<u>1,657,610</u>	<u>1,633,426</u>
Less: Unearned Future Finance Income	705,820	688,140
Present Value of Minimum Lease Receivables	<u>951,789</u>	<u>945,286</u>

	Present Value of Minimum Lease Receivables	
	2021/22 R'000	2021/22 R'000
	MTEF tariff increase in 2023	2% tariff increase in 2023
Amounts receivable under finance leases:		
Within one year	141,247	139,380
In the second to fifth years, inclusive	809,249	804,635
Over five years	1,293	1,272
	<u>951,789</u>	<u>945,286</u>

	2021/22 R'000	2021/22 R'000
	MTEF tariff increase in 2023	2% tariff increase in 2023
The effect on Interest earned on finance lease receivables in 2021/22.		
Interest earned:		
Finance Lease Receivables	<u>363,181</u>	<u>356,547</u>

33.2.2 *Settlement of cases*

Four claims were settled in terms of an agreed payment after the reporting date but before the financial statements were issued and amounts to R126,949 (31 March 2021: six claims amounting to R196,476).

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 tracking units and variable injection timing devices fitted to vehicles in its fleet for tracking, 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 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:

		2021/22 R'000	2020/21 R'000
Up to 1 year		215	55
2 to 5 years		407	-
More than 5 years		-	-
Total future minimum lease payments	Note 34.1.1	623	55
34.1 Commitments under non-cancellable operating leases for future minimum lease payments			
34.1.1 Office equipment			
Up to 1 year		215	55
2 to 5 years		407	-
More than 5 years		-	-
Total future minimum lease payments		623	55
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		33,953	32,213
Contingent rentals		-	-
Total Operating Lease Expenses - as Lessee		33,953	32,213
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	Note 34.2	33,953	32,213
Operating lease payments effected		(33,953)	(32,213)
Total Operating Lease Liabilities		-	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

		2021/22 R'000	2020/21 R'000
34	OPERATING LEASE ARRANGEMENTS (continued)		
	GMT has operating lease agreements for the following class of assets:		
	- Vehicle tracking units		
	- Variable injection timing units		
	- Office equipment		
	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	24,409	22,344
	Variable injection timing units	9,471	9,748
	Office equipment	73	121
	Total operating expenses recorded	33,953	32,213
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 GRAP 20.		
	The details of the transaction totals and balances disclosed below are done to enable users of these financial statements to understand the effect of the transactions and balances on the financial statements as contained in GRAP 20.34.		
35.1.1	The following related party transaction was not concluded at arm's length during the year under review:		
	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:		
	Address details of the properties owned and/or leased by the Department Transport and Public Works and occupied by GMT are:		
	34 Roeland Street, Cape Town		
	49 Hope Street, Cape Town		
	3 Rusper Street, Maitland, Cape Town		
	Site adjacent to 3 Rusper Street, Maitland, Cape Town		
	Erf 3472, York Road, George		
	The Western Cape Department of Transport and Public Works incurred the following construction costs and fees for some of the stipulated sites during the year under review for use by Government Motor Transport:		
	3 Rusper Street, Maitland, Cape Town R28,219,952 (incl. VAT) (2020/21: R31,226,644 incl. VAT)		
	Erf 3472, York Road, George Rn1 (2020/21: R252,519 incl. VAT).		
	The Western Cape Department of Transport and Public Works incurred lease expenditure of R1,160,094 (2020/21: R1,074,161) for a property occupied by GMT at no cost to GMT. This amount is included under services in-kind (note 19).		
	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.		
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:		
35.1.2.1	Revenue and expenditure		
	Revenue		
	Transport claims	85,458	71,464
	Kilometre tariffs	38,482	28,699
	Daily tariffs	46,975	42,765
	Interest earned on finance lease receivables	33,705	28,650
	Services in-kind	10,724	10,714
		129,887	110,829
	Expenditure		
	License fees	5,083	4,938
	Services in-kind	10,724	10,714
		15,807	15,652

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
35.1.2.2 Other receipts, payments and balances receivable/due for mobility solutions		
Receipts and balances receivable		
Reimbursive income	148,031	100,679
Reimbursements for mobility solutions	346	658
Reimbursements for in-vehicle technology equipment, fitment- and other devices	83,259	51,532
Reimbursements for in-vehicle technology licenses, maintenance and support	10,553	4,982
Reimbursements for settlement of tracking and related services	53,874	43,508
Balances due to GMT and excluded from the receipts listed in note 35.1.2.2 above:		
Receipts during prior reporting periods:	4,284	-
Opening balance on 1 April	4,522	-
Allocation against receipts during the financial year	(237)	-
Receivables from non-exchange transactions - Sundry Debtors	Note 13	
	6,242	22,516
Reimbursements for settlement of tracking and related services	4,334	11,641
Reimbursements for in-vehicle technology equipment, fitment- and other devices	1,907	-
Reimbursements for settlement of sanitising costs	-	10,733
Reimbursements for settlement of cleaning costs	-	142
Total of other receipts and balances receivable	158,558	123,194
Payments and balances due		
Reimbursive expenses	(134,992)	(49,594)
Reimbursements for mobility solutions	(346)	(658)
Reimbursements for in-vehicle technology equipment and other devices	(77,204)	(7,693)
Reimbursements for in-vehicle technology licenses, maintenance and support	(5,550)	(4,690)
Reimbursements for settlement of tracking and related services	(51,893)	(36,553)
Balances due by GMT and excluded from the payments listed in note 35.1.2.2 above:		
Payables from exchange transactions - Accrued expenditure	Note 3.1	
	(17,076)	(66,507)
Reimbursements for tracking and related services	(6,315)	(18,596)
Reimbursements for in-vehicle technology equipment, fitment and other devices	(5,758)	(37,037)
Reimbursements for in-vehicle technology licenses, maintenance and support	(5,003)	-
Reimbursements for settlement of sanitising costs	-	(10,733)
Reimbursements for settlement of cleaning costs	-	(142)
Payables from non-exchange transactions - Payments received in advance	Note 4	
	(4,284)	(4,522)
Trade creditors	(2,204)	(2,572)
Total of other payments and balances due	(158,558)	(123,194)
35.1.2.3 Settlements made on behalf of GMT for reimbursement - employee costs		
Settlements for employee costs	45,689	43,819
Total of other receipts and balances receivable	45,689	43,819
Payments and balances due		
Reimbursive expenses	(41,937)	(40,004)
Reimbursements for employee costs	(41,937)	(40,004)
Payables from exchange transactions - Accrued expenditure	Note 3.1	
	(3,752)	(3,816)
Total of other payments and balances due	(45,689)	(43,819)
Total other receipts and balances receivable due to mobility solutions and employee costs	204,247	167,014
Total other payments and balances due to mobility solutions and employee costs	(204,247)	(167,014)

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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

		2021/22 R'000	2020/21 R'000
35	RELATED PARTY DISCLOSURES (continued)		
35.1.2.4	Balances included under assets as at the reporting date		
	Finance lease receivables	94,927	86,986
	Trade receivables from exchange transactions	9,759	6,345
	Receivables from non-exchange transactions	6,242	22,516
	Note 13		
		110,928	115,847
35.1.2.5	Balances included under liabilities as at the reporting date		
	*Payables from non-exchange transactions	4,284	4,522
	**Unspent conditional grants and receipts	1,273	1,273
	Note 4		
	Note 5.1.6		
		5,557	5,795

*Also included in note 35.1.2.2

**Refer to note 5.1.6 for an analysis of the movements during the financial reporting periods.

35.1.2.6 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 GRAP 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 (Western Cape Department of Transport and Public Works)

Mr. Daylin Gary Mitchell - 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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

35 RELATED PARTY DISCLOSURES (continued)

35.2.2 Personnel members appointed as SMS members (including on acting capacities)

Mr. Yasir Ahmed - Chief Director: Government Motor Transport
Mr. Riaan Wiggill - Director: Fleet Finance
Mr. Anthonie Janse van Rensburg acted as Director: Fleet Services (4 April 2021 to 31 March 2022)

Other members of management personnel (including on acting capacities)

Mrs. Kathy Proctor Fourie - Deputy Director: Financial Accounting
Mrs. T Tennant acted as Deputy Director: Management Support Services (1 April 2021 to 30 April 2021, 2 May 2021 to 31 July 2021, 2 August 2021 to 31 August 2021 and 1 September 2021 to 10 September 2021)
Mr. C Kriegler acted as Deputy Director: Management Support Services (13 September 2021 to 30 September 2021)
Mrs. Gadija Hartley - Deputy Director: Internal Control
Mrs. Bianca Hendricks - Deputy Director: Management Accounting
Mrs. J Henn was appointed as Deputy Director: Management Support Services from 1 October 2021 in a permanent capacity
Mr. C Hansby - Deputy Director: Fleet Risk Management retired on 30 June 2021
Mr. P Williams acted as Deputy Director: Fleet Risk Management (1 July 2021 to 31 March 2022)
Mr. S Tyman acted as Deputy Director: Fleet Repairs and Maintenance (6 April 2021 to 30 April 2021 and 13 August 2021 to 31 December 2021)
Mr. JC Fourie acted as Deputy Director: Fleet Operations (6 April 2021 to 30 September 2021, 10 January 2022 to 31 March 2022)

35.2.3 Remuneration of the key management personnel

Compensation of the 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 family members of personnel employed at GMT during 2021/22. Refer to note 35.2.2 for the periods during which the officials were appointed as management members. The remuneration of family members are stated for periods during which officials served as management members.

	2021/22 R'000	2020/21 R'000
35.2.4.1 Remuneration of Mr. H. Janse van Rensburg (Administration Clerk: ICT Management Services)		
Basic salary	227	224
Other short-term benefits	53	36
Medical Aid Contribution	12	12
Pension Contribution	30	29
	322	301

Mr. A Janse van Rensburg was appointed as Acting Director: Fleet Services as indicated on notes 21.1 and 35.2.2. Mr. H. Janse van Rensburg is the brother of Mr. A Janse van Rensburg.

35.2.4.2 Remuneration of Mr. JC Fourie (Assistant Director: Fleet planning and Acquisition)

Basic salary	398	392
Other short-term benefits	90	50
Medical Aid Contribution	12	12
Pension Contribution	52	51
	552	505

Mrs. K Proctor Fourie was appointed as Deputy Director: Financial Accounting as indicated on notes 21.1 and 35.2.2. Mr. JC Fourie is the spouse of Mrs. K Proctor Fourie.

35.2.4.3 Remuneration of Mrs. K Proctor Fourie - Deputy Director: Financial Accounting

Basic salary	498	660
Other short-term benefits	66	123
Pension Contribution	65	86
	629	869

Mr. JC Fourie was appointed as Acting Deputy Director: Fleet Operations as indicated on notes 21.1 and 35.2.2. Mrs. K Proctor Fourie is the spouse of Mr. JC Fourie.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 R'000	2020/21 R'000
35 RELATED PARTY DISCLOSURES (continued)		
35.2.4.4 Remuneration of Mr. S Peters (Client Liaison Officer: Division Statutory Reporting and Stakeholder Relations)		
Basic salary	119	48
Other short-term benefits	31	3
Medical Aid Contribution	25	10
Pension Contribution	15	6
	190	67

Mrs. T Tennant was appointed as Acting Deputy Director: Management Support Services as indicated on notes 21.1 and 35.2.2. Mr. S Peters is the brother of Mrs. T Tennant

35.2.4.5 Remuneration of Mr. C Peters (Chief Clerk: Fleet Administration)

Basic salary	119	48
Other short-term benefits	7	3
Medical Aid Contribution	29	12
Pension Contribution	15	6
	171	69

Mrs. T Tennant was appointed as Acting Deputy Director: Management Support Services as indicated on notes 21.1 and 35.2.2. Mr. C Peters is the brother of Mrs. T Tennant

35.2.5 Remuneration of a close family member of management personnel employed at GMT during 2021/22. Refer to note 35.2.2 for the periods during which the officials were appointed as a management member. The remuneration of family members are stated for periods during which officials served as management members.

Fees for datacapturing services	94	98
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Mr. S Tyman acted as Deputy Director: Fleet Repairs and Maintenance as indicated on notes 21.1 and 35.2.2. Mr. J Tyman is the son of Mr. S Tyman is contracted through a resource contracting company as a datacapturer. The company is appointed through supply chain management processes. The fees stated above were the fees paid to the resource contracting company for the services rendered by Mr. J Tyman during the periods which contracted and Mr. S Tyman acted as Deputy Director: Fleet Repairs and Maintenance.

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 2022

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:

		2021/22 R'000	2020/21 R'000
Financial Assets:	Classification		
Finance lease receivables (non-current portion)	Financial assets at amortised cost	805,906	759,765
Receivables from exchange transactions	Financial assets at amortised cost	48,685	39,059
Receivables from non-exchange transactions	Financial assets at amortised cost	6,813	22,964
Cash and cash equivalents	Financial assets at amortised cost	1,542,710	1,751,694
Finance lease receivables (current portion)	Financial assets at amortised cost	139,380	116,134
Total financial assets		2,543,494	2,689,615
Summary of financial assets:			
<i>Financial assets at amortised cost:</i>			
Finance lease receivables (non-current portion)		805,906	759,765
Finance lease receivables (current portion)		139,380	116,134
Receivables from exchange transactions		48,685	39,059
Receivables from non-exchange transactions		6,813	22,964
Cash and cash equivalents		1,542,710	1,751,694
		2,543,494	2,689,615
Total Financial Assets		2,543,494	2,689,615

Financial Liabilities:

In accordance with GRAP 104 the financial liabilities of the entity are classified as follows (FLAC = financial liabilities at amortised cost):

		2021/22 R'000	2020/21 R'000
Financial Liabilities	Classification		
Payables from exchange transactions			
Trade creditors	FLAC	3,477	4,184
Staff bonuses	FLAC	1,071	1,142
Overtime payable	FLAC	7	6
Accrued expenditure	FLAC	43,008	84,302
Sundry creditors	FLAC	127	196
Payables from non-exchange transactions			
Other creditors	FLAC	-	182
Total financial liabilities		47,689	90,012
Summary of financial liabilities:			
<i>Financial liabilities at amortised cost (FLAC):</i>			
Trade creditors		3,477	4,184
Accrued expenditure		43,008	84,302
Overtime payable		7	6
Sundry creditors		127	196
Staff bonuses		1,071	1,142
Other creditors		-	182
Total Financial Liabilities		47,689	90,012

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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.

	2021/22 R'000	2020/21 R'000
Gearing ratio		
The gearing ratio at the end of the reporting period was as follows:		
Debt	86,022	124,697
Equity	3,083,661	2,957,148
Debt to equity ratio	3%	4%

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

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

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.

	2021/22 R'000	2020/21 R'000
Maximum credit risk exposure		
Finance lease receivables (non-current portion)	805,906	759,765
Cash and cash equivalents	1,542,710	1,751,694
Receivables from exchange transactions	48,685	39,059
Receivables from non-exchange transactions	6,813	22,964
Finance lease receivables (current portion)	139,380	116,134
	2,543,494	2,689,615

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	48	2,466
More than 60 days and not more than 90 days	295	1,371
More than 90 days and not more than 120 days	3,770	6,071
Total	4,113	9,908

Financial assets past due

Receivables from Non-exchange Transactions:

More than 30 days and not more than 60 days	-	(2)
More than 60 days and not more than 90 days	-	(2)
More than 90 days and not more than 120 days	553	445
Total	553	441

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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
2021/22			
<i>Non-interest bearing:</i>			
Payables from non-exchange transactions	4,284	-	-
<i>Variable interest rate instruments:</i>			
Payables from exchange transactions	50,033	-	-
	54,317	-	-
2020/21			
<i>Non-interest bearing:</i>			
Payables from non-exchange transactions	4,704	-	-
<i>Variable interest rate instruments:</i>			
Payables from exchange transactions	93,501	-	-
	98,204	-	-

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

	2021/22 R'000	2020/21 R'000
37.1 Unauthorised expenditure		
To the best of management's knowledge, no Unauthorised Expenditure was incurred during the year under review (2020/21: Rnil).	-	-
37.2 Fruitless and Wasteful expenditure		
To the best of management's knowledge, the following are details of Fruitless and Wasteful expenditure under assessment for the 2021/22 financial year (2020/21: Rnil). Suspected fraud due to multiple instances of apparent cloned fuel cards.	199	-
	199	-
37.3 Irregular expenditure		
To the best of management's knowledge, no Irregular Expenditure was incurred during the year under review (2020/21: Rnil).	-	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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. Thus some references are made to documentation, plans and reports for periods which extend past the reporting period.

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

At the 31 March 2022 reporting date, the going concern assessment of GMT must be evaluated in the context of the prevailing COVID-19 pandemic. The pandemic continues to have significant impact on various operational, staff- and reporting structures within the value chain aspects on GMT in spite of the end of the State of Disaster announced by the President on 4 April 2022. The going concern evaluation is done for a period of 18 months from the reporting date (i.e. up to 30 September 2023) 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 2022 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 2022 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 2022, remained in the service offering of GMT for the subsequent period. This situation is expected to remain unchanged in the foreseeable future to management's 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 2022, 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 budgets for 2021/22 and 2022/23 were 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 2022 as reflected on the Statement of Financial Performance. The annual tariff adjustment for the 2022/23 financial year was approved on 12 April 2022 by the Provincial Treasury. The kilometer tariffs are adjusted on a monthly basis with the fluctuations in the fuel price. This allows GMT to align 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.

GMT applies working capital management to ensure that liquidity levels are maintained to meet funding requirements, while collecting debts from client institutions. It is imperative for GMT to ensure that receivables due to the Entity are 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 as well as those which arise from staff employment.

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 2022/23 and resource allocation to achieve these initiatives.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 a 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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

39 CORRECTION OF ERROR

2020/21
R'000

39.1 STATEMENT OF FINANCIAL POSITION

39.1.1 PAYABLES FROM NON-EXCHANGE TRANSACTIONS (note 4)

Reallocation of staff leave balances, staff bonuses (thirteenth cheques) and overtime payable to Payables from Exchange Transactions

Balance previously reported as at 31 March 2021:

8,502

Remove:

Component	Detail
Staff leave	GRAP 25 on Employee benefits states that employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. This means that all transactions that arise directly from the employer-employee relationship is exchange in nature. This will include leave balances. The Staff leave accrued of R2 651 000 should therefore have been classified as Payables from Exchange transactions. (2,651)
Staff bonuses (thirteenth cheques)	GRAP 25 on Employee benefits states that employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. This means that all transactions that arise directly from the employer-employee relationship is exchange in nature. This will include bonus accruals. The staff bonuses of R1 142 000 should therefore have been classified as Payables from Exchange transactions. (1,142)
Overtime payable	GRAP 25 on Employee benefits states that employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. This means that all transactions that arise directly from the employer-employee relationship is exchange in nature. This overtime owed. The overtime payable of R6 000 should therefore have been classified as Payables from Exchange transactions. (6)

Restated balance as at 31 March 2021:

4,704

39.1.2 PAYABLES FROM EXCHANGE TRANSACTIONS (note 3)

Reallocation of staff leave balances, staff bonuses (thirteenth cheques) and overtime payable from Payables from Exchange Transactions

Balance previously reported as at 31 March 2021:

89,703

Add:

Component	Detail
Staff leave	GRAP 25 on Employee benefits states that employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. This means that all transactions that arise directly from the employer-employee relationship is exchange in nature. This will include leave balances. The Staff leave accrued of R2 651 000 should therefore have been classified as Payables from Exchange transactions. 2,651
Staff bonuses (thirteenth cheques)	GRAP 25 on Employee benefits states that employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. This means that all transactions that arise directly from the employer-employee relationship is exchange in nature. This will include bonus accruals. The staff bonuses of R1 142 000 should therefore have been classified as Payables from Exchange transactions. 1,142
Overtime payable	GRAP 25 on Employee benefits states that employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. This means that all transactions that arise directly from the employer-employee relationship is exchange in nature. This overtime owed. The overtime payable of R6 000 should therefore have been classified as Payables from Exchange transactions. 6

Restated balance as at 31 March 2021:

93,501

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

39 CORRECTION OF ERROR (continued)

2020/21
R'000

39.2 DISCLOSURE NOTE

39.2.1 RELATED PARTY DISCLOSURES: SETTLEMENTS MADE ON BEHALF OF GMT FOR REIMBURSEMENT - EMPLOYEE COSTS
(note 35.1.2.3)

Disclosure of settlements, refunds and accrued expenditure for employee costs

Totals and balances previously reported as at 31 March 2021:

-

Add:

Component	Detail
Settlements for employee costs	The Department of Transport and Public Works settles the employee costs of officials who are employed at GMT. GMT in turn refunds the Department of Transport and Public Works the employee cost total through a claim back process

43,819

Restated balance as at 31 March 2021:

43,819

Totals and balance previously reported as at 31 March 2021:

-

Add:

Component	Detail
Reimbursements for employee costs	The Department of Transport and Public Works settles the employee costs of officials who are employed at GMT. GMT in turn refunds the Department of Transport and Public Works the employee cost total through a claim back process
Payables from exchange transactions - Accrued expenditure	The amount due to the Department of Transport and Public Works ('the Department') at the reporting date for employee costs incurred by the Department

(40,004)

(3,816)

Restated total and balance as at 31 March 2021:

(43,819)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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, 2021 and 31 March 2022, are as follows.

Depreciation expense

Decrease in the depreciation expense for the year ended 31 March 2022	(170)
Increase in the depreciation expense for future periods after 31 March 2022	3,432
	3,262

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 2022, is as follows:

Revenue

Increase in interest earned on finance lease receivables for the year ended 31 March 2022	31,070
Increase in interest earned on finance lease receivables after 31 March 2022	203,495
	234,566

Amounts receivable under finance leases

Decrease in the present value of finance lease receivables for the year ended 31 March 2022	(32,746)
Increase in the present value of finance lease receivables for future periods, after 31 March 2022	32,746
	-

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 2022	(544)
Increase in the amortisation expense for future periods	544
	-

41 CHANGE IN ACCOUNTING POLICY

GMT adopted the following Accounting Standards and Interpretation of Accounting Standards for the first time during the financial year 2021/22 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in accounting policy 1.1:

GRAP 20 on Related Party Disclosures;
GRAP 32 on Service Concession Arrangements: Grantor;
GRAP 108 on Statutory Receivables;
GRAP 109 on Accounting by Principals and Agents;
GRAP 110 on Living and Non-living Resources; and
IGRAP 17 Service Concession Arrangements where a grantor controls significant residual interest in an asset.

41.1 GRAP 20 on Related Party Disclosures

The accounting standard for Related Party Disclosures has been recognised in the Annual Financial Statements of GMT as at 31 March 2022 in terms of GRAP 20.

The objective of GRAP 20 is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The adoption of GRAP 20 constitutes a change in accounting policy during 2021/22. Management has evaluated the requirements of the standard and it was found that no retrospective adjustments affecting Financial Position, Financial Performance, Net Assets or Cash Flows need to be made or prior year comparatives have to be restated, as this standard has the objective of ensuring the required disclosures are made as stated in the paragraph above.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

41 CHANGE IN ACCOUNTING POLICY (continued)

41.1 GRAP 20 on Related Party Disclosures

The following are considered to be related parties to GMT, including the relationship with GMT:

- The Western Cape Department of Transport and Public Works - relationship detailed in note 35.1;
- *Management personnel and **close family members of management personnel - relationship also detailed in accounting policy 20; and
- Members of the governing body (Western Cape Department of Transport and Public Works):
 - > Provincial MEC (Executive Authority);
 - > Head of Department (Accounting Officer);
 - > Deputy Director General: Finance; and
 - > Deputy Director General: Transport Management.

* All officials appointed in service levels 11 and higher of GMT; including officials acting in these positions for extensive periods apart from acting during annual leave, study leave and/or other periods of leave (depending on the substance of the arrangement)

**deemed to be spouses and/or separated by no more than two degrees of natural consanguinity or affinity

The relations of the related parties with GMT, including that of control are disclosed in note 35 of these financial statements and accounting policy 20.

The related party transactions, balances and remuneration is disclosed in the following notes:

- Western Cape Department of Transport and Public Works - note 35;
- Management remuneration - note 21; and
- Remuneration of close family members of management - note 35.

GMT does not remunerate members of the governing body.

41.2 GRAP 32 on Service Concession Arrangements: Grantor

The accounting standard for Service Concession Arrangements: Grantor was not recognised under previous basis of accounting, has been considered for inclusion in the Annual Financial Statements of GMT as at 31 March 2022 in terms of GRAP 32.

Management has evaluated the requirements of the standard and it was found that it is not applicable to GMT at this stage. Therefore, no adjustments need to be made and no accounting policies need to be developed to fully comply with GRAP 32.

41.3 GRAP 108 on Statutory Receivables

The accounting standard for Statutory Receivables was not recognised under previous basis of accounting, has been considered for inclusion in the Annual Financial Statements of GMT as at 31 March 2022 in terms of GRAP 108.

Management has evaluated the requirements of the standard and it was found that it is not applicable to GMT at this stage. Therefore, no adjustments need to be made and no accounting policies need to be developed to fully comply with GRAP 108.

41.4 GRAP 109 on Accounting by Principals and Agents

The accounting standard for Accounting by Principals and Agents has been recognised in the Annual Financial Statements of GMT as at 31 March 2022 in terms of GRAP 109.

The objectives of GRAP 109 is to:

- Outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement;
- Provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal; and
- Prescribe what information should be disclosed when an entity is a principal or an agent.

This Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements.

The adoption of GRAP 109 constitutes a change in accounting policy during 2021/22. Management has evaluated the requirements of the standard and it was found that no retrospective adjustments affecting Financial Position, Financial Performance, Net Assets or Cash Flows need to be made or prior year comparatives have to be restated, as this standard has the objective of ensuring the required disclosures are made as stated in the paragraph above.

Accounting policy 24 discloses the considerations of identification, whether GMT is a principal or an agent, binding arrangement, assessing which entity benefits from the transactions with third parties and recognition.

The following arrangements which existed during the year ended 31 March 2022 with GMT were evaluated by management and meet the definition of Principal-Agent arrangements as envisaged in GRAP 109:

- Management of repairs, maintenance and running costs;
- Auctioneering services;
- Investments on behalf of GMT; and
- Procurement of mobility assets

The disclosure as required in GRAP 109 are detailed below.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

41 CHANGE IN ACCOUNTING POLICY (continued)

41.4 GRAP 109 on Accounting by Principals and Agents

41.4.1 Management of repairs, maintenance and running costs

GMT is the Principal.

GMT utilizes the services of a service provider to manage fleet repairs, maintenance and running costs services in conjunction with GMT. The following categories of work for which administration and transaction fees are charged to GMT:

- Service Provider Call Centre operations;
- To have a 24/7 0800 toll free number;
- Service providers and/or contractors to have a Call Centre based in and around the City of Cape Town;
- Mechanical and maintenance repairs – authorisation procedures;
- Crash and/or vehicle body repairs – authorisation procedures;
- Tow-in services for mechanical or crash repairs;
- Maintain detailed electronic records of all vehicle and merchant inspections and provide a weekly report via the platform and/or topology to GMT with summary of findings;
- Repair and maintenance Inspections, with digital photos and reports; and
- Provide and maintain a merchant database of registered and compliant subcontractors and/or merchants, with proof of agreements being in place between the service provider and their subcontractors and/or merchants

The services described above are entered with third parties, which are classified in various categories (depending on the nature of the service).

An agent on behalf of or to the benefit of the principal (GRAP 109.25). Evaluation of the criteria of an agent:

- i. Does not have power to determine the significant terms and conditions of the transactions (including the purpose and benefits of the arrangement)

GMT drafted the specifications of how fleet repairs, maintenance and running costs services must be conducted. These services referred to above were specified by GMT prior to appointing the service provider. The service provider acts upon these specifications and in certain cases after consultation with GMT, and must execute the transactions in line the specification as determined by GMT (GRAP 109.30).

- ii. Does not have the ability to use all, or substantially all, of the resources that result from the transactions for its own benefit

The fleet repairs and maintenance services are done for the GMT vehicle fleet. Thus, GMT obtains the service benefit of these transactions as the fleet is repaired and maintained, along with the other specified services.

- iii. It is not exposed to the variability in the results of the transaction

GMT carries the exposure of fluctuations of services associated to the transactions. It may mean that vehicles are serviced and/or maintained (GRAP 109.40)

The contracts entered into by the service provider with parties in the fleet repairs, maintenance and running costs bind GMT towards those parties, thus GMT has a liability to those parties rather than the service provider.

Management evaluated all the aspects above and view that all the requirements of GRAP 109 are met for the service provider being an agent acting on behalf of GMT as the principal during the repairs, maintenance and running costs services. No assets were recognised by the service provider. Transaction- and administration fees are being charged by the service provider during the execution of the tasks stipulated in this arrangement. The total fees incurred by GMT are:

Transaction fees:
2021/22: R1,369,147 (2020/21: R1,124,231)

Administration fees:
2021/22: R5,250,628 (2020/21: R5,169,587)

These fees are included under Administrative expenses. The period of the arrangement is from 3 October 2019 to 2 October 2022. There were no significant changes to this arrangement during the reporting period.

Based on above, all three criteria are met for the service provider being an Agent in terms of the repairs, maintenance and running costs services. GMT is by default deemed to be the principal (GRAP 109.27).

GMT recognises the repairs, maintenance and running costs in its chart of accounts. Refer to note 22 on Operating expenditure for resources remitted and included in these line items.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

41 CHANGE IN ACCOUNTING POLICY (continued)

41.4 GRAP 109 on Accounting by Principals and Agents

41.4.2 Auctioneering services

GMT is the Principal.

GMT utilizes the services of a service provider to render auctioneering services of vehicles and other goods. The vehicles and other goods are disposed to third parties which bid for these items. The auctioneer charges a buyers commission based on the sales prices. The services of the service provider are contracted by GMT through SCM practices and documentation to govern the arrangement are in place.

An agent on behalf of or to the benefit of the principal (GRAP 109.25). Evaluation of the criteria of an agent:

i. Does not have power to determine the significant terms and conditions of the transactions (including the purpose and benefits of the arrangement)

GMT drafted the specifications of how auctioneering services must be conducted, also which vehicles are prepared for auctioning. In addition, GMT reserves the right to determine the reserve prices and may take a final decision on bidder's prices during auctions. The auctioneer acts upon these specifications and decisions after consultation with GMT, and must execute the transactions in line the specification as determined by GMT (GRAP 109.30).

ii. Does not have the ability to use all, or substantially all, of the resources that result from the transactions for its own benefit

The auctioneer is entitled to retain a buyer's commission which is an insignificant percentage of the total sales prices obtained during the auctions of vehicles and goods. GMT recognises the significant balance of these auction returns on its chart of accounts. These returns can then be used during the continued business operations of GMT. The service potential benefit is thus obtained by GMT, given the disposals are for its vehicles and goods, rather than that of the auctioneer. The disposal of vehicles and goods is a pivotal component of GMT operations, and management within the asset life cycle management (GRAP 109.30)

iii. It is not exposed to the variability in the results of the transaction

GMT carries the exposure of fluctuations of the auction returns. These may be in the form fluctuations in the returns generated during auction processes, and exposure to the end result during auction processes – i.e. the vehicles and goods would have to be returned to the GMT's operations if the items are not disposed during auction processes. The auctioneer also has exposure to varying auction returns as their commission is based on the sales prices obtained, however this is considered to be limited to that of the exposure carried by GMT during these transactions (GRAP 109.40)

Transactions with third parties' as stated in GRAP 109.10 are vehicles and goods are offered to willing buyers in the market which constitute third parties.

Management evaluated all the aspects above and view that all the requirements of GRAP 109 are met for the auctioneer being an agent acting on behalf of GMT as the principal during the disposal process. No assets were recognised by the auctioneer. Buyers commission is charged by the auctioneer based on the disposal price of the vehicles.

Total buyers commission is estimated to be R1,071,225 during the three year period which commenced on 15 April 2019.

No changes occurred during the reporting period and comparative year on any significant terms and conditions contained in the arrangement.

Based on above, all three criteria are met for the auctioneer being an Agent in terms of the auctioneering services. GMT is by default deemed to be the principal (GRAP 109.27).

GMT recognises the profits and losses generated during auction processes in its chart of accounts, after the buyers commission of 4.5% due to the auctioneer was deducted. The profits on disposal of vehicles are disclosed under Other Income in note 16, with losses on disposal disclosed under Operating Expenditure (note 22).

The arrangement is entered to expand the footprint for vehicle auctions as part of the services rendered by GMT.

GMT invests cash funds not immediately required through the Provincial Treasury with approved financial institutions (mainly one/more of the four major banks in SA). The investments are done in accordance with the Investment Policy held by Provincial Treasury. The Investment Policy governs the parameters within which the investments are done. These include the type of institutions which may be invested in, the maximum investment period and other risk parameters which must be met by the financial institution before investment in these institutions can be considered. The Provincial Treasury acts on behalf of GMT in obtaining investment quotations, manages the investment with financial institutions and ensures that the funds are reallocated to GMT upon investment maturity.

GMT (through the Department of Transport and Public Works) requests Provincial Treasury to obtain quotes from financial institutions to invest funds. The request details:

i. An investment amount; and

ii. Period of investment, following which the funds will be allocated to GMT upon maturity of the investment

GMT recognises the interest earned on the investment and discloses this in note 17, with no administration fees or any other fees payable to Provincial Treasury. The investment is disclosed on the GMT chart of accounts under Cash and Cash Equivalents (note 14)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

41 CHANGE IN ACCOUNTING POLICY (continued)

41.4 GRAP 109 on Accounting by Principals and Agents

41.4.3 Investments on behalf of GMT

An agent on behalf of or to the benefit of the principal (GRAP 109.25). Evaluation of the criteria of an agent:

i. Does not have power to determine the significant terms and conditions of the transactions (including the purpose and benefits of the arrangement)

Even though the investment is done in terms of the Provincial Treasury Investment Policy, significant terms are deemed to be the investment period and amount of investment as determined by the Accounting Officer of the Department of Transport and Public Works – which constitutes the power to affect the result of the transaction (GRAP 109.30). Further, the investment request is deemed to constitute approval by the Accounting Officer of the Department of Transport and Public Works for Provincial Treasury to conclude the transaction (GRAP 109.34)

ii. Does not have the ability to use all, or substantially all, of the resources that result from the transactions for its own benefit

GMT recognises all the interest yield along with the investment amount on its chart of accounts (note 17). No administration fees or any other fees are payable to Provincial Treasury.

iii. It is not exposed to the variability in the results of the transaction

GMT carries the exposure of fluctuations in the interest yield from quote to investment. In addition, GMT is exposed to risk elements such as credit risk of the financial institutions through which the investment is done.

Based on above, all three criteria are met for Provincial Treasury being an Agent in terms of the investment. GMT is by default deemed to be the principal (GRAP 109.27)

The request to invest funds on behalf of GMT serves as a binding arrangement between GMT and Provincial Treasury (GRAP 109.05A, GRAP 109.17 - .18). In addition, investments have been made over several years and all of the actions performed by parties indicate an binding arrangement during the period of investment (GRAP 109.20)

Transactions with third parties' as stated in GRAP 109.10 are the cash funds not immediately required are invested with approved financial institutions. The 'transaction' is deemed to be the investment of the cash funds, also the interactions by Provincial Treasury with the financial institutions.

Management evaluated all the aspects above and view that all the requirements of GRAP 109 are met for Provincial Treasury being an agent acting on behalf of GMT as the principal during investments done on behalf of GMT. No assets were recognised by Provincial Treasury. Termination fees for early withdrawal or termination of the investment from financial institutions may be charged by the applicable financial institution where the investment is held, the fees are unknown. No fees will be charged by Provincial Treasury in the case of early withdrawal or termination of the investment.

Investment details during 2021/22:

R400 000 000 at an interest yield of 5.262% for an investment period of 361 days (1 April 2021 to 28 March 2022) at Standard Bank
R420 817 336.99 at an interest yield of 3.81% for an investment period of 4 days (28 March 2022 to 31 March 2022) at the Corporation of Public Deposits

Investment details during 2020/21:

R934 039 729.94 at an interest rate of 6.93% for an investment period of 362 days (1 April 2020 to 28 March 2021) at Nedbank
R998 236 664.43 at an interest rate of 3.81% for an investment period of 3 days (29 March 2021 to 31 March 2021) at the Corporation of Public Deposits

The arrangement is entered to optimise the yields on cash funds which are not immediately required in business operations. No changes occurred during the reporting period and comparative year on any significant terms and conditions contained in the arrangement.

41.4.4 Procurement of mobility assets

GMT is the agent.

An agent on behalf of or to the benefit of the principal (GRAP 109.25). Evaluation of the criteria of an agent:

i. Does not have power to determine the significant terms and conditions of the transactions (including the purpose and benefits of the arrangement)

A Memorandum of Agreement ('MOA') is entered between GMT and a client institution for procuring assets. This is done based on the contractual reach which GMT has – GMT very often being the contract holder or participant in contracts on which items are offered. Funds are transferred by the client institution to GMT based on the details contained in the MOA. GMT procures these assets and alienates the items to client institution (thus no further involvement by GMT in managing the assets on behalf of the client institution).

ii. Does not have the ability to use all, or substantially all, of the resources that result from the transactions for its own benefit

The specified items as contained in the MOA are alienated to the client institution for use in its service delivery objectives, rather than being used by GMT for its own service delivery or to obtain economic benefits (GRAP 109.35). Further, GMT derecognises all transactions associated to this transaction from its chart of accounts.

GMT does not charge fees for these services, thus no revenue is recognised by GMT for this arrangement. In addition, GMT does not incur expenses, liabilities and/or assets for this arrangement.

iii. It is not exposed to the variability in the results of the transaction

The client institution carries the exposure of the results in the transaction. This may be in the form of unavailability of assets, delays in procurement and other factors which may result in the fulfilment of the conditions as contained in the MOA giving the client institution exposure rather than GMT (GRAP 109.40). Based on above, all three criteria are met for GMT being an Agent in terms of the procurement of mobility assets.

Funds are held on behalf of the Principals as detailed in the following notes:

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

41 CHANGE IN ACCOUNTING POLICY (continued)

41.4 GRAP 109 on Accounting by Principals and Agents

41.4.4 Procurement of mobility assets

	2021/22 R'000	2020/21 R'000
Department of Social Development		
Balance at the beginning of the year	3,491	3,491
Vehicles procured as procuring agent	(1,561)	-
	1,930	3,491

The balance of R1,93 million is expected to be utilised during 2022/23 (2020/21: closing balance of R3,491 million with R1,561 million utilised during 2021/22).

No risks are transferred from the Department of Social Development ('the Principal') to GMT ('the Agent'). This confirms the details as contained under the exposure to the variability in the results of the transaction and the funds will be transferred from GMT to the client, should the procurement of the assets not occur.

No changes occurred during the reporting period and comparative year on any significant terms and conditions contained in the arrangement.

41.5 GRAP 110 on Living and Non-living Resources

The accounting standard for Living and Non-living Resources was not recognised under previous basis of accounting, has been considered for inclusion in the Annual Financial Statements of GMT as at 31 March 2022 in terms of GRAP 110.

Management has evaluated the requirements of the standard and it was found that it is not applicable to GMT at this stage. Therefore, no adjustments need to be made and no accounting policies need to be developed to fully comply with GRAP 110.

41.6 IGRAP 17 Service Concession Arrangements where a grantor controls significant residual interest in an asset

The interpretation on Service Concession Arrangements where a grantor controls significant residual interest in an asset was not recognised under previous basis of accounting, has been considered for inclusion in the Annual Financial Statements of GMT as at 31 March 2022 in terms of IGRAP 17.

Management has evaluated the requirements of the standard and it was found that it is not applicable to GMT at this stage. Therefore, no adjustments need to be made and no accounting policies need to be developed to fully comply with IGRAP 17.

42 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. Although the practice of the fund is to have statutory actuarial valuations performed biennially, the abnormal events that occurred in March 2020 resulted in the fund deciding to perform an interim valuation as at 31 March 2020.

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 R2,041,346 million as at 31 March 2021 (31 March 2018: R1,800,068 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 2021. The actuarial results of the March 2021 valuation show that the fund is 110.1% funded (31 March 2018: 108.3%), 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 2022

43 GUIDELINE ISSUED BUT NOT YET EFFECTIVE AND ADOPTED

The guideline was issued but is not yet effective for trading entities and have therefor not been early adopted by GMT:

Guideline on Accounting for Landfill sites

Guideline	Summary of guideline	Annual period beginning on or after
Guideline on Accounting for Landfill sites	The effective date of this guideline has not been determined yet. The guideline outlines the accounting for transactions and events that impact the accounting for landfill sites and the related rehabilitation provision in so far as they apply to general and hazardous waste. No significant impact on the financial statements of the entity is expected.	Unknown
		2021/22 R'000

44 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	126,511
Over budgeted income and expenses	
Financing through own funds	754,067
Over/(under) spending of approved budget:	
Revenue	
(Under) budgeted revenue from daily tariffs for permanently allocated vehicles subject to finance leases	(24,696)
(Under) budgeted interest income from bank accounts and accounts receivable	(18,094)
Over budgeted on Government grants and subsidies received	5,268
(Under) budgeted Other income	(2,455)
Over budgeted services in-kind revenue	3
Expenditure	
Under budgeted Administrative expenditure	(650)
Under budgeted Employee costs	(11,971)
Under budgeted Operating expenditure	(35,466)
Under budgeted Depreciation	(415)
Under budgeted Amortization	(324)
Under budgeted Accident and impairment losses	(351)
Under budgeted Operating lease expenditure	(3,512)
Surplus per approved budget	787,915
Refer to the Statement of Comparison between Budget and Actual amounts for explanations of variances between budget and actual amounts.	

45 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 2022

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 principal 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.

During 2021/22, GMT adopted the accounting Standards and Interpretations of Accounting Standards as set out in the Changes in Accounting Policies note. The following accounting standards are deemed to be relevant in the GMT environment and the principles, bases, conventions, rules and practices associated to the adoption thereof are detailed below:

- GRAP 20 – Related Party Disclosures (policy 20)
- GRAP 109 – Accounting by Principals and Agents (policy 24)

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.

Accounting Policies

for the year ended 31 March 2022

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

➤ **Useful lives and residual values of property, plant and equipment (PPE)**

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

➤ **Impairment of property, plant and equipment, intangible assets 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.

Accounting Policies

for the year ended 31 March 2022

➤ **Provisions and contingent liabilities**

Provisions for capped leave

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

Contingent liabilities

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

➤ **Budget information**

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

➤ **Defined benefit plan liabilities**

As described in Accounting Policy 6.3, the entity obtains an actuarial valuation of its defined benefit plan liability. The defined benefit obligation of GMT which is identified as Long Service Allowances. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liability and the key assumptions made by the actuaries in estimating the liability are provided in note 1 to the Annual Financial Statements.

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.

Accounting Policies

for the year ended 31 March 2022

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

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

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

5.2. Revenue from exchange transactions

5.2.1 Daily and kilometre tariffs

Revenue arising from the rendering of services, as well as related expenses is recognised according to the stage of completion of the transaction at the reporting date. Revenue from daily tariffs is 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.

Accounting Policies

for the year ended 31 March 2022

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.

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.

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6.2 Defined contribution plan

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

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

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

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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.

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 (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.

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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.

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Motor vehicles

Motor vehicles are tangible assets held by the entity for use in the supply of fleet management services, which are expected to be used for more than 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.

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.

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

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

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

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

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

9.2. Subsequent measurement, amortisation and impairment

Intangible assets are shown at cost less accumulated amortisation and impairment losses. Expenditure on the development of the FleetMan system and Oracle Financial system are capitalised by GMT and amortised using the straight-line basis over their useful lives. Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

FleetMan system

Amortisation commenced from 1 April 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.

Intelligent Transport System and Automated Fare Collection System

Part of the system applications were procured by the reporting date. The system configuration will commence in due course and thus not available for use as intended by management at the reporting date.

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In terms of GRAP 31, intangible assets are distinguished between internally generated intangible assets and other intangible assets. Amortisation is charged on a straight-line basis over the intangible assets' useful lives (when the intangible asset is available for use), which are estimated to be between 10 to 24 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 (24 years) |
| ➤ Oracle financial system: | Straight-line (21.5 years) |
| ➤ Intelligent Transport System and
Automated Fare Collection System: | Straight-line (10 years) |

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

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

9.3. Derecognition

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

10. Heritage assets

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

10.1. Initial recognition

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

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

10.2. Subsequent measurement

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent

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expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

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

10.3. Derecognition of heritage assets

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

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

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

11.1. Impairment of cash generating assets

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

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

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

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

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

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

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

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

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

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

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

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11.2. Impairment of non-cash generating assets

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

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

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

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

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

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

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

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

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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.

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

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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

Consumable stores 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.

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*.

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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.

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

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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.

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.

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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.

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.

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The entity considers two types of events that can occur after the reporting date, namely those that:

- (a) provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date), and
- (b) were indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

All adjusting events are taken into account in the financial statements as the necessary adjustments are made to the financial statements. Where non-adjusting events after the reporting date are of such importance that non-disclosure would affect the ability of the users of the financial statements to make proper evaluations and decisions, the entity discloses the following information for each significant category of non-adjusting event after the reporting date:

- (a) The nature of the event, and
- (b) An estimate of its financial effect or a statement that such an estimate cannot be made.

19. Cash and cash equivalents

Cash and cash equivalents consist of cash in the bank and short-term deposits, and other short-term investments that are highly liquid and can readily be converted into cash.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise of cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

20. Related party disclosures

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. The following related parties exist at GMT and the associated disclosures as required in GRAP 20 are disclosed for the transactions, balances and additional narratives to enable users to understand the effect of these on the financial statements:

- The Western Cape Department of Transport and Public Works is the governing body of GMT. The relationship to GMT is detailed in note 35;
- 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 at GMT on Salary Level 11 and above are considered to meet the definition of key management personnel apart from those appointed during annual leave, study leave and/or other periods of leave (depending on the substance of the arrangement). 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;
- Close family members of management personnel are those family members who may be expected to influence, or be influenced, by that person in their dealings with GMT. In the GMT environment a close family member is deemed to be a spouse, brother, sister or child of management personnel; and
- Certain members of the governing body are detailed in note 35. These members may fulfil the roles of planning, directing and controlling activities within GMT.

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21. Capital commitments

Capital commitments are not recognised in the Statement of Financial Position as a liability but are included in the disclosure notes.

Capital commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date;
- Items are classified as commitments where GMT commits itself to future transactions that will normally result in the outflow of resources; and
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.

22. Changes in accounting policies, estimates and errors

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

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

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

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.

24. Accounting by principals and agents

24.1. Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

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A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

24.2. Identifying whether an entity is a principal or an agent

When GMT is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether GMT is a principal or an agent requires GMT to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

24.3. Binding arrangement

GMT assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement. Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

24.4. Assessing which entity benefits from the transactions with third parties

When GMT in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If GMT concludes that it is not the agent, then it is the principal in the transactions.

GMT is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction;
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit; and
- It is not exposed to variability in the results of the transaction.

Where GMT has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction to conclude that it is an agent. GMT applies judgement in determining whether such powers exist and whether they are relevant in assessing whether GMT is an agent.

24.5. Recognition

GMT, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

GMT, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

GMT recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

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