



Western Cape
Government



Government Motor Transport

Annual Report
2022/23



**Western Cape
Government**

**Government Motor Transport
Trading Entity**

Vote 10

**Annual Report
1 April 2022 to 31 March 2023**

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

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PART A

General information

Part A: General information

1 Trading entity's general information

Country of incorporation and domicile	South Africa
Registration number	Not applicable
Nature of business and principal activities	Provision of cost-effective and innovative mobility solutions to all client institutions
Business address	3 Rusper Street Maitland Cape Town 7405
Postal address	PO Box 352 Maitland 7404 or Private Bag X9014 Cape Town 8000
Telephone number	0800 092 468
Fax number	021 467 4777
Email address	GMT.Communications@westerncape.gov.za
Web address	www.westerncape.gov.za
Bankers	Nedbank
Bank address	Fifth Floor, Nedbank Clock Tower Campus Clock Tower Precinct Cape Town 8001
Auditors	Auditor-General of South Africa
Auditors' address	Auditor-General of South Africa 17 Park Lane Building Park Lane Century City 7441
Accounting Officer	JT Gooch (2022/23)
Organisation Secretary	Riaan Wiggill CA (SA), FCMA, CGMA
Telephone Number	083 610 0398

2 Acronyms and abbreviations

4IR	Fourth Industrial Revolution
AGSA	Auditor-General of South Africa
AI	Artificial intelligence
AIDS	Acquired immunity deficiency syndrome
AIDC	Automotive Industrial Development Centre
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
DOI	Department of Infrastructure
DotP	Department of the Premier
DORA	Division of Revenue Act (annual)
DPISA	Department of Public Service and Administration
DTIC	Department of Trade, Industry and Competition
DTPW	Department of Transport and Public Works
ECM	WCG Electronic Content Management system
EE	Employment equity
EHW	Employee health and wellness
EHWP	Employee Health and Wellness Programme
EMS	Emergency Medical Services
eNATIS	National Traffic Information System
EMS	Emergency Medical Services
EPWP	Expanded Public Works Programme
ERM	Enterprise risk management
ERMCO	Ethics and Enterprise Risk Management Committee
ERP	Enterprise Resource Planning system
EV	Electric vehicle
FleetMan	Fleet Management ERP System

FLISP	Finance-Linked Individual Subsidy Programme
FMPPI	Framework for Managing Programme Performance Information
GAP	Gap Analysis Project
GIPTN	George Integrated Public Transport Network
GMT	Government Motor Transport trading entity
GRAP	Generally Recognised Accounting Practice
HCT	HIV and AIDS counselling and testing
HOD	Head of Department
ICE	Internal combustion engine
ICT	Information and communication technology
IFW&U	Irregular, fruitless, wasteful and unauthorised expenditure
IESBA	International Ethics Standards Board for Accountants
IGRAPs	Interpretation of Standards of GRAP
IoT	Internet of things
ISAs	International Standards on Auditing
IT	Information technology
ITS	Intelligent Transport System
IYM	In-year monitoring
LEMS	Life Events Management System
LRA	Labour Relations Act, 1995
LOGIS	Logistical Information System
MEC	Member of the Executive Council
MOA	Memorandum of agreement
MPC	SARB Monetary Policy Committee
MSaaS	Mobility solutions as a service
MTEC	Medium-Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
MTP	Massive Transformative Purpose
MPC	SARB Monetary Policy Committee
NAAMSA	National Association of Automobile Manufacturers of South Africa
NDP	National Development Plan
NQF	National Qualifications Framework
NT	National Treasury
OEM	Original equipment manufacturer
OICA	International Organization of Motor Vehicle Manufacturers
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
PPE	Property, plant and equipment
PPPFA	Preferential Procurement Policy Framework Act, 2000
PPRs	Preferential Procurement Regulations
PRASA	Passenger Rail Agency of South Africa
PRMG	Provincial Roads Maintenance Grant
PSCBC	Public Service Coordinating Bargaining Council
PSP	Provincial Strategic Plan
R&D	Research and development
R&M	Repairs and maintenance
RT57	Transversal government procurement contract
RWOPS	Remunerative Work Outside the Public Service (application)
SaaS	Software as a service
SAPS	South African Police 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
STI	Sexually transmitted infection
TB	Tuberculosis
TOR	Terms of reference
TR	Treasury Regulation
VAT	Value-added tax
VIP	Vision Inspired Priority/ very important person
WCG	Western Cape Government
WCBD	Western Cape Bid Document
WCMD	Western Cape Mobility Department
WCSEB	Western Cape Supplier Evidence Bank

3 Foreword by the Provincial Minister

CONSTANT SERVICE EXCELLENCE IN A CONTINUOUS-CHANGING MOBILITY ECOSYSTEM



Tertuis Simmers Provincial Minister of the Department of Infrastructure



Ricardo Mackenzie Minister of the Western Cape Mobility Department

Minister Tertuis Simmers:

I am pleased to present the Annual Report of Government Motor Transport (GMT) for the period 1 April 2022 to 31 March 2023 as the Executive Authority for the Department of Transport and Public Works. 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 2022/23, GMT achieved an "unqualified with no findings" audit outcome for the eleventh 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.

GMT is subject to the challenges faced by the global motor industry and its supporting supply chains. These emanate from geopolitical tensions, policy frameworks and other operational hindrances in the following areas:

- Resource scarcity;
 - Freight costs;
 - Demand forecasting;
 - Congestion at ports;
 - Cost-of-living increases (inflation);
 - Digital transformation; and
- Restructuring in various sectors to seek efficiencies leading to delays at its initial stages.

These challenges had an adverse effect on GMT's operations during the procurement, conversion and allocation processes of mobility assets to client institutions. These exacerbate the financial challenges faced by client institutions of GMT's.

Running costs of the fleet is the largest operating expense. The total cost for fuel and oil during 2022/23 was R272.7m (2021/22: R213.2m) which accounts for 45% of GMT's

operating expenditure during the year under review (2021/22: 30%). The increase in this expenditure is due to an increase in mileage covered by the fleet as well as an increase in the weighted average fuel cost in comparison to last year.

There have been significant increases in the cost per kilometre, namely:

- Fuel and oil costs – R2.62 (2021/22: R2.24); and
- Maintenance, repairs, fuel and oil costs – R3.56 (2021/22: R3.31).

The trend of increases in commodity prices due to macro factors had a direct effect on the costs of service delivery for GMT's costs associated to its service delivery. The entity manages these factors by adjusting the charges to client institutions monthly while managing its operations prudently within its budget ceiling. GMT is aware of the fiscal and economic challenges which its client institutions are facing in the current economic climate. Figure 1 (page 10) shows that GMT's pricing is significantly lower than private rental companies, and its attractiveness is extended when the value-added services are factored in as listed below Figure 1. To this end, GMT kept its adjustment on its daily tariffs below MTEF increases for several years including those which were effective from 1 April 2022 as evident in Figure 3 (page 12).

The rapid changes in the motor vehicle industry necessitates that GMT engages with original equipment manufacturers, specialists and other stakeholders on a regular basis to position the entity based on expert recommendations and market trends to keep abreast of the changes. These engagements prove to be invaluable towards thought leadership in the mobility space and contributes towards the entity as a contributor in co-creating a mobility eco-system.

The DTPW ceased to exist on 31 March 2023. The mobility elements of the DTPW and Human Settlements formed the new Western Cape Mobility Department (WCMD) on 1 April 2023 to embark on a visionary journey of "Mobility as a connector of people, goods, and institutions (#CreatingConnections). I wish my colleague, Minister Ricardo Mackenzie all the very best as he steers the new WCMD into the future.

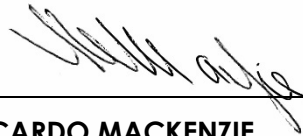
Minister Ricardo Mackenzie:

I am grateful to Premier Alan Winde for entrusting me to lead the department since my appointment on 20 February 2023. I would like to thank my colleague, Minister Tertuis Simmers as the Executive Authority, for the groundwork he laid during the process of forming the Western Cape Mobility Department (under which the administration of GMT as a Trading Entity vests). I endeavour to lead the department and work closely with stakeholders to ensure that the mobility needs of citizens within the Western Cape and its extended boundaries are met.

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



TERTUIS SIMMERS
PROVINCIAL MINISTER
DEPARTMENT OF INFRASTRUCTURE
DATE: 31 August 2023



RICARDO MACKENZIE
PROVINCIAL MINISTER
WESTERN CAPE MOBILITY DEPARTMENT
DATE: 31 August 2023

4 Report of the Accounting Officer

4.1. Overview of operations of the trading entity



The year under review saw the DTPW undergoing significant changes in support of the announcement by the Premier of the Institutional Refresh Project in his 2022 State of the Province Address. Fundamentally, the project entailed amalgamating the infrastructure components of DTPW and the provincial DHS into a new Department of Infrastructure and moving the mobility components of DTPW into a new Western Cape Mobility Department (WCMD). The DTPW ceased to exist on 31 March 2023, and the DOI and WCMD were established on 1 April 2023. These changes had a deep impact on the operations of the DTPW and continue to have an impact on the staff of the two new departments. The DTPW spent much time and energy on preparing and implementing the various elements of the Refresh Project while keeping staff informed about important process developments

and continuing to maintain high levels of productivity.

GMT's Massive Transformative Purpose (MTP), as articulated in its Strategy 2020–2025, continued to guide the entity in its delivery to clients during the year under review. The strategy also defines GMT's three strategic outcomes for the period as follows:

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

The mobility and fleet management environment continued to be impacted by a number of challenges, uncertainties, risks and added pressures which necessitated of GMT to be agile in its approach to delivering mobility solutions to its client institutions. Global and local supply chain challenges in the ongoing aftermath of the COVID-19 pandemic, affected the ability of original equipment manufacturers (OEMs), to meet the demand for vehicles and related technology and equipment of fleet providers such as GMT. These challenges include the ongoing global shortages in the supply of micro-processors, the impact of the war in Ukraine, poorly managed National Transversal Contracts and the floods in KwaZulu-Natal during 2022.

The trading entity managed to navigate these challenges while responding to client institutions' growing needs and decreasing budgets, while also remaining focused on maintaining and stabilising its financial position.

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

- A total of 1 378 vehicles were replaced through the ongoing vehicle replacement project which aims to replace vehicles that have either gone beyond- or are approaching the end of the useful lives as defined in GMT policies.
- The number of automatic transmission vehicles in the fleet increased from 537 on 31 March 2022 to 858 on 31 March 2023. This forms part of changing the fleet profile to cater for a broader range of drivers, and the improvement of driving behaviour.
- Expenditure on fuel forms a major part of fleet operating costs, and client institutions expects a convenient and uninterrupted on-road fuelling solution. The fuel industry is prone to fraud because of the high tradability of fuel as a commodity. GMT implemented several initiatives to improve the effectiveness of the fuel management processes, including migrating to a new service provider and the development of improved fuel risk management processes enabled through the innovative deployment of technology including a mobile app. This allowed the distribution of new fuel cards to be completed in two weeks compared to more than a month in the past.
- Expanded the capacity of GMT Fleet Rental services in Maitland as well as in George to improve this essential service to clients.
- Strengthened the GMT Repairs and Maintenance, vehicle inspections, and vehicle disposal functions through the appointment of additional staff and the introduction of improved processes, systems and technology.

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 keeping 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). The MPC increased the prime interest rate several times in response to rising inflation in South Africa. The interest yield estimates compared to actual yields for 2022/23 are detailed in Table 1.

Table 1: Interest yield estimates and actual yields for 2022/23

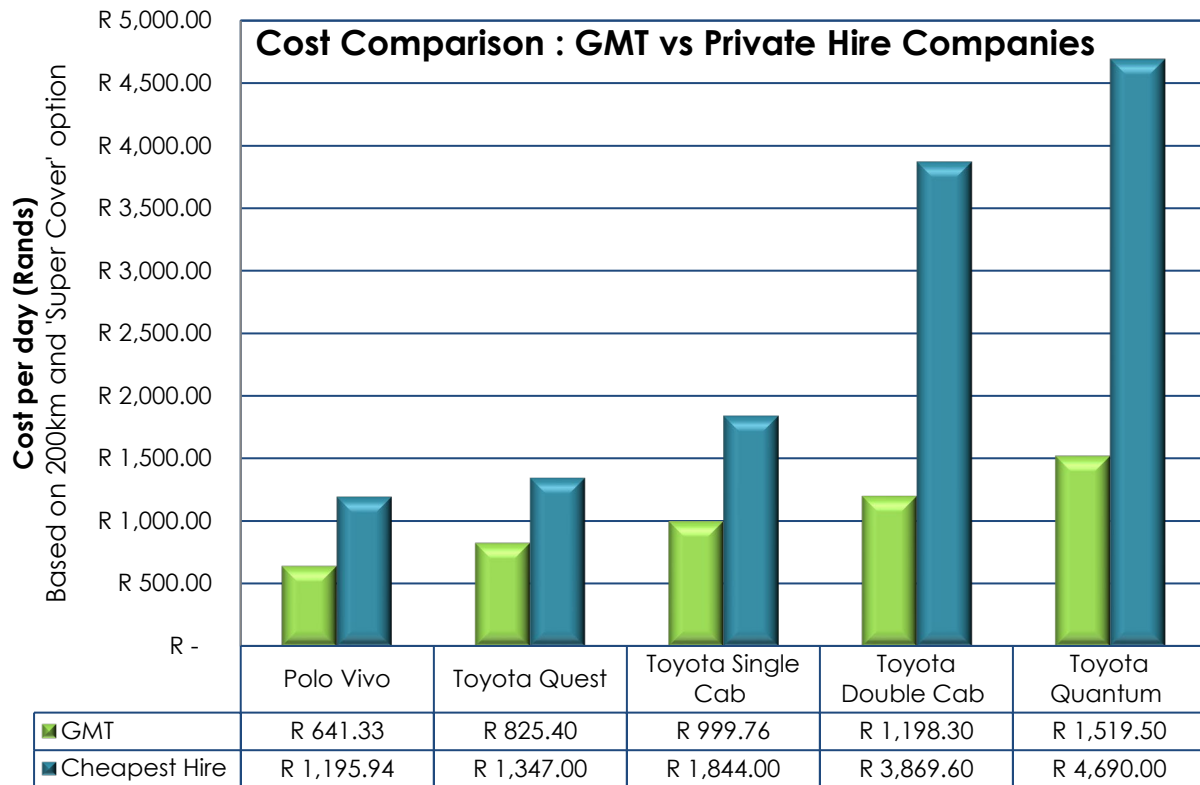
Main bank account estimates:	
Actual 3.75% to 7.25% , estimate 3.25% to 3.5%; and	
Invested funds:	
Actual 4.27% to 7.34% , estimate 5.252%	

The estimated financial effect of actual interest yields was therefore R23.712m over budget during the year under review.

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 2023.

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 service;
- Providing evidence in disciplinary hearings;
- Providing shuttle services to various pick-up points;
- Managing repairs and maintenance;
- Disposing of withdrawn vehicles;
- Providing very important person (VIP) after-hours support services;
- Not charging booking and administration fees;
- Not charging Value-added Tax (VAT);

- Providing general hire pool access to vehicles;
- Making specialised vehicles available; and
- Not placing a hold on bank account funds during rental periods.

As a service organisation, GMT is cognisant of the financial pressures which its client institutions are facing due to budget cuts in real terms, reprioritisation of funding, and the inflationary environment in which they operate. For this reason, the entity strives render its services at the lowest possible charges to its client institutions. Figure 2 shows that the daily tariff increases from 1 April 2016 and the next six financial years up to 1 April 2022 were below the percentage increase of the Medium-Term Expenditure Framework (MTEF).

Figure 2: GMT daily tariff adjustments in comparison to MTEF percentage increase

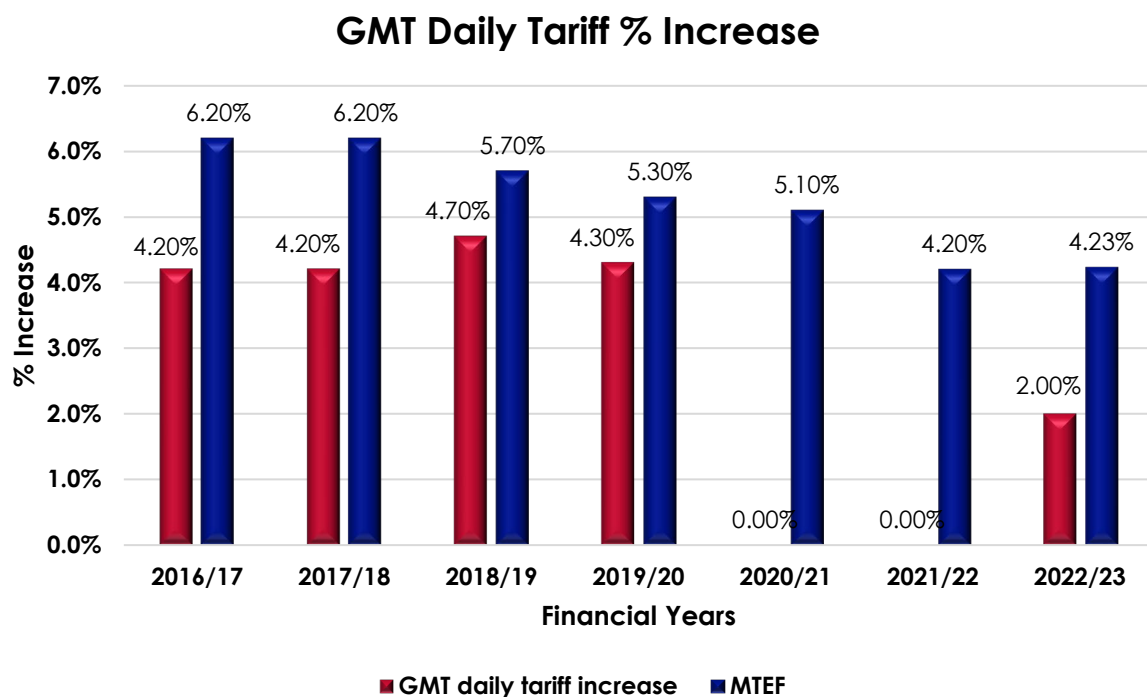
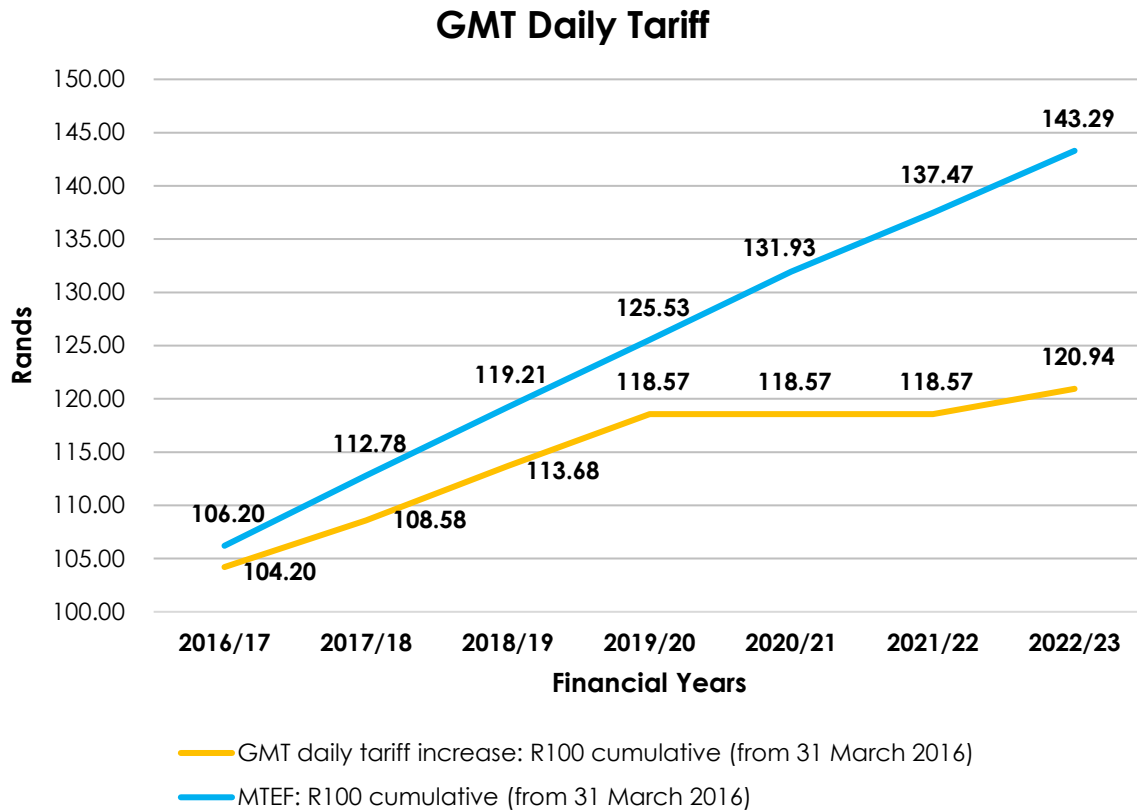


Figure 3 shows that a R100 tariff on 31 March 2016 will cost R120.94 on 1 April 2022, after the GMT tariff adjustments were applied. If the GMT tariff increased at the same rate as the MTEF increased over the same period, a R100 tariff on 31 March 2016 would have cost R143.29 on 1 April 2022. This is an effective saving of R22.35 or an average of 2.452% on an annualised basis over this period.

Figure 3: Cumulative effect of GMT tariff adjustments in comparison to MTEF increase



GMT aligned its financial management with the requirements contained in Directive 5 and Directive 9 of the GRAP (Generally Recognised Accounting Practices) reporting framework issued by the Accounting Standards Board (ASB) for the 2022/23 financial year.

Work is continuing to give effect to the Premier's Refresh Project announcement in his State of the Province Address on 15 February 2022 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 Western Cape Mobility Department. These departments will be established with effect from 1 April 2023, with GMT reporting into the new Western Cape Mobility Department.

At the end of the financial year under review, GMT had expected a transfer of some R445.5m into its main bank account. This amount comprised the capital investment together with interest accrued after a capital investment R421m 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 because of external factors such as vehicle supply chain shortages and inadequate space at GMT's facilities for processing and fitting new and withdrawn vehicles. Provincial Treasury was requested to transfer the matured investment back to the GMT main bank account, but by 31 March 2023, the funds had still not been transferred. Confirmation of the GMT investment balance was however obtained from Provincial Treasury indicating the value of the investment as at 31 March 2023.

Engagements and correspondence with Provincial Treasury about the risks to GMT's operations of not having access to these funds over the MTEF period are underway.

Electric vehicles

Western Cape Electric Vehicle Strategy

During the year under review, GMT in partnership with client institutions and other stakeholders, continued with the implementation of the projects identified in the Western Cape's Electric Vehicle (EV) Strategy, which was approved by Provincial Cabinet on 13 October 2021. 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 several 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, as mentioned above.

Giving effect to GMT and the WCG becoming EV thought leaders in Africa includes:

- 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 approach and desired outcomes.

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

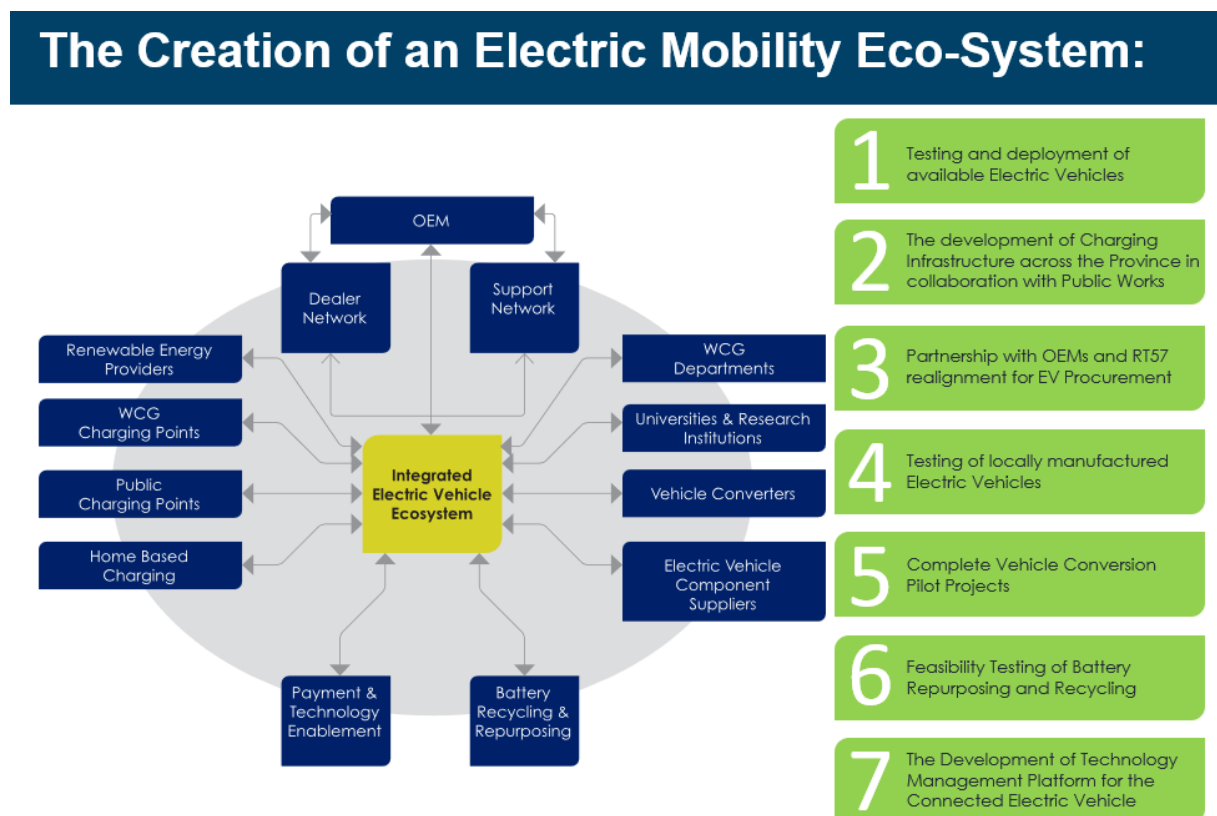
- i. **Global climate change** and the positive impact that EVs would have on reducing GMT's carbon footprint.
- ii. **Air and environmental pollution**, with the EV strategy taking into consideration aspects such as charging infrastructure that utilises renewable sources of energy, such as solar power; 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.

The status of the EV market in South Africa is the context within which the Western Cape EV Strategy is being implemented. Although the number of EVs for sale in South Africa has increased significantly, these are concentrated in niche vehicle segments and are therefore not suitable for GMT to acquire.

Despite these challenges, progress was made with implementing the EV strategy, which is now in the development phase. The initiatives described below were implemented during the 2022/23 financial year.

- The development of thought leadership progressed through consultation with leading universities in the Western Cape. A review of EV-related research projects in progress was completed. These projects were aligned with the envisaged electric vehicle ecosystem and the seven development areas contained in the implementation plan. This provided the basis for further alignment of the research focus and the formalisation of collaborative research projects with the universities for further implementation of the EV ecosystem.

Figure 4: The creation of an Electric Mobility Ecosystem



- Participation in the first global Auto Week Conference in South Africa, organised by the National Association of Automobile Manufacturers of South Africa (NAAMSA) in collaboration with the International Organization of Motor Vehicle Manufacturers (OICA), and attended by several senior global OEM



executives. The WCG and GMT played a prominent role, with the Provincial Minister of Mobility at the time participating in a panel discussion with global OEM executives discussing the future of electric mobility. The Chief Director of GMT also played a leading role in a panel discussion of the circular EV supply chain.

- Participation in the first Formula E race on the African continent, where the GMT team delivered conference papers and participated in panel discussions. GMT electric vehicles were used during the event as official vehicles for race marshals.



Source: Government Motor Transport.

- To enable staff and other stakeholders to experience EVs, an immersive virtual reality program was developed to enable people to take a closer look at an EV and its components, specifically the battery.
- To speed up the adoption of EVs, GMT will procure a number of hybrid vehicles to add to the EVs already in the fleet. Hybrid vehicles are not fully electric. They use electric power supplied by a battery but do not require charging, as is the case with BEVs. This will smooth the transition to EVs without the challenge of range anxiety.

GMT auction sales



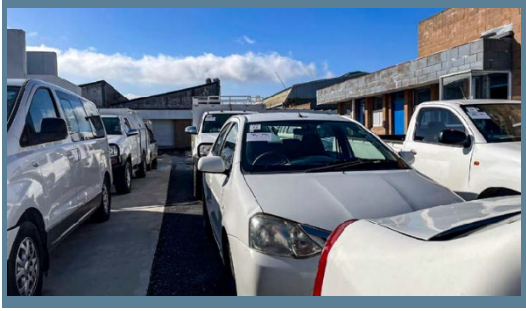
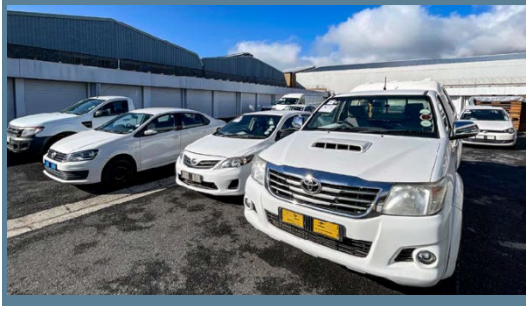
Disposal is a vital part of the vehicle life cycle. During the year under review, GMT speeded up its vehicle disposal activities to alleviate current operational site constraints. The favourable market for second-hand vehicles enabled GMT to sell its used vehicles at good prices.

Three factors contributed towards improved performance during the year:

- The appointment of eight more technical assistants (motor mechanics), including the first female mechanic at GMT, to speed up vehicle withdrawal and the preparation of vehicles for auction;
- The appointment of three more drivers, which increased GMT's capacity to move vehicles to the auction site; and
- Starting the development of a mobile vehicle inspection app to replace the manual TV6/28 process, which is expected to significantly increase the speed and efficiency of the vehicle withdrawal and disposal process in future.

Figure 5 provides a summary of the positive trends in the number of lots sold and the revenue generated through the auction sales in 2022/23. In total, 603 lots were sold, there were 90 660 event page views, and a total of 18 988 bids were submitted.

Figure 5: GMT online auction sales 2022 and 2023

GMT – Sale 27		7 April 2022	
	Event page views:	21 874	
	Number of bids:	3 120	
	Total sold lots:	99	
	Total pay over:	R10 809 002.00	
	Buyers' premium (VAT incl.):	R559 365.85	
GMT – Sale 28		26 May 2022	
	Event page views:	9 479	
	Number of bids:	1 862	
	Total sold lots:	47	
	Total pay over:	R5 477 000.00	
	Buyers' premium (VAT incl.):	R283 434.75	
GMT – Sale 29		30 June 2022	
	Event page views:	6 979	
	Number of bids:	1 244	
	Total sold lots:	44	
	Total pay over:	R5 094 500.00	
	Buyers' premium (VAT incl.):	R263 640.38	
GMT – Sale 30		28 July 2022	
	Event page views:	6 965	
	Number of bids:	1 163	
	Total sold lots:	53	
	Total pay over:	R5 291 000.00	
	Buyers' premium (VAT incl.):	R273 809.25	

GMT – Sale 31

25 August 2022



Event page views: **6 976**



Number of bids: **2 165**



Total sold lots: **68**



Total pay over: **R14 966 950.00**



Buyers' premium (VAT incl.): **R257 039.66**



GMT – Sale 32

29 September 2022



Event page views: **7 908**



Number of bids: **2 261**



Total sold lots: **75**



Total pay over: **R5 549 130.00**



Buyers' premium (VAT incl.): **R287 167.48**



GMT – Sale 33

27 October 2022



Event page views: **10 689**



Number of bids: **2 342**



Total sold lots: **69**



Total pay over: **R6 592 712.00**



Buyers' premium (VAT incl.): **R341 172.85**



GMT – Sale 34

24 November 2022



Event page views: **4 588**



Number of bids: **1 140**



Total sold lots: **33**



Total pay over: **R2 502 400.00**



Buyers' premium (VAT incl.): **R129 499.20**



GMT – Sale 35		26 January 2023		
	Event page views: 9 455			
	Number of bids: 1 960			
	Total sold lots: 58			
	Total pay over: R5 558 600.00			
	Buyers' premium (VAT incl.): R287 657.55			
GMT – Sale 36		23 February 2023		
	Event page views: 5 747			
	Number of bids: 1 731			
	Total sold lots: 57			
	Total pay over: R4 880 750.00			
	Buyers' premium (VAT incl.): R252 578.81			
Total				
				
Event page views	Number of bids	Total sold lots	Total pay over	Buyers' premium (VAT incl.)
90 660	18 988	603	R56 722 044	R2 935 365.78

Vehicle replacement

The annual vehicle replacement project is a key organisational process aimed at keeping the GMT fleet current, fit for purpose and within its economic life cycle. It was accelerated in the year under review through a combination of focused interventions from the operational team and improved market availability of vehicles. Indications are that recent disruptions in the automotive industry because of the 2022 KwaZulu-Natal floods and a global semiconductor shortage for computer chips will have less impact on vehicle production and availability going forward.

GMT's vehicle life cycle consists of seven phases: fleet planning for vehicle replacement; procurement of new vehicles; the manufacturing of vehicles at OEMs; fitment and deployment by GMT; and vehicle disposal. Because this is a continuous process, there will be vehicles in the GMT fleet at every phase at all times.

Figure 6: Vehicle Replacement Project technology improvement



Source: Government Motor Transport.

A total of 1 374 vehicles were procured (orders placed) during the financial year, which is in line with the annual target.

To help give effect to its work to decarbonise its fleet by 2030, and in anticipation of the expansion of BEV charging infrastructure, GMT is currently exploring the expansion of its hybrid vehicle segment as a soft transition towards an electric fleet.

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.

Outward benchmarking

In order to expand the entity's value proposition to its broad base of clients, it is imperative that GMT is in a position to proactively guide clients on their mobility needs. This requires the entity and its staff to stay abreast of developments in the OEM vehicle and fleet management ecosystem and provide advice where appropriate.

During the year under review, a team from GMT embarked on a benchmarking exercise to two OEMs – SA Van Conversions and Isuzu Motors South Africa – to explore opportunities for future collaboration and co-creation, and ultimately provide an improved service to our clients, and indirectly to the citizens.

This exercise contributes to the following strategic objectives:

1. Improve efficacy of the government vehicle fleet through efficient utilisation, effective fleet management and provision of quality services.
2. Strengthen inter-departmental working relationships through the implementation of targeted communication and policy initiatives.
3. Improve the quality of financial standing through good governance.

Outward benchmarking explorations are documented from a marketing and communication perspective. Feedback and observations resulting from this benchmarking initiative include:

- The importance of safety and security to organisational work areas, as well as effective business processes;
- Training and human resources processes which support skills development and empowerment;
- Interconnected processes within the organisation to help ensure safety and efficiency;
- The role of innovation to the future of mobility;
- Global challenges for OEMs in the motor industry; and
- Important aspects relating to vehicle conversions.

Inward benchmarking

During the year under review, GMT had its first introductory engagement with Automotive Industrial Development Center (AIDC) Eastern Cape to discuss the Western Cape EV Strategy, as well as to explore opportunities for collaboration.

The focus areas of AIDC Eastern Cape include: Local market optimisation; regional market development; localisation; infrastructure development; industry transformation; and technology and skills development.

The following discussion points were covered:

- Overview of AIDC and how it fits into the fleet management industry;
- GMT's approach to the EV Strategy, including limitations and dependencies; how GMT's benchmarking journey provides opportunities to learn from other organisations in the mobility market and share lessons learned; the importance of collaboration and avoiding the duplication of effort; the rapidly changing technological environment and how organisations need to be agile and adapt.

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.

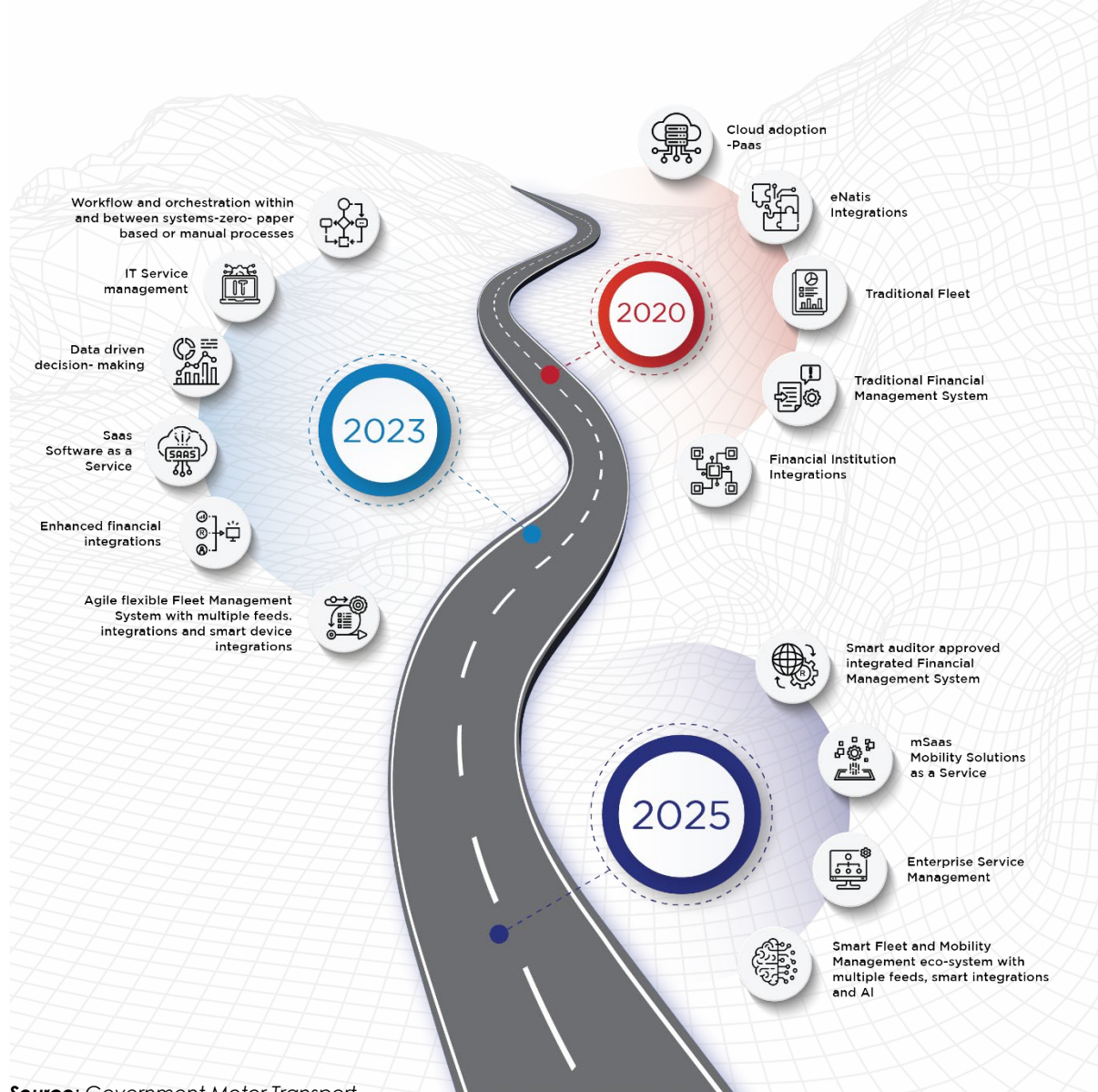
Examples of such visits include observing Emergency Medical Services (EMS) vehicles used for mountain rescue and recovery operations; mobile clinics that are required to navigate poor-quality dirt roads in rural areas; traffic "interceptor" vehicles fitted with in-vehicle technology and operated on national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



ICT Roadmap

Information and communication technology plays a fundamental role in enabling and assisting GMT's operations and management – in an innovative and smart way – to realise its Massive Transformative Purpose.

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:

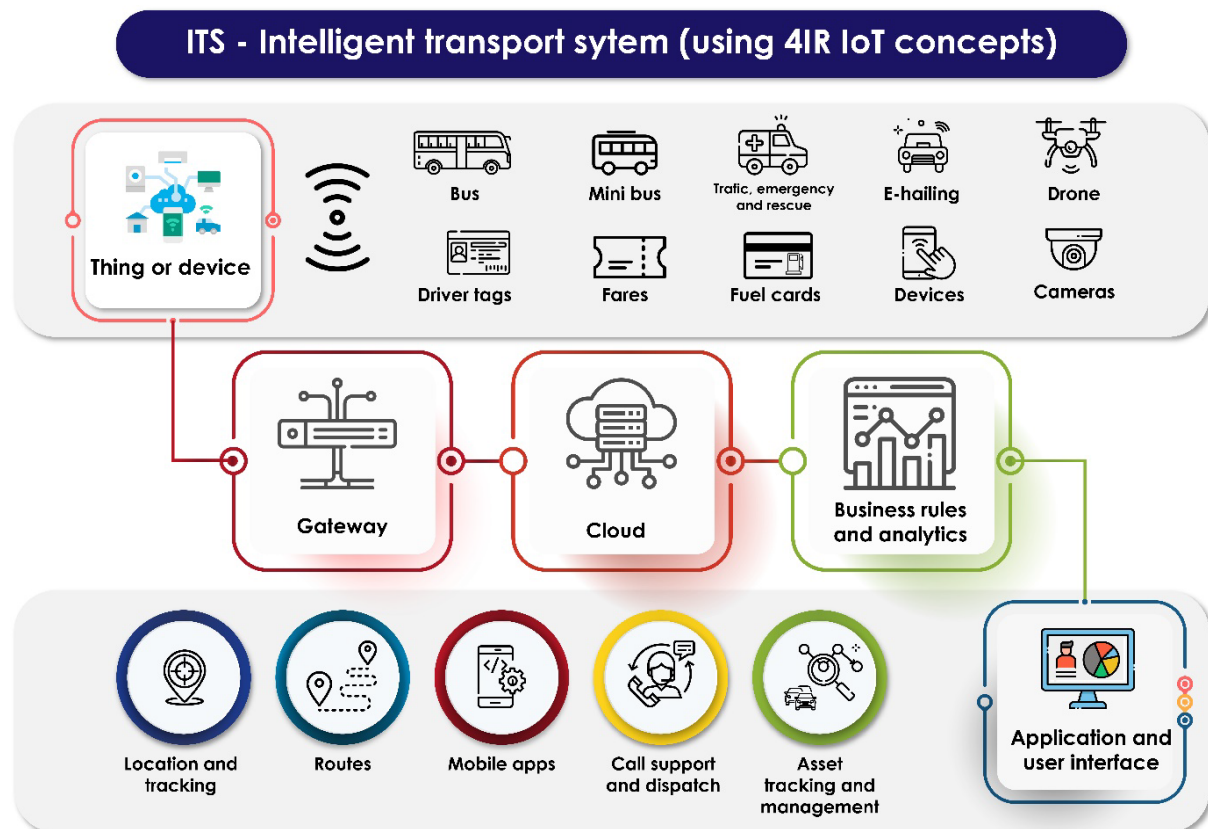
- De-Risk GMT information technology (IT) infrastructure and connectivity;
- Build information and data capability;
- Build the capability to connect systems to each other in a secure and controlled manner in the cloud;
- Enable smart mobility solutions through the adoption of the appropriate emerging technologies available in this Fourth Industrial Revolution (4IR); and
- Enable a smart integrated Financial Management System.

During the year under review, the focus remained on information and data security as well as systems availability. The ICT Management Services team implemented mitigation

strategies in the Oracle software environment to further secure key organisational systems. The team concluded a successful disaster recovery exercise during the reporting period.

GMT invested in an Intelligent Transport System (ITS). This system is based on the 4IR principle of the "internet of things" (IoT). This is an extensible platform which will allow GMT to extend smart mobility services to its existing and future clients. The GMT team has been bedding down the processes for managing and extending the ITS whilst enhancing its ecosystem by adding pertinent functionality like fuel fraud management.

Figure 8: Intelligent Transport System



Source: Government Motor Transport.

On a GMT ICT infrastructure level, there has been significant effort to implement and secure the Microsoft development and data environments at a foundational level. This allowed for the digitisation and digitalisation of specific operational processes. This effort will expand and continue during the next reporting period.

The functionality that currently exists within the Enterprise Integration platform allowed for secure integration of the fuel card implementation project when GMT changed its financial services provider. This platform continued to prove its value through the integration of the Vehicle Inspections App into the GMT data domain.

Data integrity continues to be a focus and significant progress was made in mapping out the data points and identifying potential areas of duplication.

ICT played a key role in the design and implementation of the technology features in the new GMT building at Rusper Street. The state-of-the-art smart communication boards in

the conference rooms have already proven invaluable in enabling multiple meeting methods and enhancing collaboration sessions.

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 MyContent folder structure;
- Records management analysis, business process implementation, business objects implementation and GMT finance document management; and
- Continuous systems support and maintenance on the GMT instance of the WCG Electronic Content Management (ECM) system.

I want to express my gratitude to the hardworking and dedicated staff who made the DTPW, including GMT the great organisation that it was in 2022/23 and currently still is. I believe that our staff will continue to play their part to ensure the success of the new WCMD.

4.2. Events

Accommodation

4.1.1.1 GMT Rusper Street building launch

Phase 2 of the new GMT Rusper Street facility in Maitland was opened by Tertuis Simmers, Provincial Minister of Infrastructure, on 3 October 2022.

All GMT functionality and activities through the entire vehicle life cycle are now accommodated in one facility. The building is modern, well equipped with modern day wellness room, virtual reality room, meeting rooms, staff recreational spaces, open operational desk areas, and integrated information and communication technology (ICT) services.



The building features rainwater harvesting facilities with storage for 300kl of harvested waters. Solar photovoltaic panels have been installed and are being brought into operation.



Photos showing the Rusper Street GMT facility.

Source: Government Motor Transport.

- The Completion of the second phase building was certified on 29 September 2022.
- The Western Cape Minister of Infrastructure, Mr. Tertuis Simmers officially opened the building on 3 October 2022.
- The keys to the building were handed over to the GMT Office Support Services team on 6 October 2022. The move into the building commenced in the following week.

4.3. Overview of the financial results

Statement of financial performance

4.1.1.1 Revenue

Revenue increased by 18% to R993.9m during the year under review, compared to R845m during 2021/22. The increase is attributed to increases in revenue earned from kilometre- and daily charges, interest earned on finance lease receivables as well as profits on the sale of vehicles.

Revenue earned from kilometre- and daily charges increased by 23% to R486.7m (2021/22: R397.4m). A combination of the following factors resulted in the increase:

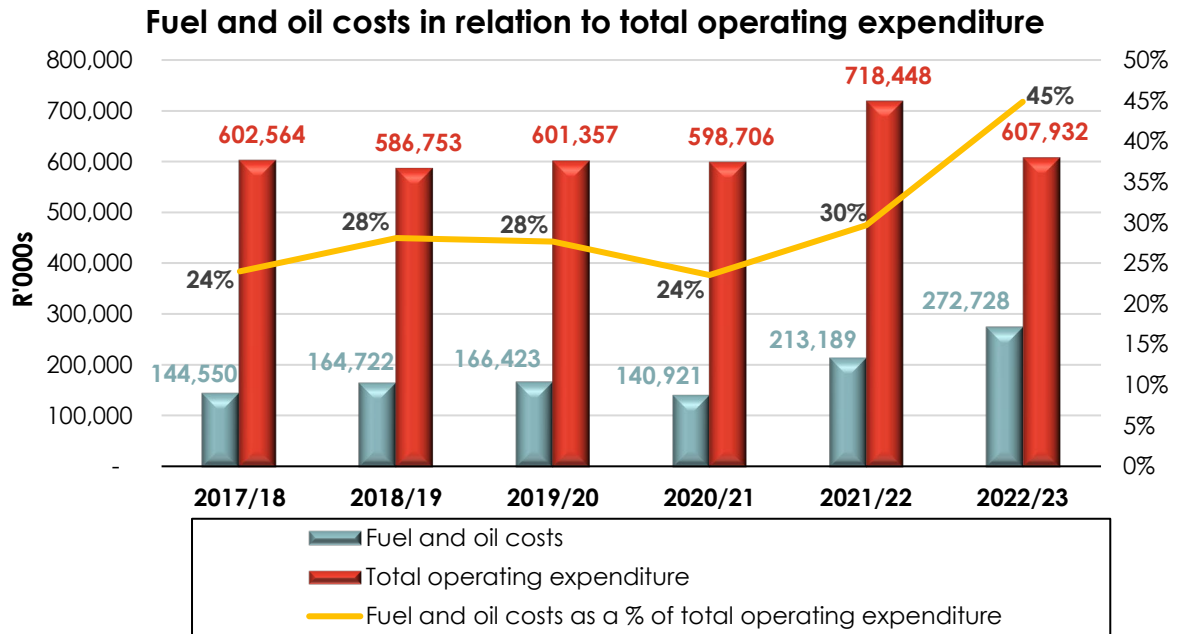
- Daily charges and the repairs and maintenance component included in the kilometre charges were increased by 2% with effect from 1 April 2022;
- The fleet travelled higher mileage than during the comparative year, resulting in higher kilometre charges; and
- The outstanding capital of vehicle allocations increased during the year, resulting in higher interest earned on finance lease receivables.

The profit on the sale of vehicles increased by 57% to R11.6m (2021/22: R7.4m). The nature of the vehicles disposed resulted in higher profits during 2022/23 than in 2021/22, even though fewer vehicles were disposed of which attracted profits (2022/23: 312, 2021/22: 386).

Expenditure

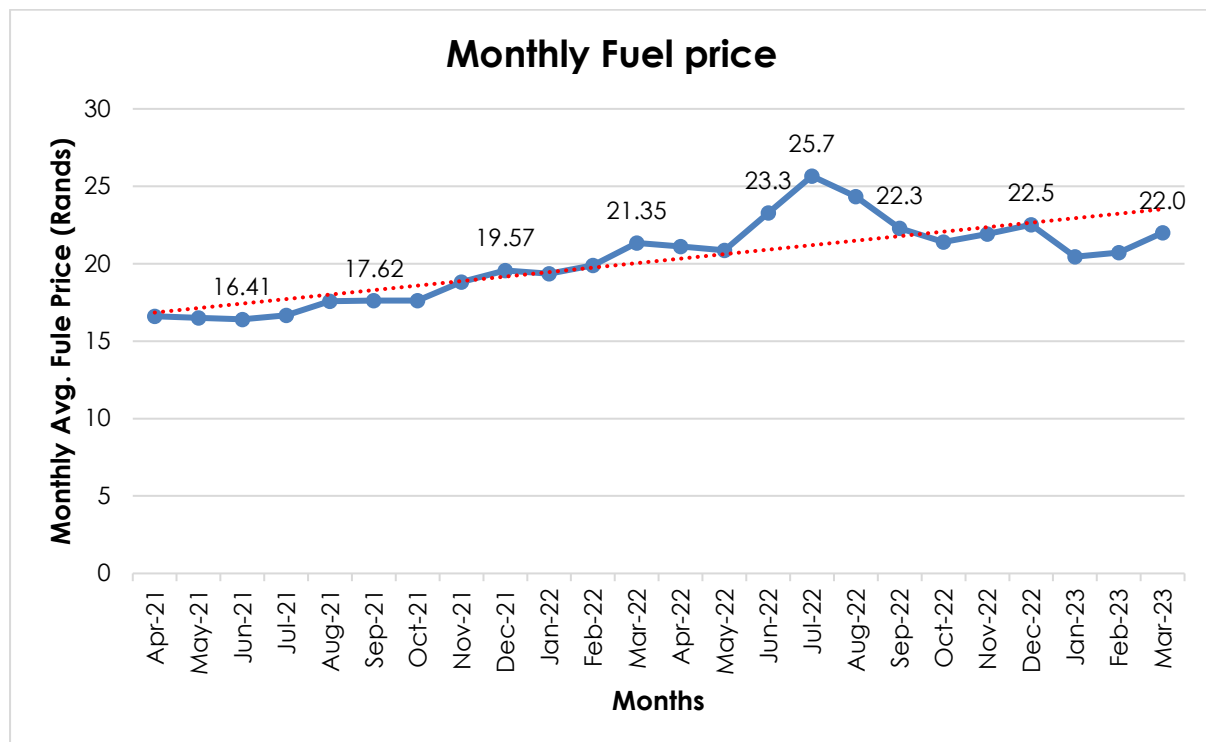
Total expenditure decreased by 15% to R607.9m (2021/22: R718.4m). GMT did not transfer funds to the Provincial Revenue Fund during 2022/23. R150m was transferred to the Provincial Revenue Fund during 2021/22.

Figure 9: Fuel and oil costs in relation to total expenditure



As shown in Figure 10, the fuel and oil component of the running costs increased from R213.2m in 2021/22 to R272.7m in 2022/23. This is due to the increase in kilometres travelled and fluctuations in fuel prices during 2022/23.

Figure 10: Monthly fuel price



Note: For illustrative purposes, the quarterly end prices and that of July 2022 are shown in the graph, as the latter being the peak of the prices.

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 22% to R1.752bn (2021/22: R1.432bn). The increase is mainly due to increases of R17.7m in intangible assets, R304.5m of acquisitions for vehicles, additions and conversions included under PPE, and R73.8m for vehicles acquired and classified as finance lease receivable.

The carrying value of current assets increased by 9% to R1.895bn (2021/22: R1.738bn). This increase is mainly due to decrease in the carrying value of the cash funds. This indicates that GMT could convert its revenue to cash inflow, while maintaining its expenditure basis.

The accumulated surplus increased from R3.084bn on 31 March 2022 to R3.47bn on 31 March 2023.

Cash flow statement

Net cash generated from operating activities increased by R96.9m (2021/22: net outflow of R233.5m). This is mainly due to the increase in receipts for services provided, interest earned, and government grants and subsidies received.

The net cash outflow from investing activities decreased by R2m (2021/22: net increase of R24.5m). The acquisition of PPE resulted in a net decrease in the outflow from investing activities.

Cash utilised through operating and investing activities resulted in a net increase of R95m (2021/22: net increase of R209m).

4.4. 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 2022/23 and the comparative totals for the previous year are presented in Table 2.

Table 2: Revenue collected

Category of revenue	2022/23			2021/22		
	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	785 900	880 225	(94 325)	729 259	753 955	(24 696)
Other income	17 355	11 600	5 755	4 948	7 403	(2 455)

Category of revenue	2022/23			2021/22		
	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)	-	7 408	(7 408)	14 896	9 629	5 267
Services in-kind	13 789	11 802	1 987	10 727	10 724	3
Interest earned – accounts receivables, and cash and cash equivalents	59 214	82 927	(23 713)	45 154	63 248	(18 094)
Total	876 258	993 962	(117 704)	804 984	844 959	(39 975)

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 2022/23 is shown in Table 3.

Table 3: Claims and accounts receivable comparison

Type	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Daily-, kilometre tariffs and interest earned on finance lease receivables	544 187	582 704	630 986	692 722	654 945	753 955	880 225
Accumulative debt at year-end	33 841	64 192	35 177	45 606	49 320	73 999	68 272
% debt at year-end to daily, kilometre tariffs and interest earned on finance lease receivables	6	11	6	7	8	10	8

Table 4 reflects the outstanding debt per client.

Table 4: Outstanding debt per client

Client	Outstanding balance 2023 R'000	Outstanding balance 2022 R'000
Western Cape Education Department	7 548	157
Cape Nature	4 320	3 007
Department of Transport and Public Works	4 731	9 759
Western Cape Provincial Parliament	151	774
Department of Health and Wellness (Western Cape)	27 399	34 738
Department of Cultural Affairs and Sport	270	277
Department of Human Settlements	104	256
Provincial Treasury	9	9

Client	Outstanding balance 2023 R'000	Outstanding balance 2022 R'000
Department of Social Development	5 915	5 828
Department of Environmental Affairs and Development Planning	508	512
Department of the Premier	1 128	768
Department of Agriculture (Western Cape)	2 631	2 438
Department of Local Government	165	-
Department of Economic Development and Tourism	25	38
Western Cape Liquor Authority	250	197
Department of Police Oversight and Community Safety	265	1 810
Stellenbosch Municipality	3	-
Department of Justice and Constitutional Development	2 357	3 052
National Prosecuting Authority	77	136
Public Service Commission	17	10
Marine Living Resource Fund (consolidated in FFE from 2022/23)	-	287
Department of Forestry, Fisheries and the Environment ('FFE')	5 846	2 586
Department of Home Affairs	227	198
Department of Agriculture (National)	-	57
Department of Rural Development and Land Reform	572	317
Department of Environmental Affairs	-	31
Department of Cooperative Governance and Traditional Affairs	88	19
National Parliament	233	89
Department of International Relations and Cooperation	148	372
South African National Defence Force	372	432
Free State Government	5	-
Office of the Chief Justice	3 425	5 836
Grand total	68 789	73 990

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 2022/23 on 12 April 2022.

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.

4.5. 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

2022/23			2021/22		
Final Budget R'000	Actual expenditure R'000	Variance R'000	Final budget R'000	Actual expenditure R'000	Variance R'000
693 114	607 933	85 181	771 136	718 448	52 688

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	22 592	21 047	1 545	Under-spending due to the transaction- and administrations fees associated to the fleet running costs and toll fee management being lower than expected during the budget preparations. The main reason for this under-spending was a change in the service solutions for fuel, oil and toll fee management.
Employee costs	67 239	52 795	14 444	Under-spending due to the filling of vacancies being slower than planned, with unforeseen resignations and transfers out of GMT
Operating expenditure	532 745	468 722	64 022	Under-spending due to cost savings on certain categories of consultant fees, vehicle repairs, maintenance and running costs
Depreciation	24 334	23 030	1 304	Under-spending due to lower depreciable values of vehicles held under property, plant and equipment than expected during the budget preparations
Amortisation	11 094	10 182	912	Variance considered insignificant
Accidents and impairment losses	5 237	4 863	374	Variance considered insignificant
Operating leases	29 873	27 292	2 582	Under-spending due to the price increases on operating lease rentals being less than expected during the budget preparations
Total	693 114	607 933	85 181	

4.6. Virements/ roll overs

Virements

No virements were effected in 2022/23.

Roll overs

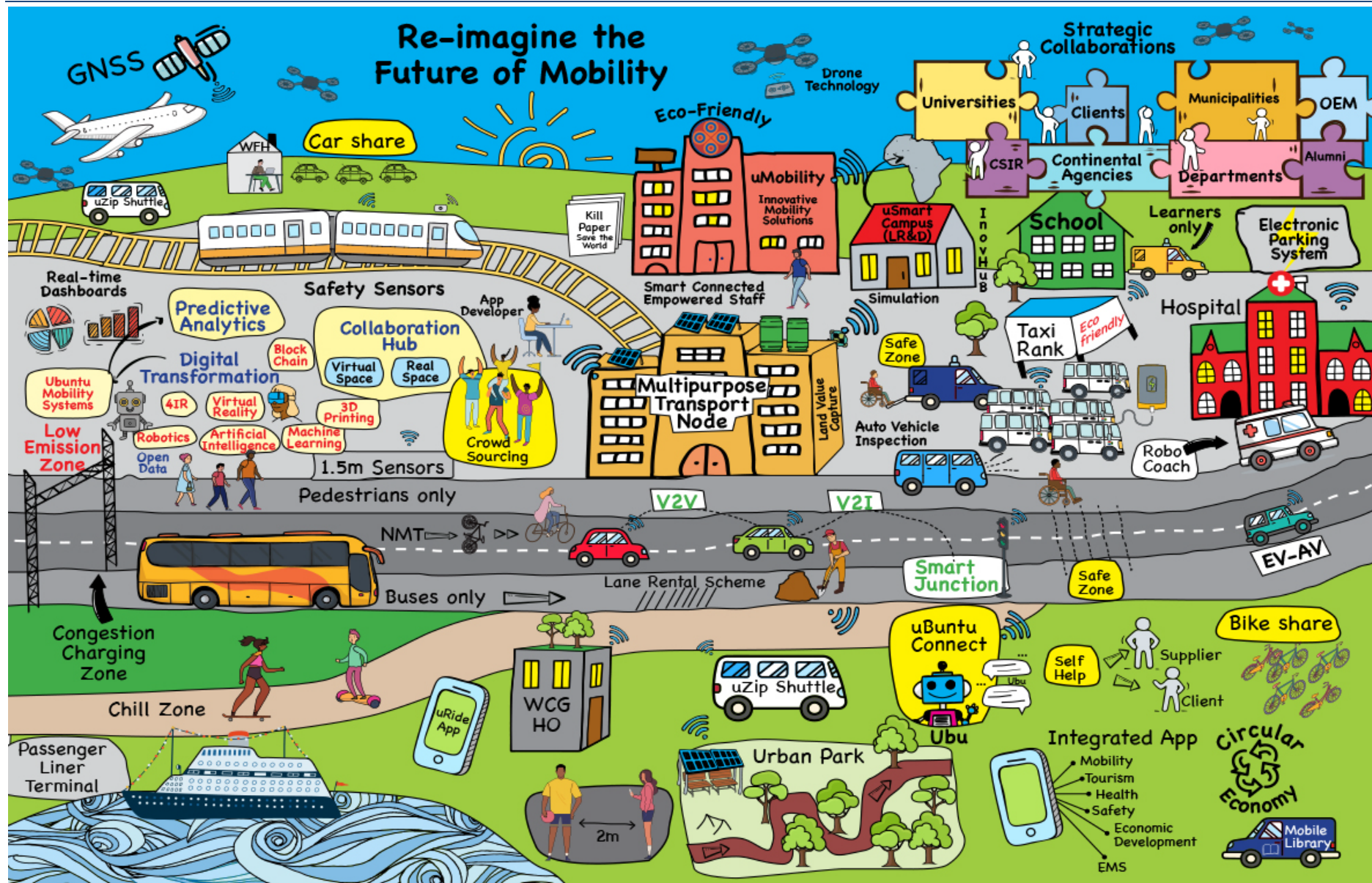
No rollovers were requested from 2021/22 to 2022/23.

4.7. Unauthorised, irregular, fruitless and wasteful expenditure

Refer to Part E: Compliance Report (page 136) note 37 (page 218) in the Annual Financial Statements for details on Unauthorised, irregular, fruitless and wasteful expenditure.

4.8. Strategic focus over the short to medium term period

GMT will continue to be guided by its MTP to re-imagine the Future of Mobility, 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"**.

4.9. Public-private partnerships

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

4.10. 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 2023/24 financial year.

4.11. New or proposed key activities

The President signed a proclamation on 20 February 2023 which provides for the names and heads of certain WCG departments to be changed with effect from 1 April 2023. This proclamation allows, among other things, for two new departments to come into existence on 1 April 2023:

1. The Department of Infrastructure.
2. The Department of Mobility (now known as the Western Cape Mobility Department).

GMT will now function as a trading entity under the administration of the Western Cape Mobility Department.

After successfully operationalising its first regional hub in George, GMT, assisted by Immovable Asset Management, will be exploring sites on the West Coast for the establishment of a second regional hub to serve client institutions with presence in the area. This initiative will be expedited over the remaining years of the current five-year strategic plan with the assistance of the Department of Infrastructure (DOI).

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.

To further improve client accessibility to its services and communication with client institutions and public, GMT will embark on a project to redesign its website and overall web presence. Development of mobile applications will also continue to be a focus area for the GMT ICT team.

An important initiative in GMT is its focus on staff wellness and development through a Total Employee Wellness Programme.

4.12. Supply chain management

The GMT 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, 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 GMT-wide awareness of SCM systems, standard operating procedures, policies, templates and tools.

4.13. Gifts and donations received in kind from non-related parties

No gifts and donations in kind were received from non-related parties during 2022/23.

4.14. 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.

4.15. 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 2022/23 financial year. Refer to pages 206 to 208 for the details on these events.

4.16. Acknowledgements

The GMT trading entity lived up to the high expectations of administrative and executive managers by achieving its eleventh 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. On 14 March 2023 Minister Tertuis Simmers handed over certificates to staff members recognising long service of 10 and 20 years over the 2021/22 and 2022/23 financial years. Certificate recipients were honoured and thanked for the part they played in strengthening the public service during their many years of dedicated service.

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.



4.17. Conclusion

Continuous and rapid new developments and innovation in the electric vehicle ecosystem as well as new developments and innovation in the Green Hydrogen space require of 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.

GMT's management will continue to explore and engage with industry leaders in the OEM and technology sectors as well as academia, in order to provide its clients with the best and most economical mobility solutions in the market.

To provide and grow thought leadership in the mobility solutions environment, GMT will invest in its staff and cutting-edge technology and systems in order to maintain and improve its value proposition to current and future client institutions.

The Annual Financial Statements set out on pages 155 to 251 are hereby approved.



JT Gooch

**Accounting Officer, Department of Infrastructure on behalf of the Department of
Transport and Public Works**

Date: 31 August 2023

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 F) 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, the human resources information and the Annual Financial Statements;
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements; and
- In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Government Motor Transport trading entity for the financial year ended 31 March 2023.

Yours faithfully



JT Gooch

Accounting Officer, Department of Infrastructure on behalf of the Department of Transport and Public Works

Date: 31 August 2023

6 Strategic overview

6.1. Vision

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

"A safe Western Cape where everyone prospers."

The DTPW's vision was consistent with the WCG vision:

"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 Department's mission was:

"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 Department and GMT both subscribed, 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 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.

	We solve problems collaboratively to realise our strategic organisational goals.	
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These values were all underpinned by teamwork. In addition to these core values, the Department and GMT both subscribed to an ethos that defined who we were and what we stood for.

7 Legislative and other mandates

The mandate of the Department (including GMT) was 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 were concurrent responsibilities, while others were 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) Required the Department to regulate the display of advertisements outside certain urban areas at places visible from provincially proclaimed roads; and the depositing or leaving of disused machinery or refuse; and the erection, construction, or laying of structures and other objects near certain provincially proclaimed roads; and the access to certain land from such roads.
	National Land Transport Act, 2009 (Act 5 of 2009) Provides for the process of transformation and restructuring of the National Land Transport System initiated by the National Land Transport Transition Act, 2000 (Act 22 of 2000) (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 Department, with the Member of the Executive Council (MEC) [Provincial Minister] as designated authority, was required to 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 was 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.
	Road Safety Act, 1972 (Act 9 of 1972) Aims to promote road safety through determining the powers and functions of the Minister and Director-General of the Department of Transport.
	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 could also originate from the Department'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, was the Department's Branch: Provincial Public Works.
	National Building Regulations and Building Standards Act, 1977 (Act 103 of 1977) Required the Department, 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. Required the Department 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 Department was 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) Enabled the Department 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) This Act: • 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.

Function	Legislation
	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.
	Occupational Health and Safety Act, 1993 (Act 85 of 1993) Required the Department, 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, complied with this legislation and that the structures remained 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.
	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.

Function	Legislation
	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.
	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.
	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 Department was required 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 Department implemented learnership and skills development programmes to participants in artisan-related fields.

Function	Legislation
	Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) This Act: • 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) This Act: • 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 Western Cape Government and of provincial public entities, as well as members of controlling bodies of such entities, in entities conducting business with the WCG and provincial public entities. The Act provides for the disclosure of such interests; and provides for related matters.
	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 guided the DTPW (including GMT) in the discharging 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.
	Western Cape Provincial Freight Strategy, 2019 To provide an action plan for improving the Western Cape's freight transport network's ability to meet the demand for movement of goods reliably, at optimal cost and in a sustainable manner to support the province and South Africa's development goals.
	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.
	Western Cape Road 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.
	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.

Function	Policies
	Western Cape Policy Statement on Transport for Special Needs Passengers, 2009 Placed certain responsibilities on the Department: • 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	Construction Industry Development Board: National Immovable Asset Maintenance Management Standard, 2017 Establishes a system of principles or practice specifications for the management and care of immovable assets after initial construction or acquisition in support of economic development, social upliftment and environmental sustainability for the benefit of all people in South Africa: • To derive maximum value from these assets; and • To protect the investment made in public sector immovable assets and ensure business continuity.
	International Infrastructure Management Manual, 2006, 2011, 2015 Promotes best management practice for all infrastructure assets regardless of ownership or location.
	Infrastructure Delivery Management System (IDMS) A government management system for planning, budgeting, procurement, delivery, maintenance, operation, monitoring and evaluation of infrastructure. The IDMS is designed to be linked to the Medium-Term Expenditure Framework, and has a strong focus on outcomes, value for money and the effective and efficient functioning of the procurement and delivery management system in compliance with relevant legislation. It includes a supply chain infrastructure planning system as well as operations and maintenance systems.
	Framework for Infrastructure Procurement and Delivery Management Focuses on governance decision-making points as well as alignment and functions to support good management of infrastructure delivery and procurement processes.
	National Department of Public Works and Infrastructure Green Building Policy, 2018 Seeks to address green buildings objectives as well as related critical aspects such as sustainable development which include areas such as preferential procurement, skills and enterprise development, job creation and balancing infrastructure delivery with development and empowerment. Among others, the policy is founded on the principles such as leadership, energy, water and waste management, green building certifications, and green procurement.
	Western Cape Provincial Acquisition Policy Guides custodian(s), among others, in the acquisition of immovable assets; promotes and specifies uniform criteria and processes.

Function	Policies
	Western Cape Provincial Government White Paper on the Management of Provincial Property, 2004 Provides a framework to guide activities relating to fixed properties of the Western Cape Government and other properties it uses; and covers coordination with the property management activities of other public and civil society role-players in the province.
	Western Cape Infrastructure Framework, 2013 Aligns the planning, delivery, and management of infrastructure provided by all stakeholders (national government, provincial government, local government, parastatals, and the private sector) with the strategic agenda and vision for the province.
	Western Cape Provincial Property Disposal Policy Guides development, drives transformation, and instils confidence, especially in underdeveloped areas, especially to redress imbalances of the past and to promote economic activities.
Expanded Public Works Programme	Guidelines on the Implementation of the EPWP The EPWP's objective is to create short- and medium-term work opportunities for the poor and unemployed as part of government's anti-poverty strategy. These work opportunities are combined with training to increase the employability of low-skilled programme beneficiaries in the formal employment market. The programme targets opportunities in the infrastructure, environment, culture, and social and non-state sectors.
	Guidelines on the Implementation of the National Youth Service Provides that implementation of youth programmes is the responsibility of all the institutions of government. The responsibility for planning, coordinating, and initiating effective and innovative strategies for youth development therefore resides equally with the National Youth Commission and individual government departments in the national and provincial spheres.
Transversal	National Development Plan (NDP) 2030: Our Future: Make it Work The NDP is the long-term South African development plan. It aims to eliminate poverty and reduce inequality by 2030. It envisages these goals to be realised by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnership throughout society.
	Revised Framework for Strategic and Annual Performance Plans Provides direction to national and provincial government institutions in respect of short- and medium-term planning. Institutionalises government's national development planning agenda through institutional plans. Provides planning tools for reporting, monitoring and evaluation.
	Budget Prioritization Framework Seeks to establish a systematic basis for making strategic choices among competing priorities and limited resources, in order to better optimise budgets as a key lever for driving the NDP.
	Provincial Strategic Plan (PSP), 2019–2024 A set of overarching Vision-Inspired Priorities for the WCG, setting out clear outcomes to be achieved in the medium term. These VIPs reflect the needs and priorities of the provincial government and are used to drive integrated and improved performance aimed at achieving a safe Western Cape where everyone prospers.

Function	Policies
	Framework for Managing Programme Performance Information (FMPPi) 2007 The aims of the FMPPi are to: • Improve integrated structures, systems and processes required to manage performance information; • Clarify definitions and standards for performance information in support of regular audits of such information where appropriate; • Define roles and responsibilities for managing performance information; and • Promote accountability and transparency by providing Parliament, provincial legislatures, municipal councils and the public with timely, accessible and accurate performance information.
	Departmental Monitoring and Evaluation Framework and Manual Describes what monitoring and evaluation entails, and sets out monitoring and evaluation systems and tools for results-based management.
	National Treasury Asset Management Framework v3.3, 2003 Provides broad guidelines for asset management.
	Provincial Spatial Development Framework The framework seeks to guide, overall spatial distribution of current and desirable land uses within a municipality in order to give effect to the vision, goals and objectives of the municipal integrated development plan.
	South African Statistical Quality Assessment Framework 2010 2nd ed. This is Statistics South Africa's official guide for data producers and assessors regarding the quality of statistics across eight dimensions: relevance, accuracy, methodological soundness, and integrity.
	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 sectoral clusters addressing issues transversally with individual line departments as the implementing agents; and manages the implementation of the Provincial Strategic Priorities 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 which operated within the administration of the Department of Transport and Public Works, now part of the Western Cape Mobility Department as of 1 April 2023, GMT was responsible for the provision of vehicle fleet services to provincial and national client institutions. GMT was guided by all policies applicable to the Department, including provincial and departmental policies. In addition, transversal policies were developed and supported by the Coordinating Committee for GMTs (CCGMT) which was a sub-committee of the National Committee of Transport Officials

(COTO). Furthermore, there were National Transport Circulars that guided 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 2023

The GMT linkage within the macro-structure of the Department as at 31 March 2023 is presented on the next page. The structure is no longer applicable because the Department of Transport and Public Works no longer exists.

Organisational structure



9 Trading entity reporting to the Provincial Minister

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

A white Metro Rescue van is parked on a dirt road. The side of the van features the words "METRO RESCUE" in large green letters, with green and yellow reflective stripes below. A technician in a green uniform and a light blue surgical mask stands by the open driver's side door. The background shows a dirt road, green hills, and a cloudy sky.

**METRO
RESCUE**

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 143 of the AGSA report, published as **PART F: FINANCIAL INFORMATION**.

2 Overview of trading entity's performance

GMT was a Chief Directorate that formed 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.

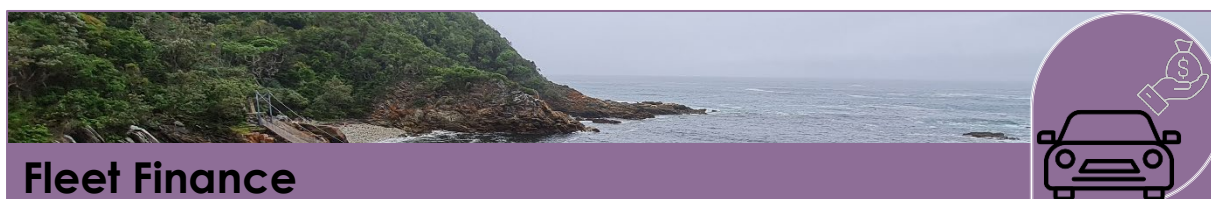
Fleet Repairs and Maintenance

- 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

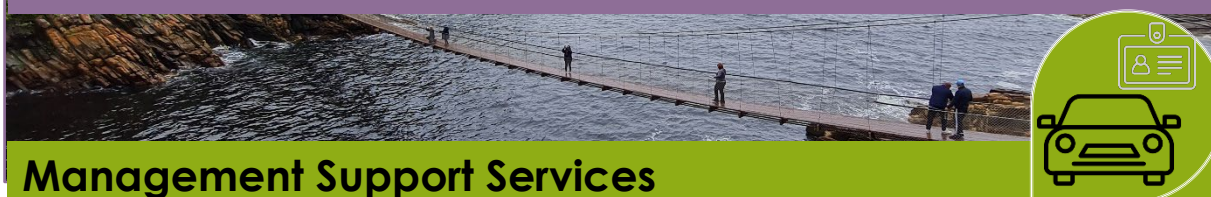
- Manage the GMT budget process;
- Prepare inputs for the strategic plan and annual performance plan;
- Manage the GMT Medium-Term Expenditure Committee (MTEC) process;
- Maintain and monitor financial information;
- Prepare an analysis of estimated revenue and expenditure;
- Monitor actual revenue and 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 (APP);
- 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 (DotP) 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)

No SDIPs were implemented during the reporting period of 2022/23. This was in line with the Department of Public Service and Administration (DPSA) Circular 14 of 2022 which provided time to review the DPSA Service Delivery Directive developed in 2008. During the review process, a recommendation was made to extend the submission of the SDIPs to 31 March 2023. The new SDIP was developed for the Government Motor Transport trading entity under the administration of the Western Cape Mobility Department and will be implemented during the 2023/24 financial year.

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 operated in an extremely challenging compensation of employee environment, one that was 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 was curtailed, limiting the options available to executive authorities to, for example, recognised performance through a monetary reward system. In addition, continued pressure being brought to bear on the overall cost of employment (COE) level was forcing careful consideration of an appropriate COE response. An appropriate response recognised 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 Department to continue to function at an optimum level within the current curtailed COE environment. GMT's current organisational structure was approved in 2014 and was based on a fleet size and the number of clients on GMT's books as at 2011/12. The scale and complexity of GMT's operations have expanded substantially since

then. This situation coupled with high levels of staff turnover in finance and technical posts, presents a risk to GMT's service delivery to clients if the organisational design is not reviewed.

GMT Participation in mobility industry events

In line with its strategic goal of providing thought leaders in mobility solutions, GMT officials attended and participated in various industry events and conferences including the following:

VW Advanced Driving Pilot

GMT, together with the Department of Health (EMS) and the Department of Transport and Public Works (traffic services), was invited to participate in the VWSA driving academy: Response Driver Training Pilot project.

This course recognised that law enforcement and emergency responders required specialized skills to predict and identify hazards, as well as understand their vehicle's ability to safely navigate these situations - this is important when the safety of everyone in their paths depend on it.

The course was presented by professional driving instructors and sixteen officials from various nominated departments took part in this pilot programme.



Source: Government Motor Transport.

Smart Mobility Africa Conference

A representative from GMT attended the Smart Mobility Africa for the first time in 2022. This summit is an annual gathering that inspires and connects visionary mobility solution providers, thought leaders, key buyers and decision makers from business and government to make mobility smarter and more integrated in Africa. The event included inspiring conference speakers, cutting-edge exhibits, networking opportunities as well as test drives and rides.

The summit focused on creating innovative settings that bring together key stakeholders and decision-makers in an environment where real conversation and connections can happen.



This event is vital to GMT's journey to becoming thought leaders.



Source: Government Motor Transport.

SA Auto Week (NAAMSA) Conference

The inaugural South African Auto Week 2022 took place in October 2022. This event seek to assist the motor industry to work collaboratively at all levels of government and across all economic sectors of the economic life, to identify the range of approaches necessary to establish sustainable pathways to carbon neutrality across sectors. The theme of the event was: Re-imagining the future, together: the rise of the African Auto industry: investing in new energy vehicles, infrastructure, and people.

The Chief Director of GMT represented the Western Cape Government on a panel at this conference. The panel discussion was about Recycle, reuse to reduce waste and protect the environment. The Western Cape's approved EV Strategy was introduced to the panel and battery repurposing discussed.



Source: Government Motor Transport.

Green Building Conference

This conference focuses on transforming the build environment for people and planet to thrive as the core of the green building vision and mission.

The Western Cape Government participated in the 2022 Green Building conference. GMT display two branded electric vehicles at the conference. Attendees were given the opportunity to view the vehicles.



The Chief Director of GMT presented at the conference. The presentation focused on Green Vehicle Charging as an extension of the Green Building, as well as the EV Eco-System.



Source: Government Motor Transport.

Africa's Green Economy Summit

The Africa Green economy summit is a deal-making platform that marries global capital with green economy projects from across the continent, focusing on e-mobility. The theme for 2023 was Driving the E-mobility & infrastructure Investment Strategy.

The summit highlighted major investment opportunities that exist in the fields of green hydrogen, EV's and hybrid vehicles, energy storage, solar, hydro and wind energy, infrastructure development, smart cities as well as manufacturing.

Chief Director: Mr Ahmed was one of the speakers at Africa Green Economy Summit. The topic of discussion was co-creating a green mobility ecosystem in the Western Cape.

e-Fest Cape Town

In February 2023, Cape Town hosted the ABB FIA Formula E world championship E-Prix event for the first time in sub-Saharan Africa. This event was preceded by E-Fest Cape Town, a week of special events, festivities and entertainment created to celebrate sustainability, alternative e-mobility, and renewable energy solutions.

The Western Cape Government was one of the sponsors of this event and the branded Electric Vehicles were used as support vehicles on the racetrack for this event.



Source: Government Motor Transport.

2.4. Key policy developments and legislative changes

The following changes to policies or legislation affected the operations of the Department during the reporting period:

- The Western Cape Transport Infrastructure Bill was passed and assented to by the Premier. DOI is in the process of finalising Draft Regulations for the Act. The Bill Act will, among other things, contribute to a safer Western Cape by ensuring that public transport operators who operate with reckless disregard lose their operating licences or become ineligible to renew their licences on expiry.
- Changes to procurement legislation were published by the National Treasury for comment, new and revised traffic and transport legislation is expected from the National Department of Transport, including AARTO, new health legislation is expected with regard to the National Health Insurance Bill, and the revised Land Expropriation Bill is in process.
- The AARTO Act and AARTO Amendment Act were declared unconstitutional by the Gauteng High Court in Pretoria. This was the status as at 31 March 2023. The DTPW was considering the implications of this court judgment for its work and will monitor all future developments in this area.
- On 16 February 2022, the Constitutional Court found the 2017 Preferential Procurement Regulations to be unconstitutional, affecting not only that piece of regulation but also the subsequent local content designations. The impact of this judgment as well as subsequent writings from the Office of the Chief Procurement Officer were studied for their impacts on implementation as well as their impact on

service delivery, given that DOI is a procurement- and contract-intensive department.

3 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 Localisation**. All of these are informed by and aligned with the existing transformative themes that serves as pillars of GMT's Massive Transformative Purpose.

Figure 11: 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 are outlined below.

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

Implementation of the GMT EV Strategy and review of the strategy in the context of broader new energy vehicle (NEV) research, including green hydrogen.

Establishment of a Collaboration Hub in partnership with stakeholders from across government, industry and academia.

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 Western Cape 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.	

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

Design and implementation of a new GMT website and client portal for improved collaboration and communication with clients and drivers of GMT vehicles.

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 lines described below.



4.1 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.



4.2 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 an effective financial accounting service.

Management Accounting

Purpose: To ensure an effective management accounting service.

Internal Control

Purpose: To ensure sound internal control practices.



4.3 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.

4.4 Outcomes, outputs, output indicators, targets and actual achievements

An overview of GMT's performance against pre-determined targets is presented in Table 9.

Table 9: Key performance indicators, planned targets and actual achievements

Indicator Number	Outcome	Outputs	Output indicators	Audited/ Actual performance		Planned Annual target	Actual achievement	Deviation from planned target	Reasons for deviations
				2020/21	2021/22	2022/23	2022/23	2022/23	
Sub-Directorate: Fleet Operations									
1.1	Leaders in mobility solutions (R&D)	Providing adequate fleet rental services	Number of vehicles in the fleet	5 830	5 832	5 630	6 297	667 12%	The fleet size increased as a result of the implementation of the GMT vehicle replacement strategy, with the procurement and delivery of 516 vehicles in 2021/22, and a further 1 061 vehicles in 2022/23. As new vehicles are collected by client institutions, the old vehicles are returned to GMT to be auctioned. Both these factors led to an increase in the fleet size.
1.3	Leaders in mobility solutions (R&D)	Providing an effective and efficient fleet service	Number of vehicles travelling more than 1 000km per month	2 657	3 208	4 152	3 501	(651) (16%)	Client institutions are still implementing recovery strategies following COVID-19, with many institutions having continued with some levels of work from home policies for their staff. For this reason, a number of permanently allocated vehicles did not do more than 1 000km per month.

Indicator Number	Outcome	Outputs	Output indicators	Audited/ Actual performance		Planned Annual target	Actual achievement	Deviation from planned target	Reasons for deviations
				2020/21	2021/22	2022/23	2022/23	2022/23	
1.4	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	446	537	495	858	363 73.3%	The number of automatic transmission vehicles in the fleet increased significantly to 858 vehicles as at 31 March 2023. This is as a result of GMT's implementing its vehicle replacement strategy and, in the process, replacing manual transmission vehicle with automatic transmission vehicles.
2.1	Greening the fleet	To acquire alternative fuel vehicles	Number of alternative fuel vehicles in the fleet	5	23	5	25	20 400%	The GMT fleet has 25 alternative fuel type vehicles – 7 electric vehicles, and 18 hybrid vehicles. This target will be reviewed in the new strategic planning cycle as more information becomes available on new alternative fuel and electric vehicles that are set to enter the market.

Indicator Number	Outcome	Outputs	Output indicators	Audited/ Actual performance		Planned Annual target	Actual achievement	Deviation from planned target	Reasons for deviations
				2020/21	2021/22	2022/23	2022/23	2022/23	
Sub-Directorate: Fleet Repairs and Maintenance									
1.2	Leaders in mobility solutions (R&D)	Providing fleet inspections	Number of vehicle inspections carried out	2 350	3 452	3 135	3 880	745 24%	Most of the vehicle inspections are performed by Nedfleet. After the filling of technical assistant positions, the quarterly targets in Q1 , Q2 and Q3 were exceeded, In Q4 the training of the GMT technical assistants was focused on TV6/28 vehicle assessments onsite as part of the vehicle disposal process. These technical assessments are performed before vehicles are disposed of through online auctions, which took place in January and February 2023.
Sub-Directorate: Fleet Risk Management									
3.2	Satisfied stakeholders	Manage fleet risk	Number of traffic fines processed	3 600	3 964	5 625	6 748	1 123 20%	The actual increases in the number of vehicles in the fleet and mileage covered exceeded targets, which resulted in more traffic fines having to be processed.

Indicator Number	Outcome	Outputs	Output indicators	Audited/ Actual performance		Planned Annual target	Actual achievement	Deviation from planned target	Reasons for deviations
				2020/21	2021/22	2022/23	2022/23	2022/23	
3.3	Satisfied stakeholders		Number of crashes and losses incidents processed	1 759	2 277	2 750	2 779	29 1%	Demand driven target.
Sub-Directorate: Management Support Services									
1.5	Leaders in mobility solutions (R&D)	Maintaining GMT's value proposition (Research and development/ market analysis)	Number of inward benchmarking engagements	1	1	1	1	-	-
1.6	Leaders in mobility solutions (R&D)		Number of outward benchmarking engagements	1	1	1	1	-	-
3.1	Satisfied stakeholders	Stakeholder engagements	Number of stakeholder surveys	2	1	4	1	(3) (75%)	The vacancy of critical positions within the responsible sub-directorate has had a negative impact on the achievement of desired outputs. As a result, fewer surveys were conducted during the financial period.

4.5 Changes to planned targets

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

4.6 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

2022/23			2021/22		
Final Budget	Actual expenditure	Variance	Final budget	Actual expenditure	Variance
R'000	R'000	R'000	R'000	R'000	R'000
693 114	607 933	85 181	771 136	718 448	52 689

4.7 Strategies to overcome areas of under performance

In order to increase the number of vehicle inspections, GMT is set to finalise the development of the 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 ageing fleet with the best vehicles that OEMs have available.

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 to the Asset Finance Reserve during 2021/22 held by Provincial Treasury. This constitutes grants and subsidies paid, rather than a transfer payment. No transfer was made during the 2022/23 financial year.

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 in the period 1 April 2022 to 31 March 2023.

Table 11: Conditional Grant: Department of Health and Wellness

Department which transferred the grant	Health and Wellness
Purpose of the grant	To purchase: • 1 x 2-ton payload drop side truck with dual rear wheels, 1 - Isuzu NPR 275 AMT with extras. • 1 x Alterations to college Ambulance. • 1 x isolation conversion. • 1 x T6.1 Crew Bus 2.0 TDI 81kW LWB (10-seater). • 1 x Hilux SC 2.0 VVTi S 5MT with extras. • 3 x Quantum 2.8 LWB panel van 3-s AC with extras. • 1 x Starlet 1.5L Xi MT - 75G. • 1 x Hi-ace Ses'fikile 2.7 16s with extras. • 1 x Rumion 1.5 S MT. • 2 x Isuzu NPR 275 AMT. • 1 x Starlet 1.5L Xi MT - 75G (automatic) with extras. • 2 x Hilux DC 2.4 GD-6 4X4 Raider 6MT - H32, with extras.
Expected outputs of the grant	Procurement of 15 additional vehicles and 1 alteration and 1 conversion of existing vehicles as well as extras (canopies, radios, and towbars) as stipulated in the Conditional Grant.
Actual outputs achieved	The orders for the 15 vehicles and extras (canopies, radios, and towbars) as well as the alteration to the college ambulance and the isolation conversation had not yet been placed by 31 March 2023.
Amount per amended DORA	n/a
Amount received (R'000)	7 310
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, alteration, and conversion as well as extras (canopies, radios 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, alteration, and conversion as well as extras (canopies, radios and towbars) have not yet been delivered. No orders were placed by year end.
Measures taken to improve performance	n/a

Monitoring mechanism by the receiving department	n/a
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Table 12: Conditional Grant: Department of Social Development

Department which transferred the grant	Social Development
Purpose of the grant	To purchase 6 additional Volkswagen Crafter 22-seaters with a wheelchair conversion for the Department of Social Development.
Expected outputs of the grant	Procurement of 6 additional vehicles with wheelchair conversions as stipulated in the Conditional Grant.
Actual outputs achieved	The vehicles were not ordered by the 31 March 2023
Amount per amended DORA	n/a
Amount received (R'000)	6 796
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 six vehicles are not yet allocated at year end, therefor no recognition of the revenue received.
Reasons for deviations on performance	The six vehicles have not yet been delivered and could therefore not be allocated to the Department. No orders had been placed by year-end.
Measures taken to improve performance	n/a
Monitoring mechanism by the receiving department	n/a

Table 13: Conditional Grant: Department of Transport and Public Works

Department which transferred the grant	Transport and Public Works
Purpose of the grant	Additional funds required for the procurement of 136 two-way radios and procure required mobility solutions including, inter alia, additional vehicles, in-vehicle technology or equipment, replacement of emergency lights and sirens and/or rebranding of vehicles for the Department of Transport and Public Works.
Expected outputs of the grant	Procurement of 136 two-way radios and procure required mobility solutions including, inter alia, additional vehicles, in-vehicle technology or equipment, replacement of emergency lights and sirens and/or rebranding of vehicles as stipulated in the conditional grant.
Actual outputs achieved	R7 069 000 of the Grant was reprioritised to Prepayments to offset payments for in-vehicle technology. The orders for the two trailers were placed.
Amount per amended DORA	n/a
Amount received (R'000)	27 500
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	7 069
Reasons for the funds unspent by the entity	The two-way radios, mobility solutions including, inter alia, additional vehicles, in-vehicle technology or equipment, replacement of emergency lights and sirens and/or rebranding of vehicles are not yet allocated at year end, the amount of R7 069 000 was repurposed to prepayments and therefore there is no recognition of the revenue received.
Reasons for deviations on performance	The two-way radios, mobility solutions including, inter alia, additional vehicles, in-vehicle technology or equipment, replacement of emergency lights and sirens and/or rebranding of vehicles have not yet been delivered and could therefore not be allocated to the Department. No orders had been placed by year end.
Measures taken to improve performance	n/a
Monitoring mechanism by the receiving department	n/a

Table 14: Conditional Grant: Western Cape Education Department

Department which transferred the grant	Education
Purpose of the grant	To purchase four Volkswagen Crafter 22-seaters for the Western Cape Education Department.
Expected outputs of the grant	Procurement of 4 additional vehicles as stipulated in the Conditional Grant.
Actual outputs achieved	Orders were placed for eight vehicles.
Amount per amended DORA	n/a
Amount received (R'000)	3 450
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 were not yet allocated at year end, therefore there is no recognition of the revenue received.
Reasons for deviations on performance	Four vehicles have not yet been delivered and allocated. No orders had been placed by year end.
Measures taken to improve performance	n/a
Monitoring mechanism by the receiving department	n/a

Table 15: 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)	207
Reasons if amount as per DORA was not received	n/a
Amount spent by the department (R'000)	207
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 2023 (comparative year), refer to pages 169 to 170.

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 details of these vehicles are updated on the FleetMan system and the National Traffic Information System (eNATIS).



PART C

Governance

Part C: Governance

1 Introduction

The GMT trading entity, as part of the administration of the DTPW, has always been committed to maintaining the highest standards of governance which has been confirmed through eleven consecutive clean audits issued by AGSA. On 31 March 2023, DTPW ceased to exist and, on 1 April 2023, its infrastructure components, together with the former Department of Human Settlements, became the new Department of Infrastructure. Also on 1 April 2023, the mobility-related components of DTPW became the Western Cape Mobility Department. Both departments are committed to maintaining a clean governance environment. The Governance section of this Annual Report reports on the activities executed by DTPW for the financial year ended 31 March 2023.

2 Risk management

The Department established an Ethics and Enterprise Risk Management Committee (ERMCO) to assist the Accounting Officer (AO) to execute her responsibilities in respect of risk management.

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

The Department is proud to present its Annual ERMCO Report for the financial year ended 31 March 2023.

Enterprise Risk Management Policy and Strategy

The Department adopted an Enterprise Risk Management (ERM) Policy on 12 April 2020 for the 2020/21–2024/25 financial years. This policy articulates the risk management philosophy and captures, on a high level, the roles and responsibilities of the different role players. It provides the basis for the risk management process which is supplemented with the detail in the strategy.

The ERM Strategy and Implementation Plan outlines how the Department will go about implementing the ERM Policy adopted by the AO. This ERM strategy is informed by the Provincial Enterprise Risk Management Policy and Strategy (PERMPS) as well as its own ERM Policy and risk profiles.

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, 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 AO, top management, Senior Management Service (SMS), and selected members of the Department's management team. As per its Terms of Reference, the ERMCO met four times (quarterly) during the year under review. All meetings were attended by members or their representatives.

The table below discloses relevant information on ERMCO members.

Member	Position	Meetings attended	Date appointed
Ms J Gooch	Accounting Officer (Risk Champion and ERMCO Chairperson)	4	Appointed as Chairperson by virtue of the TOR
Adv. C Smith	Deputy Director-General: Finance – (CFO)	4	07/04/2022
Mr G van Schalkwyk	Deputy Director-General: Strategy, Planning and Co-ordination	4	07/04/2022
Mr R Maharaj	Chief Director: Strategic Management and Operational Support	4	07/04/2022
Adv. G Kode	Deputy Director-General: Provincial Public Works	4	07/04/2022
Mr L Fourie	Deputy Director-General: Roads	4	07/04/2022
Adv. K Reinecke	Deputy Director-General: Transport Management	4	07/04/2022
Ms H Robson	Deputy Director-General: Corporate Assurance (DotP)	*3	07/04/2022
Mr R Jansen van Rensburg	Chief Director: Provincial Forensic Services (DotP)	4	07/04/2022
Ms A Haq	Director: Enterprise Risk Management (DotP)	*3	07/04/2022
Ms P van der Merwe	Chief Director: Supply Chain Management (Ethics Officer)	4	07/04/2022
Mr Y Ahmed	Chief Director: Government Motor Transport	4	07/04/2022
Mr A Fakir	Services Manager: Centre for e-Innovation	4	07/04/2022
Ms S Andrews	Chief Director: Financial Management	4	07/04/2022

* Each unit was represented by an alternate representative when ERMCO members were unable to attend meetings.

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)	4
Ms W Hansby	Director: Provincial Forensic Services (DotP)	3
Mr D Micketts	Chief Risk Advisor: Enterprise Risk Management (DotP)	4
Ms J Reed	Risk Advisor: Enterprise Risk Management (DotP)	4
Mr S Martin	Director: Internal Audit (DotP)	4
Ms B Beukes	Deputy Director: Internal Audit (DotP)	1
Mr W Jacobs	Deputy Director: Provincial Forensic Services (DotP)	1
Mr C Roos	Head of Office: Transport and Public Works	1
Ms C Natesan	Deputy Director: Provincial Forensic Services (DotP)	1

Ethics and Enterprise Risk Management Committee key activities

The Accounting Officer is the chairperson of the ERMCO and the Deputy Director: Internal Control is the risk champion of the Department. 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 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 to address 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; and
- Provided oversight on ethics management in the Department.

Key risks considered and addressed during the year

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". Cognisance is taken of the fact that the risk management process is an iterative one and that certain risk response decisions are available to management. The following are key risks for the department and were continually deliberated on during the period under review:

- 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 with different spheres of government to promote integrated planning.
- **Safety and security threats** to departmental officials, assets and property is continually on the radar. Contributing factors to the risk have 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 contain 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. To assist with driver behaviour, a preventive control measure was implemented in which mediators are appointed to a standing panel for the period to mediate issues that cause friction.
- As a trading entity, GMT has to monitor its value proposition to client institutions in order to retain their business, without which the trading entity will not exist. To mitigate against this risk, GMT ensures that its tariffs are always competitive and that its clients are happy with the level of service, systems and innovation that GMT has to offer.
- During the Refresh process a risk entitled "**Uncertainty around the configuration of the department**" was identified. ERM engaged with various units in the Department and the common threads identified were grave uncertainty accompanied by a lack of communication and consequent adverse effects on staff morale. The monitoring of this risk will continue during the transition to the new Department of Infrastructure and Western Cape Mobility Department.
- The topical risk, **insufficient electricity supply impacting on DTPW operations** was discussed during a period when South Africa experienced higher-than-usual stages of loadshedding. During an extended management meeting, the residual rating was adjusted upwards, resulting in the risk being high but tolerable. Monitoring of this risk continues.
- **Community action fuelled by construction-related expectations** places additional strain on financial resources and cause delays in completion of projects. One of the causal factors relate to the **construction mafia** phenomena. The appointment of community liaison officers on all projects plays a notable role in reducing the likelihood and impact of this risk.

Key emerging risks for the forthcoming financial year

ERM will engage with the two new departments, i.e., the Department of Infrastructure (comprising of the former DTPW's infrastructure components as well as the former provincial Department of Human Settlements) and the Western Cape Mobility Department (comprising of the former DTPW's mobility components). The two new departments might inherit the risks currently held by the DTPW and provincial Department of Human Settlements, and in some instances those risks may even be amplified.

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 their impact should they materialise. ERMCO also referred risks back to the responsible programmes that should be analysed more extensively and recommended additional mitigations or actions to manage risk. Management takes ownership of risks and often discusses risk matters at various platforms as part of its culture in an effort to contain risks in a collaborative and innovative way. The Department's ERM Policy and Strategy are circulated to all officials annually for all levels of staff to stay abreast of enhancements that have been effected 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 continually 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.

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.



JT Gooch

**Accounting Officer, Department of Infrastructure on behalf of the Department of
Transport and Public Works**

Date: 31 August 2023

3 Fraud and corruption

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

The Western Cape Government has 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) i.e., 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 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 16.

Table 16: PFS Case Movement Certificates issued*

Cases	Number of cases
Open cases as at 1 April 2022	4
New cases (2022/23)	5
Closed cases (2022/23)	(4)
Open cases as at 31 March 2023	5

* After the establishment of the two new departments, the open cases within DTPW and DHS will be reallocated to DOI and WCMD.

Table 17 further analyses the closed cases tabulated above.

Table 17: Nature and investigation outcome of PFS cases closed

Outcome of cases closed	
Outcome	Number
Allegations were substantiated in the following cases:	
• Fraud (the case was reported to SAPS)	1
Allegations concluded with no adverse findings	1
Investigations concluded with no adverse findings, but recommendations were made	2

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 Public Service Regulations (PSR) 2016, issued by the Minister for Public Service and Administration to officials where possible non-compliance has been identified.
- Implementing the e-disclosure prescribed by the Department of Public Service Administration platform for 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 quarterly comparison of employee information on the Personnel and Salary System (PERSAL) with the supplier data on the Western Cape Supplier Evidence Bank (WCSEB) 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 prerequisites 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 (e.g., the Code of Conduct for the Public Service and the Code of Conduct for Supply Chain Practitioners) 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 (Act 85 of 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.

The staff complement of GMT are split across three premises, with the Rusper Street building in Maitland being our official office since it was launched in October 2022. GMT has established a new Health and Safety Committee 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;
- 3 Rusper Street, Maitland; and
- GMT George Regional Hub, York Street, George.

During the year under review, GMT held one Health and Safety Committee meeting. No evacuation exercises 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

7.1.1. The Standing Committee's letter referenced 11/4/1/2/7 dated 11 April 2022, and GMT's response are described below.

Papers, reports and information requested by the Committee	GMT's response
1. In its letter dated 11 April 2022, the Committee invited the Department to attend the hearings on the Western Cape Provincial Transport Infrastructure Bill [B5-2021] taking place on 17–18 May 2022 in George and 24 May 2022 in Cape Town. The Department was requested to provide an overview of the Bill at the hearings and to respond to questions of clarity. Furthermore, the Committee invited the department to visit and to be briefed on the Go George Integrated Transport project phase 4A roll-out and the new Government Motor Transport (GMT) Regional hub.	The DTPW attended the hearings and the oversight visit on 17–8 May 2022 respectively, in George as well as the hearing on 24 May 2022 in Cape Town. The Department's presentations covered the following: 1. Western Cape Provincial Transport Infrastructure Bill: • Context of the Bill within transport-related legislation; • Process to enact the Bill; • Background to the Bill; • Contents of the Bill; • Existing functions under current legislation; • New functions added into the Bill; • Regulations and bylaws; and • Personnel and financial implications. 2. George Integrated Public Transport Network: • Brief introduction to the GIPTN; • GIPTN timeline and milestones; • Overview of GIPTN services; • Overview of the Phase 4A roll-out; and • Oversight visit.

7.1.2. The Standing Committee's letter referenced 11/4/1/2/7 dated 22 April 2022, and GMT's response are described below.

Papers, reports and information requested by the Committee	GMT's response
1. In its letter dated 22 April 2022, the committee invited the Department to brief the committee on the 4th Quarterly Performance Report and expenditure, Easter Weekend road statistics and the road safety plan for 2022. Flowing from the Committee's virtual meeting held on the 3 May 2022, the Committee in its letter dated 2 December 2022 invited the Department to provide it with the information on the following:	The DTPW attended the Standing Committee's virtual meeting held on 3 May 2022 and discussed the following with the Committee: 1. 4th Quarterly Performance Report and expenditure report for January 2022–March 2022 period; and 2. Easter weekend road safety statistics and Road safety plan for 2022. The DTPW responded to the Committee in writing in a letter dated 31 January 2023. The response covered the following: 1. Breakdown of targets indicating the provincial, and national targets

Papers, reports and information requested by the Committee	GMT's response
1. Breakdown of targets indicating the provincial and national targets that are unique to the Western Cape 2. Comparable statistics with regards to two Government Motor Transport depots. 3. Information on the operation of weighbridges in the Western Cape in respect of March and April.	2. Comparable statistics with regards to two Government Motor Transport depots • Number of vehicles per depot; • Budget allocation per depot; • Number of clients per depot; • Number of staff employed per depot; • Number of vehicle accidents per depot and the related cost thereof; • Number of vehicle inspections per depot; and • Number of vehicles that use alternative energy sources per depot. 3. Information in respect of March and April for each of the weighbridges in the Western Cape • Total number of weighbridges across the province; • Motor fitness to ensure compliance; and • A breakdown of number of vehicles weighed, number of notices issued and count of charges.

7.1.3. The Standing Committee's letter dated 5 October 2022, and GMT's response are described below.

Papers, reports and information requested by the Committee	GMT's response
1. In its letter dated 5 October 2022, the Committee invited the department to a meeting. DTPW requested to brief the Committee on the Annual Report of DTPW and GMT for the 2021/22 financial year. Flowing from the Committee's discussion held on 3 November 2022, the Committee invited the Department to provide it with Annual Reports of the DTPW and GMT for the 2021/22 financial year. The committee requested the department to provide with the following information:- • A report on all irregular expenditure during 2021/22 financial year. • Copy of the Survey that was done on road safety overview and successes of the Safely Home Campaign. • A copy of department's five-year Employment Equity Plan and the status of its implementation. • A copy of the Labour Force Survey and whether the department has the succession plan; if available, to provide.	The DTPW briefed the Committee in a discussion held on 3 November 2022 the Annual Report of the DTPW and GMT for the 2021/22 financial year. DTPW responded to the Committee in writing in a letter dated 31 January 2023. The response covered the following: • A breakdown of all irregular expenditure cases, indicating what goods and services were procured, how the irregular expenditure was discovered and what processes were put in place to ensure that re-occurrence does not take place. • A copy of the Survey and recommendations. • A copy of the Department's five-year Employment Equity Plan and Employment Equity Monthly Report for December 2022. • The department does not have a formal succession plan. • Information on the impacts of the "construction mafia". • A signed Memorandum of Agreement is required by PRASA supply chain to

Papers, reports and information requested by the Committee	GMT's response
• A report on the "construction mafia" and whether the department was exposed to problems of intimidation, extortion and violence on construction sites during the period under review. • A report and progress made to recover the R51 million owed by PRASA.	formalise the transaction for the said payment. DTPW HOD initially sent draft MOA to PRASA, on 4 December 2012. DTPW received PRASA's letter of acceptance to the HOD's formal request on 10 February 2014. DTPW HOD sent a detailed letter and the way forward to PRASA on 17 February 2020, to date DTPW has not yet received a signed MOA from PRASA.

7.1.4. The Standing Committee's letter dated 1 December 2022, and GMT's response are described below.

Papers, reports and information requested by the Committee	GMT's response
1. In its letter dated 1 December 2022, the Committee requested the Department to provide it with the report on any work done either by the National Department of Transport or DTPW to determine tariffs for electric vehicles (EVs) in the Government Transport fleet and work that has been done internationally to determine appropriate tariffs for such EVs in view of the increasing petrol tariffs, the growing demand for electric vehicles.	DTPW responded to the Committee in writing in a letter dated 30 January 2023. The response covered the following: • An explanation of work done by the National Department of Transport; • A description of work done by the Department of Transport and Public Works; and • An explanation of work that has been done internationally to determine appropriate tariffs of EVs.

7.1.5. The Standing Committee's letter dated 2 December 2022, and GMT's response are described below.

Papers, reports and information requested by the Committee	GMT's response
1. In its letter dated 2 December 2022, the Committee invited the department to a meeting. DTPW requested to provide the following information: - 1. The number of students that were supported by the Department through the Masakh'ISizwe Bursary Programme and the annual cost of the bursaries per student and collectively in the past three academic years, 2. The number of students that graduated successfully during this period with the financial assistance of the Department and 2.1. the number of graduates that were absorbed onto the payroll of the Department and 2.2. the qualifications of the bursary holders that could not be absorbed onto the payroll of the Department; 3. A status report on the Founders' Garden/Artscape Precinct; 4. A status report on the Conradie Better Living Model Exemplar Project; 5. A status report on the Provincial Road Maintenance Grant and the interaction and communication with the National Department for more funding to address the deteriorating surface of roads. 6. A report on the losses suffered by Government Motor Transport, whether inspections are done on a regular basis to prevent these losses, the extent of such losses and what plans are in place to prevent such losses in the future; and 7. A status report on the roll out of Phase 4A in Thembaletu of the Go George bus service.	The Department responded to the Committee in writing in a letter dated 31 January 2023 and the feedback covered the following:- 1. A breakdown of students that were supported by department the full cost study bursaries during the 2019 to 2022 academic years. 2. A breakdown of students graduated and their employment status. 3. List of various deliverables by were completed by the specialist team. 4. Completion of the first phase in 2022 and fully tenanted, completed first two FLISP and handed over to new owners, second phase to commence during 2023 as well as affordable private school, the retail centre and the first open market residential block is expected be completed. 5. Status report on the PRMG 6. An analysis of the nature of the number of crashes and loses incidents processed. 7. Report on Phase 4A of the Go-George bus service.

8 Public Accounts Committee resolutions

8.1. Response to the report of the Public Accounts Committee (PAC) on the 2021/22 Annual Report

The Committee noted the audit opinion of the Auditor-General regarding the annual financial statements of the entity for the 2021/22 financial year, having obtained a clean audit. This audit opinion remains unchanged from the 2020/21 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

As disclosed on page 25 of the Entity's Annual Report, GMT's revenue increased by 11% to R845 million during the year under review (2020/21: R758.1 million). The revenue includes R697.2 million earned from the rental of the vehicle fleet, being R340.7 million (2020/21: R277.1 million) from kilometre charges, and R356.5 million (2020/21: R322.9 million) from interest earned on finance leases.

During the financial year under review, GMT spent R718.448 million of an appropriated budget of R771.134 million, which resulted in an underspending of R52.689 million (93% budget spend). For the 2020/21 financial year, the entity spent R598.706 million of a final budget of R649.009 million, which resulted in an underspending of R50.302 million (92% budget spend).

The carrying value of non-current assets increased by 25% year-on-year, mainly because of an increase of R218.6 million in the intangible assets and R91.3 million of vehicle additions included under property, plant and equipment.

In addition, the total estimated revenue budget of the Government Motor Transport of R804.984 million was over-collected by R39.975 million, which resulted in a departmental receipt of R844.959 million.

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

- Daily-, kilometre tariffs and interest earned on finance lease receivables (*R24.696 million over-collection*);
- Other income (*R2.454 million over-collected*);
- Government grants and other subsidies received (funding received from clients for additional vehicles) (*R5.268 million under-collected*);
- Services in-kind (*R3 000 under-collected*); and
- Interest earned – accounts receivables, and cash and cash equivalents (*R18.095 million over-collected*).

The views and resolutions of the Committee are presented in Table 18.

Table 18: Views and resolutions of the Committee

Resolution No.	Subject	Details	Response	Resolved (Yes/ No)
4.1	Paragraph 1 on the Table of Transversal departmental resolutions – Page 2 (Broad-Based Black Economic Empowerment (BBBEE))	That the Public Accounts Committee engage the relevant stakeholders to determine the most effective way forward in this manner.	Noted. A letter in this regard was sent to the Deputy Director-General: Finance and the Chief Director: Government Motor Transport on 17 February 2023 (Copies attached as Annexures A and B).	Yes
4.2	Paragraph 2 on the Table of Transversal departmental resolutions – Page 2 and 3 (Compliance Audits versus Performance Audits)	That the Public Accounts Committee engage the AGSA, Audit Committee and Provincial Treasury to ascertain whether the WCG is at a state of readiness to conduct performance audits.	Noted. A letter in this regard was sent to the Deputy Director-General: Finance and the Chief Director: Government Motor Transport on 17 February 2023 (Copies attached as Annexures A and B).	Yes
4.3	Paragraph 3 on the Table of Transversal departmental resolutions – Page 3 (Transfers of funds from departments to municipalities in the Western Cape)	That the Public Accounts Committee engage with the respective departments and entities and engage them on funds that were transferred to municipalities.	Noted. A letter in this regard was sent to the Deputy Director-General: Finance and the Chief Director: Government Motor Transport on 17 February 2023 (Copies attached as Annexures A and B).	Yes
4.4	Paragraph 4 on the Table of Transversal departmental resolutions – Page 3 (Componentisation of assets)	That the Public Accounts Committee engages with Provincial Treasury on the readiness of the departments and entities of the WCG on this matter.	Noted. A letter in this regard was sent to the Deputy Director-General: Finance and the Chief Director: Government Motor Transport on 17 February 2023 (Copies attached as Annexures A and B).	Yes

8.2. List of information required

Table 19: 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 Policy which guides on the close family members of personnel who are employed at the GMT; including how nepotism is avoided, as indicated under note 35.2.4 on page 189 of the Annual Report of the Entity.	Attached as Annexures E & E1.

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 20: Financial Governance work performed

Issues	Work performed
Financial Governance commentary	Provided comments on the following documents: - The Draft National Treasury Instruction 3 of 2021/22 – PFMA Compliance Reporting - Draft Treasury Circular 27 of 2020 (Suppl 1 of 2023) – PFMA compliance and reporting.

Issues	Work performed
Financial delegations	The Public Finance Management Act (PFMA) Accounting Officer's delegations were reviewed in totality at the end of March 2023 to provide for a new set of Delegations for both the Department of Infrastructure and the Western Cape Mobility Department.
The development, review, and amendment of standard operating procedures and policies to enhance financial governance	ERMCO Terms of reference 2022–2023: • Finance Instruction 2 of 2022. Annual revision of Subsistence and Camping Allowances: • Finance Instruction 8 of 2022. Anti-fraud and Corruption Strategy 2022: • Finance Instruction 9 of 2022. Fraud and Corruption Prevention Implementation Plan 2022–2025: • Finance Instruction 6 of 2022. Departmental Fraud and Corruption Prevention and Response Plan: • Finance Instruction 7 of 2022.
Provincial Forensic Services reports	Attended to investigation requests of the four reports received. The outcomes of all four reports were as follows: • 2 cases concluded with no adverse findings but with recommendations; • 1 case concluded with no adverse findings; and • 1 case concluded with confirmed fraud – DTPW not implicated.
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 2023.
Internal audit process	As at 31 March 2023, 6 new as well as 4 follow-up reports were received. Implementation of the recommendations were managed through the Departmental Corporate Governance Improvement Plan (DCGIP).
Retention of financial information	During the 2022–2023 financial year, 30 419 Basic Accounting System (BAS) vouchers, 5 861 BAS journals and 15 615 receipts were verified against the monthly document control reports to ensure completeness and safeguarding of financial information.

Issues	Work performed	
Reporting	Reporting done under the administration of the 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, 7 projects in this regard were monitored.	
Financial Manual on the Electronic Content Management system	Maintenance of the system and loading of governance documents on an ongoing basis.	
Financial Inspections	18 compliance inspections and ad-hoc inspections were conducted; 10 060 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 (Logistical Information System) and BAS payments in the months before and after year-end to ensure the amount is fairly stated.	

Issues	Work performed
Loss control case files: Cases relate to claims against and by the state, damages to government motor vehicles and loss off moveable assets	2 779 accidents and losses cases processed.
Irregular, fruitless and wasteful case files	DTPW: - Opening balance 1 April 2022 (7) - New cases registered (0) - Total cases investigated (7) - Cases closed (6) - Balance as at 31 March 2023 (1)

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 21: SCM work performed

Issues	Work performed
Supply Chain Management commentary	Provided comments on the following instructions (Consolidated comments provided via the Provincial Treasury): - PFMA SCM Instruction 03 of 2021/22 – Prevention and Combating Abuse in the Supply Chain Management System; - PFMA SCM Instruction 08 of 2022/23 – Application of Assignment and Cession of Contracts Resulting from Procurement; - Draft Western Cape Preferential Procurement Policy;

Issues	Work performed
	• Draft Instruction Note on the Evaluation, Negotiation and Cancellation of Tenders; and • Draft Block Exemption Regulations for Energy Users.
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 2022/23: Update on the Application of the Preferential Procurement Regulations 2017; • SCM Instruction 2 of 2022/23: Issuance of Revised Western Cape Bidding Document (I.E WCBD 6.1) 6.1 as aligned to the Western Cape Government's Interim Strategy as it relates to Preferential Procurement; • SCM Instruction 3 of 2022/23: Issuance of Revised Transaction Checklists (Fin 112 And Fin 113); • SCM Instruction 4 of 2022/23: Enhancing Transparency, Accountability and Compliance in the SCM System; • SCM Instruction 5 of 2022/23: Security Services Framework Agreement • SCM Instruction 6 of 2022/23: Implementation of Local Content Designation Relating to Steel and Steel Components within Turnkey Projects in Construction Projects; • SCM Instruction 7 of 2022/23: Repeal of the Western Cape Provincial Treasury Instructions Chapter 16B Supply Chain Management for the Delivery and Maintenance of Infrastructure, The Standard for Construction Procurement System and the Standard for an Infrastructure Delivery Management System and matters incidental thereto; • SCM Instruction 8 of 2022/23: Interim Method for Acquiring Travel Management Services; • SCM Instruction 9 of 2022/23: Mandatory Utilisation of the E-Tender Portal for Publication of Bid opportunities, Bid awards and any Bid Related Notifications, and Confirmation of The Status of the Approved Government Tender Bulletin Departure; • SCM Instruction 10 of 2022/23: Closing Dates for End of Year Advertising; • SCM Instruction 11 of 2022/23: Western Cape Government Interim Arrangements to give effect to the Preferential Procurement Regulations 2022; • SCM Instruction 12 of 2022/23: Signing of The Code of Conduct for SCM Practitioners and Other Role Players Involved in Supply Chain Management; • SCM Instruction 13 of 2022/23: Update on the Western Cape Government Interim Arrangement to give effect to the Preferential Procurement Regulations, 2022 and Issuance of revised Western Cape Bidding Document (WCBD) 1 and WCBD 7.1; Revised Preference Points Recalculation Sheet and revised Transaction Checklist (Fin 112); and

Issues	Work performed			
	SCM Instruction 14 of 2022/23: Statutory Price Increase 2022 and Extension of Contract Wcpt-Tr 01/2017/2018: Framework Agreement for the Transversal Provision of Security Services to the Western Cape Government.			
Capacity and skills programme implemented	Date	Description	Type of training	No. of attendees
	18–22 July 2022	Intermediate Project Management	External	24
	27–28 July 2022	Investigating Conflict	External	12
	July 2022–May 2023	Higher certificate in SCM	External	16
	April 2022–March 2023	Ethics Workshop	External	1 008
	April 2022 – March 2023	Legal Services Training	Internal	212
	March 2023	WCG Interim Arrangements relating to Preferential Procurement Regulations (PPRs) 2022	Internal	154
	12–14 September 2022	Association of Certified Fraud Examiners - Annual Conference	External	27
	12–15 September 2022	Smart Procurement Indaba	External	14
	October 2022 – November 2023	Legal Process Dealing with Construction Disputes	External	50
	October 2022 – November 2023	Advanced Diploma in Public Administration	External	8
Collaboration initiatives with Line Function	- Monthly engagements with the line function on the implementation of the Accounting Officer's Supply Chain Management System; and - Monthly engagements with the line function regarding Supply Chain Management Programme Delivery.			
Reporting	- Procurement Statistics; - Head of Department - Chief Financial Officer - Provincial Treasury		Monthly Monthly Monthly	

Issues	Work performed																										
	○ National Treasury ○ Auditor-General • Monitoring of the Procurement Plan; • Awarded contracts; ○ CIDB register of contracts (I-Tender) • Departmental Corporate Governance Improvement Plan; • Top Management; • Infrastructure Delivery Management Committee; • Public Accounts Committee; • Audit Committee; • Standing Committee on Transport and Public Works; and • Ethics.	Monthly	Monthly																								
		Quarterly																									
		Monthly																									
		Monthly																									
		Monthly																									
		As required																									
		As required																									
		As required																									
		Quarterly																									
Procurement through bidding processes	Formal bids: <table><tr><th colspan="2">2022–23 financial year</th></tr><tr><td>Number of contracts awarded</td><td>3 095</td></tr><tr><td>Value of contracts awarded</td><td>R4 076 531 672.38</td></tr></table> <i>*Including framework packages in the main focused on construction procurement.</i> 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>508 433 974.49</td><td>957</td></tr><tr><td>1</td><td>3 413 536 734.34</td><td>2 158</td></tr><tr><td>2</td><td>90 511 359.48</td><td>315</td></tr><tr><td>3</td><td>7 324 991.32</td><td>13</td></tr><tr><td>4</td><td>89 070 645.95</td><td>194</td></tr></table>			2022–23 financial year		Number of contracts awarded	3 095	Value of contracts awarded	R4 076 531 672.38	BB-BEE Level Contributor	Contract Value R	Number of Records	0	508 433 974.49	957	1	3 413 536 734.34	2 158	2	90 511 359.48	315	3	7 324 991.32	13	4	89 070 645.95	194
2022–23 financial year																											
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0	508 433 974.49	957																									
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2	90 511 359.48	315																									
3	7 324 991.32	13																									
4	89 070 645.95	194																									

Issues	Work performed		
	5	4 390 851.00	5
	6	335 520.00	1
	7	0.00	0
	8	20 245 863.85	10
	Total	4 133 849 940.43	3 653
	Informal bids:		
	2022–23 financial year		
	Number of contracts awarded		558
	Value of contracts awarded		R57 318 268.05
	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: (3 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 (27 incidents investigated)		

Issues	Work performed
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 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 – 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 22 provides information on Audit Committee members.

Table 22: Audit Committee members

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date resigned	No. of meetings attended
Mr Mervyn Burton (Chairperson)	B.Compt; B.Compt (Hons); CA (SA)	External	n/a	1 January 2021 (2nd term)	n/a	5
Mr Ebrahim Abrahams	B.Com (Accounting)	External	n/a	1 January 2022 (2nd term)	n/a	5
Mr Tshepo Lesihla	ND IT and Master of Technology in IT	External	n/a	1 January 2021 (1st term)	n/a	5
Ms Louise Stevens	ND: Fin Info Systems CIA, CCSA, CRMA, PEQA	External	n/a	1 January 2022 (1st term)	n/a	5

12 Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2023.

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.

Consulting Engagement

Vehicle Replacement Strategy

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 Department of Transport and Public Works Audit Committee

Date: 2 August 2023

13 BBBEE compliance performance information

The table below has been completed to comply with the BB-BEE requirements of the Broad-Based Black Economic Empowerment Act of 2013 as determined by the Department of Trade and Industry and Competition.

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 are included in the mandate or activities of DTPW or of GMT.
Developing and implementing a preferential procurement policy	Yes	- The Preferential Procurement Regulations, 2022 were promulgated on 4 November 2022 with an effective date of 16 January 2023. - Cabinet approved an interim strategy for WCG in terms of Cabinet Minute 544 of 2022, noting that organs of state may develop their own preferential procurement policies in terms of section 5 of the Preferential Procurement Policy Framework Act, 2000 (PPPFA), and to provide executive guidance on the WCG's way forward in response to the PPRs, 2022: - In order to ensure stability in the current procurement system after 16 January 2023, the WCG will in the interim continue to utilise the preferential procurement goals contemplated in section 2(1)(d) of the PPPFA and the relevant BB-BEE scorecards will be accepted as supporting evidence to claim preference points, until the appropriate executive policy directives and technical reviews have been concluded; - A technical review will be undertaken on the current procurement system to define a legal way forward in the province that focuses on value for money, appropriate redress and reforming the current procurement system over time, informed by policy directives from the executive; - Cabinet will be regularly kept abreast on any developments and progress on position papers and the review. This should include developments in municipal procurement policies as well as approaches to local content and localisation. - The departmental Accounting Officer System was updated in terms of the interim strategy for WCG to give effect to preferential procurement regulations.

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)
		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 were 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 have been developed by DTPW or GMT.

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.



Human resource
management

Part D: Human resource management

1 Introduction

Our ability to contribute effectively to the work of the WCG is as a direct outcome of the persistent, and often selfless, efforts of the people in Government Motor Transport, under the auspices of the Department of Transport and Public Works.

The contemporary landscape of people management has undergone significant changes in recent years, exacerbated by the onset of COVID-19, necessitating intricate navigation through various competing factors. These factors are not only interconnected but also subject to stringent rules and regulations, which pose challenges when implementing initiatives to attract and retain talent.

Some of these challenges include striking a balance between service delivery imperatives, attracting and retaining critical and scarce skills, empowering the workforce, managing career development, succession planning, promoting employment equity, and creating an environment that enables employee growth and fulfilment. Furthermore, the Department operates within a constrained budgetary environment, requiring managers to consider the impact of accomplishing more with limited resources.

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 Department's 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 a pool of talent for critical and scarce occupations;
- A talent pool that is developed and utilised;
- A healthy and engaged workforce;
- Sustained progress towards meeting employment equity (EE) goals; and
- An optimised departmental design.

The Workforce Plan was reviewed to ensure that the workforce strategies and key activities remained valid and appropriate for the 2022/23 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 EHWP 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

The Department, in collaboration with the Department of the Premier, monitors the implementation of a range of people management compliance indicators. The monthly management information, that is developed by the Chief Directorate: People Management Practices within the Department of the Premier, provides the Department with regular updates on the workforce profile and other relevant people management data to enable 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 etcetera.

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 abbreviation	Entity designation
Trading entity	Government Motor Transport (GMT)

Table 3.1.1: Personnel expenditure by entity, 2022/23

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	607,932	52,795	20	551,117	8.7	347	152

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

Table 3.1.2: Personnel expenditure by salary band, 2022/23

Salary band	Personnel expenditure (R'000)	% of total personnel expenditure	Average personnel expenditure per employee (R'000)	Number of employees
Interns	-	-	-	-
Lower skilled (Levels 1-2)	2,713	5.3	151	18
Skilled (Levels 3-5)	14,503	28.2	264	55
Highly skilled production (Levels 6-8)	24,558	47.7	378	65
Highly skilled supervision (Levels 9-12)	5,965	11.6	542	11
Senior management (Levels 13-16)	3,757	7.3	1,252	3
Total	51,497	100.0	339	152

Note: The number of employees refers to all individuals remunerated during the reporting period, including interns, but excluding the Provincial Minister. The number is accumulative 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, 2022/23

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	35,126	68.2	127	0.2	1,772	3.4	3,705	7.2

Table 3.1.4: Salaries, overtime, housing allowance and medical assistance by salary band, 2022/23

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)	1,617	3.1	52	0.1	133	0.3	381	0.7
Skilled (Levels 3-5)	9,342	18.1	58	0.1	740	1.4	1,549	3.0
Highly skilled production (Levels 6-8)	17,487	34.0	17	0.0	813	1.6	1,592	3.1
Highly skilled supervision (Levels 9-12)	4,220	8.2	-	-	85	0.2	157	0.3
Senior management (Levels 13-16)	2,461	4.8	-	-	-	-	27	0.1
Total	35,126	68.2	127	0.2	1,772	3.4	3,705	7.2

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 2023

Entity	Number of active posts	Number of posts filled	Vacancy rate %
GMT	144	140	2.8

Table 3.2.2: Employment and vacancies by salary band, as at 31 March 2023

Salary band	Number of active posts	Number of posts filled	Vacancy rate %
Lower skilled (Levels 1-2)	22	22	-
Skilled (Levels 3-5)	57	56	1.8
Highly skilled production (Levels 6-8)	52	51	1.9
Highly skilled supervision (Levels 9-12)	10	8	20.0
Senior management (Levels 13-16)	3	3	-
Total	144	140	2.8

Table 3.2.3: Employment and vacancies by critical occupation, as at 31 March 2023

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 2022 to 31 March 2023

Salary band	Total number of active posts as at 31 March 2023	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)	22	-	-	-	-	-	-
Skilled (Levels 3-5)	57	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	52	-	-	-	-	-	-
Highly skilled supervision (Levels 9-12)	10	-	-	-	-	-	-

Salary band	Total number of active posts as at 31 March 2023	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 A (Level 13)	2	-	-	-	-	-	-
Senior Management Service Band B (Level 14)	1	-	-	-	-	-	-
Total	144	-	-	-	-	-	-

Table 3.3.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2022 to 31 March 2023

Beneficiaries	African	Coloured	Indian	White	Total
None					

Table 3.3.3: Employees who have been granted higher salaries than those determined by job evaluation per major occupation, 1 April 2022 to 31 March 2023

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 2022 to 31 March 2023

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 2022 to 31 March 2023

Salary Band	Number of employees as at 31 March 2022	Turnover rate % 2021/22	Appointments into the entity	Transfers into the entity	Terminations out of the entity	Transfers out of the entity	Turnover rate % 2022/23
Lower skilled (Levels 1-2)	13	0.0	11	-	1	-	7.7
Skilled (Levels 3-5)	55	8.6	7	-	4	2	10.9

Salary Band	Number of employees as at 31 March 2022	Turnover rate % 2021/22	Appoint-ments into the entity	Transfers into the entity	Termina-tions out of the entity	Transfers out of the entity	Turnover rate % 2022/23
Highly skilled production (Levels 6-8)	31	8.8	20	1	2	1	27.3
Highly skilled supervision (Levels 9-12)	11	18.2	-	-	2	1	27.3
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	112	8.5	38	1	9	3	10.7
			39		12		

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 2022 to 31 March 2023

Critical occupation	Number of employees as at 31 March 2022	Turnover rate % 2021/22	Appoint-ments into the entity	Transfers into the entity	Termina-tions out of the entity	Transfers out of the entity	Turnover rate % 2022/23
None							

Table 3.4.3: Staff leaving the employ of the entity, 1 April 2022 to 31 March 2023

Exit category	Number	% of total exits	Number of exits as a % of total number of employees as at 31 March 2022
Death	1	8.3	0.9
Resignation*	5	41.7	4.5
Expiry of contract	-	0.0	0.0
Dismissal – operational changes	-	0.0	0.0
Dismissal – misconduct	1	8.3	0.9
Dismissal – inefficiency	-	0.0	0.0
Discharged due to ill-health	1	8.3	0.9
Retirement	1	8.3	0.9
Employee initiated severance package	-	0.0	0.0
Transfers to statutory bodies	-	0.0	0.0
Transfers to other public service departments	1	8.3	0.9
Promotion to another WCG department	2	16.7	1.8
Total	12	100.0	10.7

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 2022 to 31 March 2023

Resignation reasons	Number	% of total resignations
Lack of promotional opportunities	1	20.0
Need for career change	2	40.0
No reason provided	1	20.0
Personal health	1	20.0
Total	5	100.0

Table 3.4.5: Different age groups of staff who resigned, 1 April 2022 to 31 March 2023

Age group	Number	% of total resignations
Ages <19	-	0.0
Ages 20 to 24	-	0.0
Ages 25 to 29	-	-
Ages 30 to 34	1	20.0
Ages 35 to 39	-	-
Ages 40 to 44	2	40.0
Ages 45 to 49	-	0.0
Ages 50 to 54	1	20.0
Ages 55 to 59	1	20.0
Ages 60 to 64	-	0.0
Ages 65 >	-	0.0
Total	5	100.0

Table 3.4.6: Employee-initiated severance packages

Total number of employee-initiated severance packages offered in 2022/2023	None
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Table 3.4.7: Promotions by salary band, 1 April 2022 to 31 March 2023

Salary Band	Employees as at 31 March 2022	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	-	0.0	3	23.1
Skilled (Levels 3-5)	55	-	0.0	33	60.0
Highly skilled production (Levels 6-8)	31	1	3.2	28	90.3
Highly skilled supervision (Levels 9-12)	11	1	9.1	6	54.5
Senior management (Levels 13-16)	2	1	50.0	1	50.0
Total	112	3	2.7	71	63.4

Note: Promotions refer to the total number of employees who have advanced to a higher post level within GMT by applying and being successful for an advertised post through the recruitment and selection process. The information reflects the salary level of an employee after he/she was promoted. Employees who do not qualify for notch progressions are not included.

Table 3.4.8: Promotions by critical occupation, 1 April 2022 to 31 March 2023

Critical occupation	Employees as at 31 March 2022	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 2023

Occupational level	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management (Levels 13-14)	-	1	-	2	-	-	-	-	-	-	3
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	1	2	-	2	-	2	-	1	-	-	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	3	25	-	11	4	18	-	2	-	-	63
Semi-skilled and discretionary decision making (Levels 3-5)	2	11	-	1	14	20	-	1	-	-	49
Unskilled and defined decision making (Levels 1-2)	6	8	-	1	1	1	-	-	-	-	17
Total	12	47	-	17	19	41	-	4	-	-	140
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand total	12	47	-	17	19	41	-	4	-	-	140

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 2023

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management (Levels 13-14)	-	-	-	1	-	-	-	-	-	-	1
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	-	-	-	-	-	-	-	-	-	-	-

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

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 2022 to 31 March 2023

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)	2	11	-	1	2	5	-	-	-	-	21
Semi-skilled and discretionary decision making (Levels 3-5)	-	-	-	-	2	5	-	-	-	-	7
Unskilled and defined decision making (Levels 1-2)	4	7	-	-	-	-	-	-	-	-	11
Total	6	18	-	1	4	10	-	-	-	-	39
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand total	6	18	-	1	4	10	-	-	-	-	39

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 2022 to 31 March 2023

Occupational levels	Male				Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Senior management (Levels 13-14)	-	-	-	1	-	-	-	-	-	-	1
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	-	-	-	-	-	1
Semi-skilled and discretionary decision making (Levels 3-5)	-	-	-	-	-	-	-	-	-	-	-
Unskilled and defined decision making (Levels 1-2)	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	1	1	1	-	-	-	-	3
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand total	-	-	-	1	1	1	-	-	-	-	3

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

Table 3.5.5: Terminations, 1 April 2022 to 31 March 2023

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

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 2022 to 31 March 2023

Disciplinary actions	Male				Female			Foreign nationals			Total
	A	C	I	W	A	C	I	W	Male	Female	
Dismissal	-	1	-	-	-	-	-	-	-	-	1
Suspension without pay coupled with a Final Written Warning	-	-	-	-	-	2	-	-	-	-	2
Total	-	1	-	-	-	2	-	-	-	-	3
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand total	-	1	-	-	-	2	-	-	-	-	3

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

Note: The disciplinary actions total refers to formal outcomes only and not headcount. For further information on the outcomes of the disciplinary hearings and the types of misconduct addressed at disciplinary hearings, refer to Table 3.12.2 and Table 3.12.3.

Table 3.5.7: Skills development, 1 April 2022 to 31 March 2023

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	-	1	-	1	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	3	24	-	7	2	13	-	2	51
Semi-skilled and discretionary decision making (Levels 3-5)	2	13	-	1	11	13	-	1	41
Unskilled and defined decision making (Levels 1-2)	6	8	-	1	1	1	-	-	17
Total	12	46	-	11	14	28	-	4	115
Temporary employees	-	-	-	-	-	-	-	-	-
Grand total	12	46	-	11	14	28	-	4	115

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 2022

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 2022

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 2022

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 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 3.7.2: SMS posts information, as at 31 March 2023

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	2	2	100.0	-	-

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
Total	3	3	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 2023

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	-	-	-
Salary Level 13	-	1	-
Total	-	1	-

Note: The SMS post filled on Salary Level 13 was advertised in the 2021/22 financial year.

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 (Table 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 2022 to 31 March 2023

Salary band	Employees as at 31 March 2022	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	3	23.1
Skilled (Levels 3-5)	55	33	60.0
Highly skilled production (Levels 6-8)	31	28	90.3
Highly skilled supervision (Levels 9-12)	11	6	54.5
Senior management (Levels 13-16)	2	1	50.0

Salary band	Employees as at 31 March 2022	Progressions to another notch within a salary band	Notch progressions as a % of total employees within a salary band
Total	112	71	63.4

Table 3.8.2: Notch progressions by critical occupation, 1 April 2022 to 31 March 2023

Critical occupation	Employees as at 31 March 2022	Progressions to another notch within a critical occupation	Notch progressions as a % of total employees within a critical occupation
None			

Table 3.8.3: Performance rewards by race, gender, and disability, 1 April 2022 to 31 March 2023

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Total number of employees in group as at 31 March 2022	% of total within group	Cost (R'000)	Average cost per beneficiary (R)
None					

Table 3.8.4: Performance rewards (cash bonus), by salary band for personnel below Senior Management Service level, 1 April 2022 to 31 March 2023

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2022	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of the total personnel expenditure
None						

Table 3.8.5: Performance rewards (cash bonus), by salary band, for Senior Management Service level, 1 April 2022 to 31 March 2023

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2022	% of total within salary bands	Cost (R'000)	Average cost per beneficiary (R)	Cost as a % of the total personnel expenditure
None						

Table 3.8.6: Performance rewards (cash bonus) by critical occupation, 1 April 2022 to 31 March 2023

Critical occupation	Beneficiary profile			Cost		
	Number of beneficiaries	Total number of employees in group as at 31 March 2022	% 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 2022 to 31 March 2023

Salary band	1 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% change
None						

Table 3.9.2: Foreign workers by major occupation, 1 April 2022 to 31 March 2023

Major occupation	1 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% change
None						

3.10. Leave utilisation for the period 1 January 2022 to 31 December 2022

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 2022 to 31 December 2022

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)	75	88.0	6	18	33.3	13	32
Skilled (Levels 3-5)	437	91.8	46	57	80.7	10	312
Highly skilled production (Levels 6-8)	323	84.5	40	62	64.5	8	369
Highly skilled supervision (Levels 9-12)	27	88.9	7	11	63.6	4	52
Senior management (Levels 13-16)	4	100.0	2	3	66.7	2	13
Total	866	88.7	101	151	66.9	9	778

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 2022 and ends in December 2024. 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 2022 to 31 December 2022

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)	-	-	-	18	-	-	-

Salary band	Total days	% days with medical certification	Number of employees using incapacity leave	Total number of employees	% of total employees using incapacity leave	Average days per employee	Estimated cost (R'000)
Skilled (Levels 3-5)	14	100.0	1	57	1.8	14	8
Highly skilled production (Levels 6-8)	22	100.0	1	62	1.6	22	23
Highly skilled supervision (Levels 9-12)	-	-	-	11	-	-	-
Senior management (Levels 13-16)	-	-	-	3	-	-	-
Total	36	100.0	2	151	1.3	18	31

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 2022 to 31 December 2022

Salary band	Total days taken	Total number employees using annual leave	Average number of days taken per employee
Interns	-	-	-
Lower skilled (Levels 1-2)	125	11	11
Skilled (Levels 3-5)	993	52	19
Highly skilled production (Levels 6-8)	1 204	55	22
Highly skilled supervision (Levels 9-12)	237	11	22
Senior management (Levels 13-16)	58	2	29
Total	2 617	131	20

Table 3.10.4: Capped leave, 1 January 2022 to 31 December 2022

Salary band	Total capped leave available as at 31 Dec 2021	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 2022	Total capped leave available as at 31 Dec 2022
Lower skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (Levels 3-5)	333.92	-	-	-	6	325.57
Highly skilled production (Levels 6-8)	633.88	10.71	1	11	22	621.81
Highly skilled supervision (Levels 9-12)	200.37	-	-	-	3	175.00
Senior management (Levels 13-16)	-	-	-	-	1	24.00
Total	1 168.17	10.71	1	11	32	1 146.38

Table 3.10.5: Leave pay-outs, 1 April 2022 to 31 March 2023

Reason	Total amount (R'000)	Number of employees	Average payment per employee
Leave pay-outs during 2022/23 due to non-utilisation of leave for the previous cycle	-	-	-
Capped leave pay-outs on termination of service	13	1	12 894
Current leave pay-outs on termination of service	155	8	19 366

3.11. Health promotion programmes, including HIV and AIDS

Table 3.11.1: Steps taken to reduce the risk of occupational exposure, 1 April 2022 to 31 March 2023

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 2022 to 31 March 2023

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 WCG client departments, including Government Motor Transport under the auspices of the Department of Transport and Public Works. 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 departments. The unit consists of a Deputy Director, three Assistant Directors, and two employee health and wellness (EHW) practitioners. The entity consists of one EHW ambassador (Nazreen Mohamed). Annual Budget R3.2m.

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: counselling; trauma debriefing and awareness; managerial consultations; psycho-social development interventions; information communication and education; coaching; group therapy and reasonable accommodation. These interventions are based on trends reflected in the quarterly reports and implemented to address employee or departmental needs. 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.
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 (sexually transmitted infections) Workplace Policy and Programme that is applicable to all departments of the Western Cape Government. The document 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 (2023–2028) which aims to ensure inclusivity and elimination of discrimination and stigma against employees with HIV.

Question	Yes	No	Details, if yes
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 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. GMT, under the auspices of The Department of Transport and Public Works, implemented the following measures to address the stigma and discrimination against those infected or perceived to be infective with HIV: • Education campaigns; • Commemoration of World AIDS Day; • Grievance process; and • Interventions such as Diversity Management.
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: The following wellness and HCT screening sessions were conducted: • The Department, including GMT, participated in two HCT and wellness screening sessions; and • 96 employees were tested and counselled for HIV, TB and STIs.
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 2022 to 31 March 2023

Subject Matter	Date
PSCBC Resolution 2 of 2023 - Agreement on the Salary Adjustment 2023 - 2025	31/3/2023

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 2022 to 31 March 2023

Outcomes of disciplinary hearings	Number of cases finalised	% of total
Dismissal	1	33.3
Suspension without pay coupled with a Final Written Warning	2	66.7
Total	3	100.0
Percentage of total employment		2.0

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

Table 3.12.3: Types of misconduct addressed at disciplinary hearings, 1 April 2022 to 31 March 2023

Type of misconduct	Number	% of total
Steals Bribes or Commits Fraud	2	66.7
Absent from Work Without Reason or Permission	1	33.3
Total	3	100.0

Table 3.12.4: Grievances lodged, 1 April 2022 to 31 March 2023

Grievances lodged	Number	% of total
Number of grievances resolved	1	50.0
Number of grievances not resolved	1	50.0
Total number of grievances lodged	2	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 2022 to 31 March 2023

Disputes lodged with councils	Number	% of total
Number of disputes upheld	-	0.0
Number of disputes dismissed	1	100.0
Total number of disputes lodged	1	100.0

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 rules in favour of the Department.

Table 3.12.6: Strike actions, 1 April 2022 to 31 March 2023

Strike actions	Number
None	

Table 3.12.7: Precautionary suspensions, 1 April 2022 to 31 March 2023

Precautionary suspensions	Number
Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	39 days
Cost of suspensions (R'000)	11

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 2022 to 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	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	2	0	2
Professionals (Salary Band 9-12)	Female	4	0	4	0	4
	Male	7	0	15	0	15
Technicians and associate professionals (Salary Band 6-8)	Female	18	0	33	0	33
	Male	25	0	25	0	25
Clerks (Salary Band 3-5)	Female	30	0	111	0	111
	Male	19	0	65	0	65
Elementary occupations (Salary Band 1-2)	Female	2	0	7	0	7
	Male	5	0	19	0	19
Sub Total	Female	54	0	155	0	155
	Male	58	0	126	0	126
Total		112	0	281	0	281
Employees with disabilities	Female	0	0	0	0	0
	Male	5	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 2022 to 31 March 2023

Occupational category	Gender	Number of employees as at 31 March 2023	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	3	0	6	0	6
Professionals (Salary Band 9-12)	Female	3	0	3	0	3
	Male	5	0	5	0	5
Technicians and associate professionals (Salary Band 6-8)	Female	24	0	32	0	32
	Male	39	0	45	0	45
Clerks (Salary Band 3-5)	Female	35	0	57	0	57
	Male	14	0	32	0	32
Elementary occupations (Salary Band 1-2)	Female	2	0	4	0	4
	Male	15	0	18	0	18
Sub Total	Female	64	0	96	0	96
	Male	76	0	106	0	106
Total		140	0	202	0	202
Employees with disabilities	Female	0	0	0	0	0
	Male	4	0	2	0	2

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 2022 to 31 March 2023

Nature of injury on duty	Number	% of total
None		

3.15. Utilisation of consultants

The following tables relates information on the utilisation of consultants in GMT.

In terms of the Public Service Regulations "consultant" means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- (a) The rendering of expert advice;
- (b) The drafting of proposals for the execution of specific tasks; and
- (c) The execution of a specific task which is of a technical or intellectual nature but excludes an employee of a department.

Table 3.15.1: Report on consultant appointments using appropriated funds for the period 1 April 2022 to 31 March 2023

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	-	-	-	-	-	-	-	-
Total				-	-	-	-	



PART E

PFMA compliance
report

Part E: PFMA compliance report

1 Irregular, fruitless and wasteful, unauthorised expenditure and material losses

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	197	197
Add: Irregular expenditure confirmed	-	-
Less: Irregular expenditure condoned	(197)	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	-	197

The confirmed irregular expenditure originates from VAT which was removed from quotations to make it more comparative with non-VAT vendors.

Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure that was under assessment in the opening balance	-	-
Irregular expenditure that relates to prior year(s) and identified during the year	-	197
Irregular expenditure for the current year	-	-
Total	-	197

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure under assessment	-	197
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total	-	197

c) Details of current and previous year irregular expenditure condoned

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure condoned	-	-
Total	-	-

d) Details of current and previous year irregular expenditure removed – (not condoned)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure not condoned and removed	-	-
Total	-	-

e) Details of current and previous year irregular expenditure recovered

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure not condoned and removed	-	-
Total	-	-

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

Additional disclosure relating to inter-institutional arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Description
None

h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2022/23	2021/22
	R'000	R'000
None		

i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
None

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance	-	-
Add: Fruitless and wasteful expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	-	-

Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment in 2021/22	-	-
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	-	-
Total	-	-

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total	-	-

c) Details of current and previous year fruitless and wasteful expenditure recovered

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
Total	-	-

d) Details of current and previous year fruitless and wasteful expenditure not recovered and written off

Description	2022/23	2021/22
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
None

1.3. Unauthorised expenditure

To the best of management's knowledge, no unauthorised expenditure was incurred during the year under review for previous reporting periods.

1.4. Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i)&(iii)

a) Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct	2022/23	2021/22
	R'000	R'000
Theft	4 527	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	4 527	-

This expenditure are losses with the estimated total value of R4,526,692 due to theft linked to the use of fuel cards. It is impractical to determine the exact monetary amount as these cases are still under investigation by various bodies, including GMT, SAPS and Provincial Forensic Services.

b) Details of other material losses

Nature of other material losses	2022/23	2021/22
	R'000	R'000
None		

c) Other material losses recovered

Nature of losses	2022/23	2021/22
	R'000	R'000
None		

d) Other material losses written off

Nature of losses	2022/23	2021/22
	R'000	R'000
None		

2 Late and/or non-payment of suppliers

To the best of management's knowledge, no late and/or non-payment of suppliers was incurred during the year under review for previous reporting periods.

3 Supply Chain Management

3.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract
				R'000
Tracking and related services	Automated Fleet Solutions (Pty) Ltd	Limited bid	L 122/22	16 214
Tracking and related services	Automated Fleet Solutions (Pty) Ltd	Limited bid	L 004/20	32 428
Software license fees	Oracle SA	Limited bid	ZA-MOA-2720169	8 289
Franking services	FRAMA (Pty) Ltd	Limited bid	L 083/18	23
Rendering of Information Communication Services	Dimension Data (Pty) Ltd	Limited bid	L 014/18	47 578
Specialised lights and sirens	HBC Systems	Limited bid	L 098/22	980
Vehicle procurement Jaguar F-Pace Dynamic AWD	Jaguar Land Rover Waterford	Limited bid	L 045/21	1 239
Vehicle procurement Land Rover Discovery Sport 2.0	Jaguar Land Rover Waterford	Limited bid	L 133/21	1 067
Vehicle procurement Land Rover Defender 110 D240 SE	Land Rover Bedfordview	Limited bid	L 028/21	1 563
Vehicle procurement Jaguar F-Pace 2.0D R-Dynamic	Jaguar Land Rover Waterford	Limited bid	L 105/21	1 256
Vehicle procurement Volvo XC60 II	Motus Group Volvo Bloemfontein	Limited bid	L 111/21	958
Vehicle procurement Range Rover Velar 2.0 Dynamic HSE	Jaguar Land Rover South Africa	Limited bid	L 013/22	1 492
Vehicle procurement Volvo XC90 B5	Motus Group Volvo Bloemfontein	Limited bid	L 082/22	1 449
Vehicle procurement Porsche Cayenne	LSM Distributors (Pty) Ltd	Limited bid	L 015/22	1 998

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract
				R'000
Vehicle procurement Volvo XC60 II	CMH Volvo Cars Bryanston	Limited bid	L 011/22	1 193
Vehicle procurement Maserati Levante Modena	Maserati Johannesburg	Limited bid	L 145/22	2 020
Total				119 747

3.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
None						
Total						



PART F

Financial
information

Part F: 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 155 to 251, which comprise the statement of financial position as at 31 March 2023, the statement of financial performance, statement of changes in total net assets, statement of cash flows and statement of comparison of budget and accrual 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 2023, 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.

Other matters

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

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

7. On 23 December 2022, the National Treasury issued Instruction Note 4 of 2022–23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, among others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in either the annual report or the disclosure notes to the annual financial statements. Only the current year and prior year figures should be disclosed in a note to the financial statements of Government Motor Transport. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g., condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the trading entity. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the trading entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the trading entity or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
13. I selected the following outcome presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measure the trading entity's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Pages in annual performance report	Purpose
Leaders in mobility solutions (R&D)	69 – 72	Providing adequate fleet rental service

14. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the trading entity's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
 - The indicators used for planning and reporting on performance can be linked directly to the trading entity's mandate and the achievement of its planned objectives;
 - The indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements;
 - The targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated;
 - The indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents;
 - The reported performance information is presented in the annual performance report in the prescribed manner; and
 - There is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
17. I did not identify any material findings on the reported performance information of the selected programme.

Report on compliance with legislation

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the trading entity's compliance with legislation.
19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the trading entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
21. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

22. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported on in this auditor's report.
23. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
24. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

Auditor-General

Cape Town

31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit; and
- The selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 the selected programme and on the trading entity's compliance with selected requirements in key legislation.

Financial statements

1. 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;
 - conclude on the appropriateness of the 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

2. 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.
3. 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.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 38(1)(a)(iv); 38(1)(b); 38(1)(c); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(h)(iii); Section 39(1)(a); 39(2)(a); Section 40(1)(a); 40(1)(b); 40(1)(c)(i) Section 43(4); 44; 44 (1) and (2); 45(b); Section 50(3); 50(3)(a)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 4.1.1; 4.1.3 Treasury Regulation 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1 Treasury Regulation 7.2.1 Treasury Regulation 8.1.1; 8.2.1; 8.2.2; 8.2.3 Treasury Regulation 9.1.1; 9.1.4 Treasury Regulation 10.1.1(a); 10.1.2 Treasury Regulation 11.4.1; 11.4.2; 11.5.1 Treasury Regulation 12.5.1 Treasury Regulation 15.10.1.2(c) Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A 6.2(a) & (b) & (e); 16A 6.3(a) & (d); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A 8.3; 16A 8.2(1) and (2); 16A 8.3(d); 16A 8.4; 16A 9; 16A 9.1; 16A 9.1(c); 16A 9.1(b)(ii); 16A 9.1(d); 16A 9.1(e); 16A 9.1(f); 16A 9.2(a)(ii) & (iii) Treasury Regulation 17.1.1 Treasury Regulation 18.2 Treasury Regulation 19.6.1 Treasury Regulation 19.8.4
Public Service Regulation	Public service regulation 13(c); 18; 18(1) and (2);
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1) & section 29
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2

PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction No. 09 of 2022-23	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No. 01 of 2015-16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021-22	Paragraph 4.1; 4.2 (b); 4.3; 4.4 (a) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016-17	Paragraph 6
NT SCM Instruction Note 03 2019-20	Paragraph 5.5.1 (vi); Paragraph 5.5.1 (x);
NT SCM Instruction Note 2 of 2021-22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022-23	Paragraph 4(1); 4(2); 4(4)
PFMA SCM instruction 08 of 2022-23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
Competition Act 89 of 1998	Section 4(1)(b)(ii)
NT Instruction Note 4 of 2015-16	Paragraph 3.4
Practice note 7 of 2009-10	Paragraph 4.1.2
Practice note 11 of 2008-9	Paragraph 3.1 Paragraph 3.1(b)
NT Instruction Note 1 of 2021-22	Paragraph 4.1
Public Service Act 103 of 1994	Section 30(1)
Employment of Educators Act 76 of 1998	Section 33(1)

2 Annual Financial Statements for the year ended 31 March 2023

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 2023

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, Interpretations of GRAP Standards and Guidelines were consistently applied from 2021/22 to the current reporting period. The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.
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 (effective date to be determined).
5. The following Standards and Interpretations of GRAP standards were approved and the effective dates are listed next to each. GMT will institutionalise the requirements of these upon adaption of the Standards and Interpretations:
 - a) GRAP 1 on the Presentation of financial statements (revised) - effective from 1 April 2023
 - b) GRAP 25 on Employee Benefits (revised) – 1 April 2023
 - c) GRAP 104 on Financial Instruments (revised) – 1 April 2025
 - d) IGRAP 7 on the limit on a defined benefit asset, minimum funding requirements and their interaction (revised) – 1 April 2023
 - e) IGRAP 21 on the effect of past decisions on materiality – 1 April 2023.
6. The following Standards of GRAP were approved and the effective dates are yet to be determined:
 - a) *GRAP 1 on the Presentation of financial statements (going concern)
 - b) GRAP 103 Heritage Assets (revised)

**this component only deals with the going concern aspects contained in GRAP 1.*
7. A summary of the impact of the standards, interpretations and pronouncements contained in paragraphs four to six above are contained in note 44 of the Annual Financial Statements.
8. 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

GOVERNMENT MOTOR TRANSPORT ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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.

9. GMT as a trading entity prepared its financial statements as a going concern for the 31 March 2023 reporting period. The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement.
10. The going concern assessment was done by evaluating all available information for a period up to 18 months after the reporting date, that is, up to 30 September 2024. 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.
11. In the light of the above, the current financial position and the expected future cash flows for the 18 months ending 30 September 2024, 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, Department of Infrastructure on behalf of the Department of
Transport and Public Works**

Date: 31 May 2023

Note:

The Annual Financial Statements for the year ended 31 March 2023 were compiled for Government Motor Transport as a trading entity under the administration of the Department of Transport and Public Works. Jacqueline Gooch was the Accounting Officer for the Department of Transport and Public Works as at the reporting date. She was appointed with effect from 1 April 2023 as Accounting Officer for the Department of Infrastructure, hence the reference to the Department of Infrastructure in the signature pane.

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	Notes	2022/23 R'000	2021/22 R'000
NET ASSETS AND LIABILITIES			
Net Assets			
Accumulated surplus		3,469,690	3,083,660
Total Net Assets		3,469,690	3,083,660
Non-current liabilities			
Employee benefit liability	1	626	581
Provisions	2	1,100	1,293
Total Non-current liabilities		1,726	1,874
Current liabilities			
Payables from exchange transactions	3	112,800	50,033
Payables from non-exchange transactions	4	11,482	4,284
Unspent conditional grants and receipts	5	49,737	29,809
Provisions	6	1,003	21
Total current liabilities		175,022	84,147
Total liabilities		176,748	86,021
Total Net Assets and Liabilities		3,646,438	3,169,682
ASSETS			
Non-current Assets			
Property, plant and equipment	7	551,044	322,394
Intangible assets	8	321,008	303,299
Heritage assets	9	140	140
Finance lease receivables	10	879,743	805,906
Total Non-current assets		1,751,936	1,431,739
Current Assets			
Inventory	11	138	55
Receivables from exchange transactions	12	47,129	48,685
Receivables from non-exchange transactions	13	31,972	7,113
Cash and cash equivalents	14	1,637,755	1,542,710
Finance lease receivables	10	177,507	139,380
Total current assets		1,894,502	1,737,943
Total Assets		3,646,438	3,169,682

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2022/23 R'000	2021/22 R'000
REVENUE			
Revenue from Exchange Transactions			
Revenue	15	880,225	753,955
Other income	16	11,600	7,403
Interest earned	17	82,927	63,248
Government grants and subsidies received	18	7,408	9,629
Revenue from Non-exchange Transactions			
Services in-kind	19	11,802	10,724
Total Revenue		993,962	844,959
EXPENDITURE			
Administrative expenses	20	(21,047)	(24,687)
Employee costs	21	(52,795)	(45,099)
Operating expenditure	22	(468,722)	(432,004)
Depreciation	23	(23,030)	(20,572)
Amortisation	24	(10,182)	(8,447)
Accidents and Impairment losses	26	(4,863)	(3,683)
Grants and subsidies paid	27	-	(150,000)
Operating leases	34	(27,292)	(33,953)
Total Expenditure		(607,932)	(718,448)
SURPLUS FOR THE YEAR		386,030	126,511

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CHANGES IN TOTAL NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2023**

Description	Accumulated Surplus	Total Net Assets
	R'000	R'000
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	3,083,660	3,083,660
Changes in net assets for the year ended 31 March 2023 Surplus for the year ended 31 March 2023	386,030	386,030
Balance at 31 March 2023	3,469,690	3,469,690

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2022/23 R'000	Restated 2021/22 R'000
CASH FROM OPERATING ACTIVITIES			
Receipts			
Charges for services provided	28.1	492,416	371,744
Other receipts	28.2	296	(113)
Interest earned	28.3	82,927	63,248
Government grants and subsidies received	28.4	28,747	16,756
Transactions entered into by GMT on behalf of client institutions	28.5	-	16,274
Payments			
Employee costs	28.6	(51,401)	(45,873)
Suppliers paid	28.7	(387,615)	(450,962)
Other payments	28.8	(47,079)	(202,981)
Vehicles and equipment procured as procuring agent	28.9	(1,412)	(1,561)
Transactions entered into by GMT on behalf of client institutions	28.5	(20,011)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	28.10	96,866	(233,467)
CASH FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment	28.11	40,246	29,918
Acquisition of property, plant and equipment	28.12	(309,926)	(97,329)
Intangible Assets - development cost	28.13	(27,913)	(227,043)
Finance lease receivables	28.14	295,772	318,937
- Vehicles allocated to client institutions		(183,450)	(127,701)
- Cash receipts from finance lease receivables		479,222	446,638
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,821)	24,483
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		95,045	(208,983)
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR		1,542,710	1,751,694
CASH AND CASH EQUIVALENTS - END OF THE YEAR	29	1,637,755	1,542,710

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2023

31 March 2023

Description	Original budget	Budget commitments from PY	Budget adjustments	Final adjustments budget	Additional budget	Shifting of funds	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of Final Budget	Actual outcome as % of Original Budget
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
FINANCIAL POSITION												
Current assets												
Inventories	-	-	-	-	-	-	-	138	-	138	-	-
Receivables from exchange transactions	-	-	-	-	-	-	-	47,129	-	47,129	-	-
Receivables from non-exchange transactions	-	-	-	-	-	-	-	31,972	-	31,972	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	1,637,755	-	1,637,755	-	-
Finance lease receivables	-	-	-	-	-	-	-	177,507	-	177,507	-	-
Non-current assets												
Property, plant and equipment	468,020	543,292	-	1,011,311	-	232,691	1,244,002	551,044	-	(692,958)	44	118
Intangible assets	17,984	2,161	-	20,145	-	14,350	34,495	321,008	-	286,513	931	1785
Heritage assets	-	-	-	-	-	-	-	140	-	140	-	-
Finance lease receivables	-	-	-	-	-	-	-	879,743	-	879,743	-	-
Total assets	486,004	545,453	-	1,031,457	-	247,041	1,278,497	3,646,439	-	2,367,940	285	750
Current liabilities												
Payables from exchange transactions	-	-	-	-	-	-	-	112,800	-	112,800	-	-
Payables from non-exchange transactions	-	-	-	-	-	-	-	11,482	-	11,482	-	-
Unspent conditional grants and receipts	-	-	-	-	-	-	-	49,737	-	49,737	-	-
Provisions	-	-	-	-	-	-	-	1,003	-	1,003	-	-
Non-current liabilities												
Employee benefit liability	-	-	-	-	-	-	-	626	-	626	-	-
Provisions	-	-	-	-	-	-	-	1,100	-	1,100	-	-
Total liabilities	-	-	-	-	-	-	-	176,747	-	176,748	-	-
Total assets and liabilities	486,004	545,453	-	1,031,457	-	247,041	1,278,497	3,469,690	-	2,191,192	-	-
Net assets												
Accumulated surplus	-	-	-	-	-	-	-	3,469,690	-	3,469,690	-	-
Total Net assets	-	-	-	-	-	-	-	3,469,690	-	3,469,690	-	-

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2023

31 March 2023

Description	Original budget	Budget commitments from PY	Budget adjustment	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	(788,965)	-	-	(788,965)	-	3,065	(785,900)	(880,225)	-	(94,325)	112	112
Other income	(17,355)	-	-	(17,355)	-	-	(17,355)	(11,600)	-	5,754	67	67
Interest earned	(59,214)	-	-	(59,214)	-	-	(59,214)	(82,927)	-	(23,712)	140	140
Government grants and subsidies received	-	-	-	-	-	-	-	(7,408)	-	(7,408)	-	-
Revenue from non-exchange transactions												
Services in-kind	(10,724)	-	-	(10,724)	-	(3,065)	(13,789)	(11,802)	-	1,987	86	110
Financing through own funds	(528,172)	-	-	(528,172)	-	-	(528,172)	-		528,172	-	-
Total revenue	(1,404,430)	-	-	(1,404,430)	-	-	(1,404,430)	(993,962)	-	410,468	71	71
Expenditure												
Administrative expenses	33,104	7,685	-	40,789	-	(18,197)	22,592	21,047	-	(1,545)	93	64
Employee costs	67,239	-	-	67,239	-	-	67,239	52,795	-	(14,444)	79	79
Operating expenditure	746,119	13,256	-	759,375	-	(226,631)	532,745	468,722	-	(64,022)	88	63
Depreciation	21,772	-	-	21,772	-	2,563	24,334	23,030	-	(1,304)	95	106
Amortisation	10,849	-	-	10,849	-	244	11,094	10,182	-	(912)	92	94
Accidents and Impairment losses	7,637	-	-	7,637	-	(2,400)	5,237	4,863	-	(374)	93	64
Operating leases	31,705	788	-	32,493	-	(2,620)	29,873	27,292	-	(2,582)	91	86
Total expenditure	918,426	21,729	-	940,155	-	(247,041)	693,114	607,933	-	(85,182)	88	66
Surplus for the year	-	21,729	-	(464,274)	-	(247,041)	(711,315)	(386,030)	-	325,285	-	-

& IS

& Refer to note 45

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 2023

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

Revenue

A shifting of funds decrease of R3,065 million between the Original Budget and Final Adjustments Budget was done. The shift was done to allocate budget to services in-kind.

Revenue from Non-exchange Transactions

Services in-kind

A shifting of funds increase of R3,065 million between the Original Budget and Final Adjustments Budget was done. The shift increase of R3,065 million was done to cater for the services in-kind benefit derived from the use of occupying buildings and sites owned and/or leased by the Western Cape Department of Transport and Public Works. The escalations in the benefits realisations were higher for some properties than envisaged during the budget estimates.

EXPENDITURE

Administrative expenses

A budget commitments increase of R7,685 million between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds decrease of R18,197 million between the Final Adjustments Budget to the Final Budget. The budget commitments of R7,685 million were for purchase orders raised during the 2021/22 financial year for expenditure which were not yet invoiced by 31 March 2022. The shifting of funds decrease of R18,197 million was mainly due to move funds to vehicle replacements, depreciation and amortisation.

Operating expenditure

A budget commitments increase of R13,256 million between the Original Budget and Final Adjustments Budget was done as well as a shifting of funds decrease of R226,631 million between the Final Adjustments Budget and Final Budget. The budget commitments of R13,256 million were for purchase orders raised during the 2021/22 financial year for expenditure which were not yet invoiced by 31 March 2022. The shifting of funds decrease of R226,631 million was mainly due to move funds to vehicle replacements.

Depreciation

A shifting of funds increase of R2,563 million between the Final Adjustments Budget and the Final Budget was done. The shifting of funds increase of R2,563 million was due to fund the depreciation expense on vehicles.

Amortisation

A shifting of funds increase of R244,000 between the Final Adjustments Budget and the Final Budget was done. The shifting of funds increase of R244,000 was due to the requirement to allocate funds for applications modules which were placed in the production environment.

Accidents and impairment losses

A shifting of funds decrease of R2,4 million between the Final Adjustments Budget and the Final Budget was done. The shifting of funds decrease of R2,4 million was done to move funds to vehicle replacements.

Operating leases

A budget commitments increase of R788,000 between the Original Budget and Final Adjustments Budget as well as a shifting of funds decrease of R2,62 million between the Final Adjustments Budget and Final Budget was done. The budget commitments increase of R788,000 was for purchase orders raised during the 2021/22 financial year for expenditure which were not yet invoiced by 31 March 2022. The shifting of funds decrease of R2,62 million between the Final Adjustments Budget and Final Budget was mainly due to move funds to vehicle replacements and other operating costs associated to leases and re-fuelling.

GOVERNMENT MOTOR TRANSPORT

**NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2023**

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 R543,292 million between the Original Budget and Final Adjustments Budget as well as a shifting of funds increase of R232,691 million between the Final Adjustments Budget and Final Budget was done. The budget commitments increase of R543,292 million were primarily for vehicle related, office equipment; and office furniture and fittings purchase orders raised during the 2021/22 financial year which were not yet invoiced by 31 March 2022. The shifting of funds increase of R232,691 million was done to issue purchase orders for the procurement of mobility assets.

Intangible assets

A budget commitment increase of R2,161 million between the Original Budget and the Final Adjustments Budget was done as well as a shifting of funds increase of R14,35 million between the Final Adjustments Budget and Final Budget was done. The budget commitments increase of R2,161 million were for purchase orders raised during the 2021/22 financial year which were not yet invoiced by 31 March 2022. The shifting of funds increase of R14,35 million was done to fund the development of the Intelligent Transport System.

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

STATEMENT OF FINANCIAL PERFORMANCE

REVENUE

Revenue from exchange transactions

Revenue

The actual revenue earned is R94,325 million over the Final Budget. A combination of the following factors resulted in the total revenue earned being higher than anticipated:

- Fleet composition;
- Fleet size;
- Changes in the capital costs of vehicles; and
- Fleet condition.

Other income

The actual other income earned is R5,754 million under the Final Budget. This line item includes profit on the sale of vehicles. The number of vehicles disposed which were expected to attract profits were less than that anticipated during the budget preparation process. 312 vehicles were disposed which earned profits, while the budget estimate anticipated that 470 would be disposed at profits.

Interest earned

The actual interest earned is R23,712 million over the Final Budget. The actual interest rate earned on the funds held in the main bank account varied between 3.75% to 7.25%, while the budget estimate was prepared on interest yields between 3.25% to 3.5%. The funds invested through the Provincial Treasury yielded an actual return between 4.27% to 7.34%, while the budget estimates were prepared on an interest yield of 5.252%. 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.

Government grants and subsidies received

The Government Grants and Subsidies received is R7,408 million over 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 higher than anticipated during budget estimates.

Services in-kind

The services in-kind is R1,987 million under the Final Budget. GMT shifted R3,065 million during the reporting period to this line item as the escalations in the benefits realisations were higher for some properties than envisaged during the budget estimates.

Financing through own funds

GMT envisages to utilise R528,172 million from its own funding to procure the items envisaged under the Statement of Financial Position and Statement of Financial Performance.

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED
31 MARCH 2023

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

EXPENDITURE

Employee costs

The variance of R14,444 million under the Final Budget is due to GMT having a number of staff vacancies.

Operating expenditure

The variance of R64,022 million under budget between the Final Budget and the Actual is due to under spend on repairs, maintenance and contracted fees for IT consultants.

FINANCIAL POSITION

The Final Budget is the total of the expected revenue earned and expenditure incurred during the year ended 31 March 2023. 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 2023.

Current assets

Inventories

The variance of R138,000 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 R47,129 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 R31,972 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 R1,638 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 R177,507 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 R692,958 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 2022/23 while the balance of R551,044 million is the carrying value of the line item which has accrued since its recognition until 31 March 2023.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2023

Intangible assets

The variance of R286,513 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 2022/23, while the balance of R321,008 million is the carrying value of the line item which has accrued since its recognition until 31 March 2023.

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 2023. 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 R879,743 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 R112,800 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 R11,482 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 R49,737 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 R1,003 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.

Non-current liabilities

Employee benefit liability

The variance of R626,000 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 R1,100,000 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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
1 EMPLOYEE BENEFIT LIABILITY		
Provision for Long Service Awards	626	581
The movement in the Employee Benefit Liability is reconciled as follows:		
Balance at the beginning of the year	581	640
Contribution / (reduction) to the provision	95	(48)
	676	592
Transfer to current provisions	Note 6 (50)	(11)
Balance at end of the year	626	581

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 2023 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 2023, 140 (31 March 2022: 112) employees were eligible for long service awards.

The current service cost for the year ended 31 March 2023 is estimated to be R37,000, whereas the cost for the year ending 31 March 2024 is estimated to be R31,000 (31 March 2022: R39,000).

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

Discount Rate	10.52%	7.85%
CPI (Consumer Price Inflation)	5.93%	3.08%
Normal Salary Increase Rate	6.93%	4.08%
Net Effective Discount Rate	3.36%	3.63%
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 2023

	2022/23 R'000	2021/22 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	592	771	
Current service cost	31	39	
Interest cost	48	73	
Benefits paid	(11)	(120)	
Actuarial loss / (gain)	16	(171)	
Present Value of Fund Obligation at the end of the year	676	592	
The amounts recognised in the Statement of Financial Position are as follows:			
Present value of fund obligations	676	592	
Fair value of plan assets	-	-	
Total Benefit Liability	676	592	
The amounts recognised in the Statement of Financial Performance are as follows:			
Current service cost	31	39	
Interest cost	48	73	
Actuarial loss / (gain)	16	(171)	
Total Post-retirement Benefit included in Employee costs	95	(59)	
The history of experienced adjustments is as follows:			
	2022/23 R'000	2021/22 R'000	2020/21 R'000
Present Value of Defined Benefit Obligation	676	592	771
Fair Value of Plan Assets	-	-	-
Deficit	676	592	771
	2022/23 R'000	2021/22 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	118	85	
Effect on the defined benefit obligation	721	636	
Decrease:			
Effect on the aggregate of the current service cost and the interest cost	102	72	
Effect on the defined benefit obligation	634	552	

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
2 PROVISIONS		
Capped leave pay:		
Opening balance	1,293	1,298
Increase in the provision during the year	50	5
Current portion transferred to current liabilities	(243)	(10)
	1,100	1,293

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		16,155	3,477
Staff leave		2,596	2,306
Staff bonuses		1,342	1,071
Overtime payable		7	7
Accrued expenditure	Note 3.1	92,670	43,008
Sundry creditors		27	127
Payments received in advance		2	37
		112,800	50,033

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 accrue 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 2023.

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 was 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.

Restrictions apply for some of the amounts included under Accounts payable and Accrued expenditure on the use of the funds by GMT as these funds must be used for the settlement of accounts owing to a service provider. The restriction amount is disclosed in note 14.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 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		9,078	3,752
Machinery, equipment and vehicles: repairs, maintenance and other related costs		3,104	4,771
Machinery, equipment and vehicles: fuel and oil		2,723	2,957
Other goods and services accrual		77,766	31,528
Accrued expenditure for reimbursement	Note 35.1.2.2	45,826	17,076
Audit fees - Regulatory and ICT audits		370	272
Motor vehicle license fees		428	215
Acquisition of Property, Plant and Equipment (excluding mobility assets)		937	2,430
Development of Intangible Assets	Note 3.2	20,783	-
Mobility assets (including conversions and extras fitted to vehicles)		538	404
Consultant, contractors and special services		8,507	6,769
Other accrued expenditure		377	4,361
Accrued expenditure liability		92,670	43,008
3.2 Development of Intangible Assets		20,783	-
FleetMan System		2,779	-
Oracle Financial System		301	-
Intelligent Transport System and Automated Fare Collection System		17,224	-
Life Events Management System		480	-

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 as at 31 March 2022), office expenditure and some other expenditure types.

4 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Payments received in advance	Note 35.1.2.2	11,482	4,284
		11,482	4,284

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. Restrictions apply on the use of the funds by GMT as these funds must be used for the settlement of accounts owing to a service provider. The restriction amount is disclosed in note 14.

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 approximates 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 2023

	2022/23 R'000	2021/22 R'000
5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Grants from Provincial Departments	49,738	29,809
Department of Agriculture	-	644
Department of Economic Development and Tourism	-	128
Western Cape Government Health and Wellness	16,854	20,718
Department of Social Development	6,797	1,930
Department of Transport and Public Works	21,704	1,273
Western Cape Education Department	4,383	5,117
Total Conditional Grants and Receipts	49,738	29,809
GMT complied with the conditions attached to all grants received to the extent of revenue recognised.		
5.1 Grants from Provincial Departments:		
5.1.1 Department of Agriculture		
Balance at the beginning of the year	644	-
Current year receipts	-	1,194
Conditions met - transferred to revenue	-	(550)
Assets procured as procuring agent	(644)	-
Note 42.5.1		
	-	644
5.1.2 Department of Police Oversight and Community Safety		
Balance at the beginning of the year	-	3,233
Current year receipts	-	22
Conditions met - transferred to revenue	-	(3,255)
	-	-
5.1.3 Department of Economic Development and Tourism		
Balance at the beginning of the year	128	128
Conditions met - transferred to revenue	(128)	-
	-	128
5.1.4 Western Cape Government Health and Wellness		
Balance at the beginning of the year	20,718	15,885
Current year receipts	7,310	9,761
Conditions met - transferred to revenue	(2,533)	(4,891)
Unspent grants refunded to the department	(8,641)	(38)
	16,854	20,718
5.1.5 Department of Social Development		
Balance at the beginning of the year	1,930	3,491
Current year receipts	6,796	-
Unspent grants refunded to the department	(1,161)	-
Vehicles procured as procuring agent	(768)	(1,561)
Note 42.5.1		
	6,797	1,930
5.1.6 Department of Transport and Public Works		
Balance at the beginning of the year	1,273	1,273
Current year receipts	27,500	-
Reallocation of funds to prepayments	(7,069)	-
Note 35.1.2.5		
	21,704	1,273

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
5.1.7 Western Cape Education Department		
Balance at the beginning of the year	5,117	-
Current year receipts	3,450	5,577
Conditions met - transferred to revenue	(4,539)	(482)
Additional invoices raised	355	22
	4,383	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	207	219
Conditions met - transferred to revenue	(207)	(452)
	-	-
6 PROVISIONS		
Personnel expense related commitments:		
Employee benefit liability	Note 1	50
Capped leave	Note 2	243
Early retirement provision		710
		1,003
		21

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 early retirement provision is recognised on 31 March 2023 for officials who will be retiring without penalisation of pension benefits. The approval to retire without penalisation was granted by the end of the financial year, with GMT being fully responsible for the resultant liability to the Government Employees Pension Fund ('GEPF'). The last day of service of the officials are known as this is contained in the approval documentation. However, uncertainty exists about the amounts which are subject to change due to the calculation results are sensitive to input provided leading up to final settlement.

The movement on current provisions are reconciled as follows:

31 March 2023:	Early retirement provision R'000	Employee benefit liability R'000	Capped leave provision R'000	Total R'000
Balance at the beginning of the year	-	11	10	21
Additional provisions raised	710	-	-	710
Transfer from non-current provisions	-	50	243	293
Expenditure incurred	-	(11)	(10)	(21)
Balance at the end of the year	710	50	243	1,003
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 the 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 2023

7 PROPERTY, PLANT AND EQUIPMENT

31 March 2023

Reconciliation of Carrying Value

Description	Plant and Equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2022	7,733	314,659	322,394
Cost	19,698	489,259	508,958
Accumulated depreciation	(11,961)	(171,786)	(183,746)
Accumulated impairment losses	(4)	(2,813)	(2,817)
Additions at cost (for vehicles refer to note 7.3.1)	5,450	304,476	309,926
Depreciation	(1,931)	(21,100)	(23,030)
Impairment losses	-	(4,058)	(4,058)
Disposals	(115)	(31,328)	(31,443)
Cost (for vehicles refer to note 7.3.2)	(153)	(86,971)	(87,124)
Accumulated depreciation	38	51,578	51,616
Accumulated impairment	-	4,065	4,065
Vehicles moved from client institutions to GMT	-	56,262	56,262
Cost (for vehicles refer to note 7.3.3)	-	126,465	126,465
Accumulated depreciation	-	(70,204)	(70,204)
Vehicles moved from GMT to client institutions	-	(78,579)	(78,579)
Cost (for vehicles refer to note 7.3.4)	-	(81,841)	(81,841)
Accumulated depreciation	-	3,262	3,262
Stolen	-	(515)	(515)
Cost (for vehicles refer to note 7.3.5)	-	(650)	(650)
Accumulated depreciation	-	135	135
Stolen vehicle Recovered	-	90	90
Cost (for vehicles refer to note 7.3.6)	-	90	90
Accumulated depreciation	-	-	-
Net Carrying amount - 31 March 2023	11,137	539,907	551,044
Cost	24,995	750,828	775,823
Accumulated depreciation	(13,853)	(208,115)	(221,968)
Accumulated impairment losses	(4)	(2,806)	(2,810)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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)	(20,573)
Impairment losses	-	(3,548)	(3,548)
Disposals	(2)	(24,247)	(24,248)
Cost (for vehicles refer to note 7.3.2)	(152)	(66,637)	(66,789)
Accumulated depreciation	150	38,501	38,651
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	-	(531)	(531)
Cost (for vehicles refer to note 7.3.5)	-	(545)	(545)
Accumulated depreciation	-	15	15
Net Carrying amount - 31 March 2022	7,733	314,659	322,394
Cost	19,698	489,259	508,957
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 2023

	2022/23 R'000	2021/22 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 are disclosed under the note for commitments for expenditure.		
7.1.1 Audio Equipment		
Carrying amount at the beginning of the year	99	126
Cost	214	214
Accumulated depreciation	(115)	(88)
Additions at cost	1,616	-
Depreciation	(127)	(27)
Carrying amount at the end of the year	1,588	99
Cost	1,830	214
Accumulated depreciation	(242)	(115)
7.1.2 Computer Equipment		
Carrying amount at the beginning of the year	2,964	2,174
Cost	11,441	9,383
Accumulated depreciation	(8,477)	(7,209)
Additions at cost	2,340	2,058
Depreciation	(1,210)	(1,268)
Carrying value of disposals:	(30)	-
Cost	(65)	-
Accumulated depreciation	35	-
Carrying amount at the end of the year	4,064	2,964
Cost	13,715	11,441
Accumulated depreciation	(9,651)	(8,477)
7.1.3 Telephone		
Carrying amount at the beginning of the year	8	15
Cost	138	138
Accumulated depreciation	(130)	(124)
Depreciation	(4)	(6)
Carrying amount at the end of the year	4	8
Cost	138	138
Accumulated depreciation	(134)	(130)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.4 Workshop Equipment		
Carrying amount at the beginning of the year	91	61
Cost	296	247
Accumulated depreciation	(202)	(183)
Accumulated impairment losses	(3)	(3)
Additions at cost	40	49
Depreciation	(27)	(19)
Carrying value of disposals:	-	-
Cost	(2)	-
Accumulated depreciation	2	-
Carrying amount at the end of the year	104	91
Cost	334	296
Accumulated depreciation	(227)	(202)
Accumulated impairment losses	(3)	(3)
7.1.5 Office Furniture and Fittings		
Carrying amount at the beginning of the year	2,770	395
Cost	4,469	2,144
Accumulated depreciation	(1,698)	(1,748)
Accumulated impairment losses	(1)	(1)
Additions at cost	921	2,486
Depreciation	(231)	(111)
Transfers	(1)	-
Cost	(1)	(17)
Accumulated depreciation	-	17
Carrying value of disposals	(84)	(1)
Cost	(85)	(144)
Accumulated depreciation	1	143
Carrying amount at the end of the year	3,374	2,770
Cost	5,304	4,469
Accumulated depreciation	(1,929)	(1,698)
Accumulated impairment losses	(1)	(1)
7.1.6 Office Equipment		
Carrying amount at the beginning of the year	193	113
Cost	463	355
Accumulated depreciation	(270)	(242)
Additions at cost	22	113
Depreciation	(46)	(33)
Carrying value of disposals	(1)	(1)
Cost	(1)	(5)
Accumulated depreciation	-	4
Carrying amount at the end of the year	169	193
Cost	484	463
Accumulated depreciation	(315)	(270)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.7 Domestic Equipment		
Carrying amount at the beginning of the year	10	14
Cost	46	46
Accumulated depreciation	(36)	(32)
Depreciation	(3)	(4)
Carrying amount at the end of the year	7	10
Cost	46	46
Accumulated depreciation	(39)	(36)
7.1.8 Domestic Furniture		
Carrying amount at the beginning of the year	330	83
Cost	436	146
Accumulated depreciation	(105)	(63)
Additions at cost	26	290
Depreciation	(70)	(42)
Carrying amount at the end of the year	287	330
Cost	462	436
Accumulated depreciation	(175)	(105)
7.1.9 Security Equipment and Systems		
Carrying amount at the beginning of the year	301	445
Cost	1,041	992
Accumulated depreciation	(739)	(547)
Additions at cost	245	48
Depreciation	(146)	(191)
Carrying amount at the end of the year	400	301
Cost	1,286	1,041
Accumulated depreciation	(885)	(739)
7.1.10 Kitchen Appliances		
Carrying amount at the beginning of the year	55	27
Cost	117	79
Accumulated depreciation	(61)	(52)
Additions at cost	36	39
Depreciation	(18)	(10)
Carrying value of disposals	-	-
Cost	-	(1)
Accumulated depreciation	-	1
Carrying amount at the end of the year	74	56
Cost	153	117
Accumulated depreciation	(79)	(61)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.11 Photographic Equipment		
Carrying amount at the beginning of the year	72	86
Cost	129	128
Accumulated depreciation	(56)	(41)
Accumulated impairment losses	(1)	(1)
Additions at cost	9	3
Depreciation	(20)	(16)
Carrying value of disposals	-	-
Cost	-	(2)
Accumulated depreciation	-	2
Carrying amount at the end of the year	61	72
Cost	138	129
Accumulated depreciation	(76)	(56)
Accumulated impairment losses	(1)	(1)
7.1.12 Crockery		
Carrying amount at the beginning of the year	9	12
Cost	32	32
Accumulated depreciation	(23)	(20)
Additions at cost	-	-
Depreciation	(2)	(3)
Carrying amount at the end of the year	7	9
Cost	32	32
Accumulated depreciation	(25)	(23)
7.1.13 Containers		
Carrying amount at the beginning of the year	826	-
Cost	866	-
Accumulated depreciation	(40)	-
Additions at cost	-	849
Depreciation	(25)	(24)
Transfers	-	-
Cost	-	17
Accumulated depreciation	-	(17)
Carrying amount at the end of the year	801	826
Cost	866	866
Accumulated depreciation	(65)	(40)

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	2022/23 R'000	2021/22 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.1.14 Garden Equipment		
Carrying amount at the beginning of the year	4	-
Cost	6	1
Accumulated depreciation	(2)	(1)
Additions at cost	3	5
Depreciation	(2)	(1)
Carrying amount at the end of the year	5	4
Cost	9	6
Accumulated depreciation	(4)	(2)

7.1.15 Alternative Energy Solutions (Equipment)

Carrying amount at the beginning of the year	-	-
Cost	-	-
Accumulated depreciation	-	-
Additions at cost	96	-
Carrying amount at the end of the year	96	-
Cost	96	-
Accumulated depreciation	-	-

7.1.16 Alternative Energy Solutions (Batteries)

Carrying amount at the beginning of the year	-	-
Cost	-	-
Accumulated depreciation	-	-
Additions at cost	96	-
Carrying amount at the end of the year	96	-
Cost	96	-
Accumulated depreciation	-	-

7.2 Impairment of Property, Plant and Equipment

Impairment losses on Property, Plant and Equipment to the amount of R 4,058 million (31 March 2022: R 3,548 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 year 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 exists, 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

	2022/23 R'000	2021/22 R'000
Vehicles purchased during the year	284,008	85,515
Extras purchased during the year	20,468	6,750
	304,476	92,266
Less vehicles alienated to client institutions	-	(875)
Total vehicle additions at cost	304,476	91,390

Vehicles alienated:

Government Motor Transport alienated two Nissan NV350 vehicles during the 2021/22 financial year to the Department of Social Development.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
7 PROPERTY, PLANT AND EQUIPMENT (continued)		
7.3.2 Analysis of disposals at cost		
Vehicles	77,311	61,653
Extras fitted to vehicles	9,660	4,984
Total cost	86,971	66,637
7.3.3 Analysis of movements from client institutions to GMT at cost		
Vehicles	110,981	69,503
Extras fitted to vehicles	15,485	10,271
Total cost	126,465	79,774
7.3.4 Analysis of movements from GMT to client institutions at cost		
Vehicles	69,412	62,259
Extras fitted to vehicles	12,429	3,299
Total cost	81,841	65,558
7.3.5 Analysis of stolen vehicles at cost		
Vehicles	650	545
Extras fitted to vehicles	-	-
Total cost	650	545
Two Volkswagen Polos and one Hyundai Accent were stolen during the year under review and one Toyota Quantum during the 2021/22 financial year.		
7.3.6 Analysis of stolen vehicles recovered at fair value		
Vehicles	90	-
Total cost	90	-
Government Motor Transport recovered a Toyota Avanza during the year under review that was stolen during the 2021/22 financial year and permanently allocated to the Western Cape Government Health and Wellness.		
7.4 Expenditure incurred to repair and maintain Property, Plant and Equipment		
Vehicles	93,153	87,972
Plant and Equipment	32	39
	93,185	88,011

Refer to note 22.1 for an analysis of the repair and maintenance expenditure.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
8 INTANGIBLE ASSETS		
Net Carrying value at beginning of the year	303,299	84,706
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)
Software application acquired	-	220,000
Internal Development - Cost capitalised	3,211	3,870
Intangible assets under development	24,702	3,280
Internal Development - Retirements	(22)	(106)
Cost - Internal Development	(22)	(106)
Amortisation during the year	(10,182)	(8,448)
Software Applications	(270)	(270)
Internal Development	(9,912)	(8,178)
Net Carrying value at end of the year	321,008	303,299
Cost	434,961	407,069
Cost - Software Applications	248,118	248,118
Costs - Intangible assets under development	82,919	58,217
Cost - Internal Development	103,924	100,734
Accumulated Impairment losses	(24)	(24)
Accumulated Amortisation	(113,928)	(103,746)
Accumulated Amortisation - Software Applications	(14,341)	(14,071)
Accumulated Amortisation - Internal Development	(99,587)	(89,675)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 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	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)
Internal Development - Cost capitalised	2,945	1,806
Intangible assets under development	2,673	2,608
Internal Development - Retirements	(22)	(89)
Cost - Internal Development	(22)	(89)
Amortisation during the year	(3,263)	(1,863)
Internal Development	(3,263)	(1,863)
Net Carrying amount at end of the year	13,261	10,929
Cost	61,666	56,070
Costs - Intangible assets under development	16,147	13,474
Cost - Internal Development	45,520	42,596
Accumulated Impairment losses	(24)	(24)
Accumulated Amortisation	(48,381)	(45,118)
Accumulated Amortisation - Internal Development	(48,381)	(45,118)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
8 INTANGIBLE ASSETS (continued)		
8.2 <u>Oracle Financial System:</u>		
Net Carrying amount at beginning 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)
Internal development - cost capitalised	266	2,064
Intangible assets under development	543	672
Internal Development - Retirements	-	(18)
Cost - Internal Development	-	(18)
Amortisation during the year	(6,919)	(6,585)
Software Applications	(270)	(270)
Internal Development	(6,649)	(6,315)
Net Carrying amount at end of the year	66,261	72,371
Cost	131,808	130,999
Cost - Software Applications	28,118	28,118
Costs - Intangible assets under development	45,286	44,743
Cost - Internal Development	58,404	58,138
Accumulated Amortisation	(65,547)	(58,628)
Accumulated Amortisation - Software Applications	(14,341)	(14,071)
Accumulated Amortisation - Internal Development	(51,206)	(44,557)
8.3 <u>Intelligent Transport System and Automated Fare Collection System:</u>		
Net Carrying amount at beginning of the year	220,000	-
Cost	220,000	-
Costs - Software applications	220,000	-
Accumulated Amortisation	-	-
Accumulated Amortisation - Software applications	-	-
Software application acquired	-	220,000
Intangible assets under development	21,006	-
Net Carrying amount at end of the year	241,006	220,000
Cost	241,006	220,000
Costs - Software applications	220,000	220,000
Costs - Intangible assets under development	21,006	-
Accumulated Amortisation	-	-
Accumulated Amortisation - Software applications	-	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
8 INTANGIBLE ASSETS (continued)		
8.4 <u>Life Events Management System ('LEMS')</u>		
Net Carrying amount at beginning of the year	-	-
Cost	-	-
Costs - Intangible assets under development	-	-
Accumulated Amortisation	-	-
Accumulated Amortisation - Intangible assets under development	-	-
Intangible assets under development	480	-
Net Carrying amount at end of the year	480	-
Cost	480	-
Costs - Intangible assets under development	480	-
Accumulated Amortisation	-	-
Accumulated Amortisation - Intangible assets under development	-	-
8.5 Intangible assets in the process of being developed		
Cumulative expenditure recognised in the carrying value of Intangible Assets - computer software	82,919	58,217

8.6 Other information

Refer to note 32 for the capital commitments in respect of the acquisition 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 system configuration commenced and is still in progress of having the system developed and at the reporting date the system is not yet ready for use as intended by management.
- During the 2022/23 financial year there was a transfer of an instance of the Life Event Management System ('LEMS') from Traffic Law Enforcement within the Department of Transport and Public Works to GMT at no cost with no acquisition cost implications. LEMS will be used to provide a technology platform for managing staff wellness as well as provide learning and development applications. GMT will further develop LEMS based on its own business requirements and will have exclusive usage of the revised version of the software. The system configuration commenced and is still in progress of having LEMS developed and at the reporting date the system is not yet ready for use as intended by management.

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 are 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 have been halted either during the year and the comparative year.

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.

8.7 Impairment of Intangible Assets

No impairment of intangible assets occurred during the year (2021/22: R nil).

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
9 HERITAGE ASSETS		
Gross carrying amount	140	140
The movement in Heritage Assets is reconciled as follows:		
Gross carrying amount at the beginning of the year	140	140
Cost	146	146
Accumulated Impairment losses	(6)	(6)
Gross carrying amount at the end of the year	140	140
Cost	146	146
Accumulated Impairment losses	(6)	(6)

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

No heritage assets have been pledged as security for any liabilities of GMT. There are no restrictions on title and the disposal of the heritage asset. No contractual commitments exist for any further acquisition, maintenance and restoration of heritage assets.

The fair value of the heritage asset is R225,000 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 increased to R225,000 on 31 March 2023 (31 March 2022: R200,000). No physical damage or deterioration is visible on the asset. No impairment losses are considered necessary as the estimated recoverable service amount of the asset exceeds the carrying value thereof.

10 FINANCE LEASE RECEIVABLES

Finance Lease Receivables	1,057,250	945,286
Sub-total	1,057,250	945,286
Less: Current Portion transferred to Current Assets	177,507	139,380
Finance Lease Receivables	177,507	139,380
Total Long-term portion of Finance Lease Receivables	879,743	805,906

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.

GOVERNMENT MOTOR TRANSPORT

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10 FINANCE LEASE RECEIVABLES

10.1 Amounts receivable under Finance Leases

GMT as Lessor:

Finance Leases relate to vehicles that are permanently allocated to certain client institutions with remaining lease terms of between 0.58 and 7.83 years as at 31 March 2023 (31 March 2022: 0.15 and 7.75 years). Five Isuzu trucks (GFL637G, GFL638G, GFL640G, GFL647G and GFL649G) and six VW Crafters (GCT169G, GCT224G, GCT329G, GCT391G, GCT464G and GCT262G) were purchased during the year under review with remaining lease terms between 7.42 and 7.83 years. GCC394G and GCR440G, two Toyota Hino truck, have remaining lease terms of 6.75 years and GFC823G, an off road trailer, has a remaining lease term of 6.08 years as at 31 March 2023. If these vehicles are excluded, the remaining lease terms are between 0.58 and 4.92 years. The effective annual interest rate on new vehicles purchased and permanently allocated to client institutions during the year under review is between 10.28% and 63.5% (31 March 2022: 22.06% and 43.2%).

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.

The amounts receivable under Finance Leases are as follows:

	Minimum Lease Receivables		Present Value of Minimum Lease Receivables	
	2022/23 R'000	2021/22 R'000	2022/23 R'000	2021/22 R'000
Amounts receivable under finance leases:				
Within one year	563,628	473,211	177,507	139,380
In the second to fifth years, inclusive	1,450,903	1,158,709	870,584	804,635
Over five years	12,065	1,507	9,159	1,272
	<u>2,026,597</u>	<u>1,633,426</u>	<u>1,057,250</u>	<u>945,286</u>
Less: Unearned Future Finance Income	969,347	688,140	-	-
Present Value of Minimum Lease Receivables	1,057,250	945,286	1,057,250	945,286
Less: Amounts due for settlement within 12 months (current portion)			177,507	139,380
Finance lease receivables due for settlement after 12 months (Non-current portion)			879,743	805,906
GMT has finance lease agreements for the following significant classes of assets:				
- Vehicles				
Unguaranteed residual values (R'000)			617,266	562,529
Included in these classes are the following significant leases:				
i) GFD336G				
- Instalments are payable monthly in arrears				
- Average effective interest rate			26.46%	27.64%
- Average monthly instalment (Rands only)			R 10,214	R 9,455
- Annual escalation			4.44%	3.65%
ii) GFC192G:				
- Instalments are payable monthly in arrears				
- Average effective interest rate			30.95%	29.82%
- Average monthly instalment (Rands only)			R 20,035	R 17,487
- Annual escalation			4.44%	3.65%

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000
11 INVENTORY			
Consumables store	Note 11.1	138	55
Total Inventory		138	55

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 2023 (2021/22: none). No reversal of write-down expenditure incurred.

11.1 Analysis of consumables store

Office supplies and stationary	138	55
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The cost of inventories recognised as an expense for the year amounted to R291,265 (2021/22: R234,063).

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

12 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Accounts receivable	47,646	48,685
Less: Provision for impairment	(517)	-
Total receivables from Exchange Transactions	47,129	48,685

12.1 Ageing of Receivables from Exchange Transactions

Current: 0 - 30 days	65,062	69,886
Gross Balances	65,062	69,886
Less: Provision for Impairment	-	-
More than 30 days and not more than 60 days	239	48
Gross Balances	239	48
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	99	295
Gross Balances	99	295
Less: Provision for Impairment	-	-
More than 90 days	2,873	3,770
Gross Balances	3,389	3,770
Less: Provision for Impairment	(517)	-
	68,272	73,999
Adjustment for daily tariffs included in the finance lease receivables	(21,143)	(25,314)
Net Balances	47,129	48,685

As at 31 March 2023 receivables of R3,21 million (31 March 2022: R4,113 million) were past due date but not impaired. The age analysis of these receivables is as follows:

More than 30 days and not more than 60 days	239	48
Gross Balances	239	48
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	99	295
Gross Balances	99	295
Less: Provision for Impairment	-	-
More than 90 days	2,873	3,770
Gross Balances	3,389	3,770
Less: Provision for Impairment	(517)	-
Net Balances	3,210	4,113

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
12.2 Summary of Receivables from Exchange Transactions by Customer		
National and Provincial client institutions:		
<u>Current:</u>		
0 - 30 days	43,919	44,572
<u>Past Due:</u>		
More than 30 days and not more than 60 days	239	48
More than 60 days and not more than 90 days	99	295
More than 90 days	3,389	3,770
Sub-total	47,646	48,685
Less: Provision for Impairment	(517)	-
Total Trade Receivables by Customer Classification	47,129	48,685
12.3 Summary of Receivables from Exchange Transactions by Customer Classification - Provincial		
<u>Current:</u>		
0 - 30 days	55,149	60,345
<u>Past Due:</u>		
More than 30 days and not more than 60 days	110	-
More than 60 days and not more than 90 days	35	29
More than 90 days	128	204
Sub-total	55,421	60,578
Less: Provision for Impairment	-	-
Total Trade Receivables by Provincial customer classification	55,421	60,578
12.4 Summary of Receivables from Exchange Transactions by customer classification - National		
<u>Current:</u>		
0 - 30 days	9,913	9,541
<u>Past Due:</u>		
More than 30 days and not more than 60 days	129	48
More than 60 days and not more than 90 days	64	265
More than 90 days	3,262	3,566
Sub-total	13,368	13,421
Less: Provision for Impairment	(517)	-
Total Trade Receivables by National customer classification	12,851	13,421
Total Trade Receivables by Provincial and National customer classification	68,272	73,999
12.5 Reconciliation of the Provision for Impairment		
Balance at beginning of the year	-	(1,127)
Provision impairment losses recognised	(517)	-
Amounts written off as uncollectable	-	1,127
Balance at end of the year	(517)	-

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000
13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
Software license fees		5,433	300
Sundry debtors	Note 35.1.2.2	26,253	6,242
Employees with leave debits		10	8
Fleet Risk Debtors	Note 13.1	277	563
Total Receivables from Non-exchange Transactions		31,972	7,113

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 2023.

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.

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

13.1 Fleet Risk Debtors

Receivable balances	600	617
Less: Provision for impairment	(323)	(55)
Balance of receivables from Fleet Risk Debtors	277	563

13.2 Ageing of Fleet Risk Debtors

Current: 0 - 30 days	13	9
Gross Balances	13	9
Less: Provision for Impairment	-	-
More than 30 days and not more than 60 days	-	-
Gross Balances	-	-
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	4	-
Gross Balances	4	-
Less: Provision for Impairment	-	-
More than 90 days	261	553
Gross Balances	584	608
Less: Provision for Impairment	(323)	(55)
Net Balances	277	563

As at 31 March 2023 receivables of R264,000 (31 March 2022: R553,000) were past due date but not impaired. The age analysis of these receivables is as follows:

More than 30 days and not more than 60 days	-	-
Gross Balances	-	-
Less: Provision for Impairment	-	-
More than 60 days and not more than 90 days	4	-
Gross Balances	4	-
Less: Provision for Impairment	-	-
More than 90 days	261	553
Gross Balances	584	608
Less: Provision for Impairment	(323)	(55)
Net Balances	264	553

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
13 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (continued)		
13.3 Reconciliation of the Provision for Impairment		
Balance at beginning of the year	(55)	(159)
Provision impairment losses recognised	(289)	-
Provision impairment losses reversed	-	22
Amounts written off as uncollectable	21	82
Balance at end of the year	(323)	(55)

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

-

-

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

Sub-total

-

55

Less: Provision for Impairment

-

(55)

Total

-

-

14 CASH AND CASH EQUIVALENTS

Bank accounts	1,192,233	1,121,715
Cash-on-hand	2	2
Current investment deposits	445,520	420,993
	1,637,755	1,542,710

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

15,287

18,745

Cash book balance at the end of the year

12,955

15,287

Nedbank Account Number: 1452 049 831

Bank statement balance at the beginning of the year

15,287

18,745

Bank statement balance at the end of the year

12,955

15,287

Primary bank account

Nedbank Account

Cash book balance at the beginning of the year

1,106,429

734,397

Cash book balance at the end of the year

1,179,278

1,106,429

Nedbank Account Number: 1452 056 226

Bank statement balance at the beginning of the year

1,105,802

735,179

Bank statement balance at the end of the year

1,177,719

1,105,802

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
14 CASH AND CASH EQUIVALENTS (continued)		
14.2 Cash-on-hand		
Cash float	2	2
14.3 Current investment deposits		
<i>Investments through Provincial Treasury: Corporation of Public Deposits</i>	445,520	420,993
	445,520	420,993
Total Cash and Cash Equivalents	1,637,755	1,542,710

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:

Unspent Conditional Grants and Receipts	Note 5	49,738	29,809
Payables from exchange transactions	Note 3	24,199	13,039
Trade creditors		4,626	2,204
Accrued expenditure		19,573	10,835
Payables from non-exchange transactions	Note 4	11,482	4,284
Payments received in advance		11,482	4,284
		85,418	47,133

Conditional grants and receipts:

The use of these funds is 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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

14 CASH AND CASH EQUIVALENTS (continued)

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 an AA long-term SA National scale ratings 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.

15 REVENUE	2022/23 R'000	2021/22 R'000
An analysis of the entity's revenue is as follows:		
Rendering of services:		
National Departments	58,675	43,499
Provincial Departments	428,050	353,908
Interest earned:		
Finance lease receivables	393,501	356,547
	880,225	753,955
An analysis of the entity's revenue as per:		
Kilometre tariffs	420,407	340,676
Daily tariffs	66,318	56,731
Interest earned	393,501	356,547
	880,225	753,955

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	11,590	7,402
Parking income		10	1
Total Other Income		11,600	7,403

16.1 Analysis of profit on sale of vehicles and stolen vehicles recovered

Profit on vehicle sales and extras	11,590	7,402
	11,590	7,402

17 INTEREST EARNED

Bank account	Note 17.1	58,239	42,216
Investments	Note 17.2	24,527	20,993
Accounts receivable	Note 17.3	160	40
Total Interest Earned		82,927	63,248

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 3.75% to 7.25% (2021/22: 3% to 3.75%).

Interest earned - Nedbank primary account	58,239	42,216
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GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 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:		
Corporation of Public Deposits	4.27% to 7.34%	3.81%
Standard Bank	-	5.262%
Interest earned:		
Corporation of Public Deposits	24,527	176
Standard Bank	-	20,817
Total interest earned - Investments	24,527	20,993
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 the year ended 31 March 2023 varied from 7.5% to 10.75% (2021/22: 7% to 7.5%).		
Interest earned - Accounts receivable	160	40
Total Interest Earned	82,927	63,248
18 GOVERNMENT GRANTS AND SUBSIDIES RECEIVED		
Conditional Grants		
Grants from Provincial Departments	7,200	9,178
Department of Agriculture	-	550
Department of Police Oversight and Community Safety	-	3,255
Department of Economic Development and Tourism	128	-
Western Cape Government Health and Wellness	2,533	4,891
Western Cape Education Department	4,539	482
Grants from Other stakeholders:	207	452
Paid up value - Judges vehicles	207	452
Government Grants and Subsidies received from exchange transactions	7,408	9,629
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 2023

		2022/23 R'000	2021/22 R'000
19 SERVICES IN-KIND			
Services in-kind benefit revenue	Note 19.1	11,802	10,724
Services in-kind benefit revenue - accommodation		11,802	10,724
19.1 Services in-kind benefit revenue - accommodation		11,802	10,724
In-kind benefit for leased property	Note 35.1.1	1,253	1,160
In-kind benefit for properties owned		10,550	9,564

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 2023.

20 ADMINISTRATIVE EXPENSES

Bank charges		4,334	6,621
Fees for services			
- Housing and hosting		6,910	3,524
Software usage	Note 20.1	-	3,559
- Ignition software		-	316
- Intelligent Transport System		-	3,243
Legal fees		62	64
License and software support fees		8,410	9,536
Other administrative expenses		144	54
Stationery and printing		710	569
Training and staff development		20	55
Travel and subsistence		457	705
Total Administrative expenses		21,047	24,687

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.

20.1 Software usage

The ignition software was used during the initial stages of the Red Dot project to integrate the systems of Western Cape Government Health and Wellness with the Red Dot system. The Intelligent Transport System was used for transportation planning of people.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
21 EMPLOYEE COSTS		
Salaries		
Basic salaries	35,744	29,484
Periodic payments	2,599	2,416
Other non-pensionable allowances	5,260	5,044
Injury on duty	3	-
Overtime and long service awards	129	63
Social contributions		
Medical	3,681	3,033
Official unions and associations	15	12
Pension	4,559	3,903
Defined Benefit Plan expense (see note 1):		
Current service cost	31	39
Interest cost	48	73
Net actuarial gains recognised	16	(171)
Early retirement - cost to GMT	710	1,203
Total Employee costs	52,795	45,099

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.

The increase in the Employee Costs is due to the increase in the number of officials employed by the entity and the effective annual salary increases. On 31 March 2023, GMT had 140 employees (31 March 2022: 112).

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 2023					
Personnel members appointed as SMS members (including those appointed in acting capacities) within Government Motor Transport					
Chief Director: Government Motor Transport	938	515	21	122	1,597
Director: Fleet Finance	797	258	-	104	1,159
Director: Fleet Services	725	176	6	94	1,002
TOTAL (SMS members)	2,461	950	27	320	3,757

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GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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	698	150	-	91	939
Deputy Director: Management Support Services	212	72	-	28	312
Acting Deputy Director: Management Support Services	271	171	35	35	512
Acting Deputy Director: Fleet Risk Management	390	145	-	51	586
Deputy Director: Internal Control	220	47	8	29	305
Deputy Director: Management Accounting	551	195	-	72	818
Acting Deputy Director: Fleet Operations	416	123	12	54	605
Acting Deputy Director: Fleet Repairs and Maintenance	410	71	20	53	554
TOTAL (other management personnel)	3,169	974	75	412	4,630
TOTAL (management remuneration for the year ended 31 March 2023)	5,630	1,924	102	732	8,387

*

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. A Janse van Rensburg acted as Director: Fleet Services (4 April 2021 to 31 March 2022)
- i Mrs. J Henn was appointed as Deputy Director: Management Support Services (1 April 2022 to 15 July 2022)
- j Mr. C Kriegler acted as Deputy Director: Management Support Services (16 July 2022 to 31 March 2023)
- k Mr. P Williams acted as Deputy Director: Fleet Risk Management (1 April 2022 to 30 June 2022 and 4 July 2022 to 31 March 2023)
- l Mrs. G Hartley was appointed as Deputy Director: Internal Control (1 April 2022 to 31 July 2022)
- m Mr. JC Fourie acted as Deputy Director: Fleet Operations (4 April 2022 to 30 September 2022 and 3 October 2022 to 31 March 2023)
- n Mr. S Tyman acted as Deputy Director: Fleet Repairs and Maintenance (1 April 2022 to 30 September 2022, 3 October 2022 to 30 December 2022 and 9 January 2023 to 30 March 2023)
- o Mr. A Janse van Rensburg was appointed as Director: Fleet Services on a permanent basis from 1 December 2022

Consist of SMS car allowance, Public Service Co-ordinating Bargaining Council contributions, General Public Service Bargaining Council / Public Health and Welfare Sector Bargaining Council contributions, non-pensionable cash allowance and component of remuneration package, acting allowance and thirteenth cheques

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
22 OPERATING EXPENDITURE		
Consultant, contractors and special services	45,186	59,866
- Audit fees - regulatory and ICT audits	3,098	3,351
- Computers and systems service providers:		
Support staff: scan centre	3,434	3,522
System maintenance: xECM	1,011	2,056
Systems Architecture and Integration	3,119	2,592
Support services: Operations	6,307	9,955
Business Analyst(s)	2,034	3,623
Fleet Finance: system maintenance and support	3,250	7,221
FleetBase: system maintenance and support	4,729	5,645
Development operations management	552	1,412
Linux support	232	225
Life Event Management System support	1,662	-
Fleet Management Information: system maintenance and support	-	360
Fleet Client: system maintenance and support	221	349
Database administrator: system maintenance and support	1,259	1,226
- Security services	767	-
- Consultant fees - contracted accountants	1,239	1,082
- Consultant fees - change management	317	914
- Consultant fees - project management	3,064	2,710
- Consultant fees - research and advisory services	8,864	13,599
- Consultant fees - competency based assessments	10	-
- Other services (including medical and cleaning services)	15	25
Maintenance, repairs and running costs	370,729	315,093
- Machinery, equipment and vehicles: repairs and maintenance	93,185	88,011
- Vehicles: cleaning (Covid-19)	19	266
- Vehicles: sanitising (Covid-19)	270	12,955
- Vehicles: foggers (Covid-19)	-	672
- Machinery, equipment and vehicles: losses due to fuel theft	4,527	-
- Machinery, equipment and vehicles: fuel and oil	272,728	213,189
Loss on sale of property, plant and equipment; and stolen vehicles	3,098	2,261
Loss on finance lease receivables	3,911	10,018
Loss on retirement of other property, plant, equipment and intangible assets	137	-
Other operating costs of associated to leases and re-fuelling	26,303	27,185
Services in-kind	11,802	10,724
Motor vehicle license fees	5,799	5,083
Third party claims	1,471	1,091
Stores and consumables	167	434
Communication costs	97	84
Data costs	5	150
Courier and delivery charges	16	15
	468,722	432,004

Additional narratives:

^ This expenditure are losses with the estimated total value of R4,526,692 due to theft pertaining to the use of fuel cards. It is impractical to determine the exact monetary amount as these cases are still under investigation by various bodies, including GMT, SAPS and Provincial Forensic Services. The outcome of these investigations will determine (amongst other) whether the amounts are Fruitless and Wasteful of nature and then subsequently be disclosed in note 37 to these financial statements.

^^ Other operating costs associated to leases and re-fuelling consist of the following:

Maintenance, support and other services	10,081	10,962
Operating systems	10,916	10,916
SIM card subscription	3,359	3,359
Management fee	1,948	1,948
	26,303	27,185

GOVERNMENT MOTOR TRANSPORT
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000
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	93,153	87,972
	- General maintenance and services	62,561	64,560
	- Tyres, tubes and associated maintenance	14,202	10,060
	- Glass repairs	1,691	1,256
	- Accident repairs	11,972	8,648
	- Exhaust repairs	223	108
	- Shocks	440	854
	- Batteries	2,064	2,486
	Plant and Equipment	32	39
	- Computer equipment	8	3
	- Office Equipment	4	-
	- Security Equipment and Systems	-	26
	- Containers	19	-
	- Office furniture and fittings	-	8
	- Linen and Soft Furnishings	-	2
		93,185	88,011
22.2	Analysis of loss on sale of vehicles or stolen vehicles		
	Loss on vehicle sales	2,583	1,730
	Stolen vehicles	515	531
		3,098	2,261

Two Volkswagen Polos and one Hyundai Accent were stolen during the year under review and one Toyota Quantum during the 2021/22 financial year. 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 2023

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.

Linux support
Support services to business in the Linux open source software.

Life Event Management System support
Support services to business for the Life Event Management System.

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.

Security Services
Contracted services to provide security at some of GMT's operational sites.

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.

Consultant fees - competency based assessments
Costs associated to competency based assessments during the recruitment processes.

Other services
Other services required on an ad-hoc basis e.g. removal services during relocation.

		2022/23 R'000	2021/22 R'000
23	DEPRECIATION		
	Plant and equipment	Note 7	1,931
	Vehicles	Note 7	21,100
		23,030	20,572
24	AMORTISATION		
	Intangible asset - FleetMan	Note 8.1	3,263
	Intangible asset - Oracle financial system	Note 8.2	6,919
		10,182	8,448

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000	
25	FINANCE COSTS			
	No finance costs were incurred during the year under review (2021/22: Rnil).			
26	ACCIDENTS AND IMPAIRMENT LOSSES			
26.1	Impairment losses on fixed assets			
	Impairment losses recognised:			
	Property, plant and equipment	Note 26.3.1	4,058	3,550
	- Vehicles		4,058	3,548
	- 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 26.3.2	289	-
	- Provision for bad debt		289	-
26.2.2	Impairment losses recognised:			
	Receivables from Exchange transactions	Note 26.3.3	517	133
	- Bad debt written off		-	133
	- Provision for bad debt		517	-
			4,863	3,683
26.3	The following events and circumstances resulted in the recognition of impairment losses:			
26.3.1	Property, plant and equipment		4,058	3,550
	- Vehicles		4,058	3,548
	- Plant and Equipment		-	

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 the 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 provide 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 2023

	2022/23 R'000	2021/22 R'000
26.3.2 Receivables from Non-exchange transactions		
- Fleet Risk Debtors	289	-
GRAP 104 requires that entities shall disclose by class of financial instrument the maximum credit risk exposure. For 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.		
26.3.3 Receivables from Exchange transactions		
- Receivables from Exchange transactions	517	133
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. 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 2022/23 year correspond to the 2021/22 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 2023 has 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 was 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 2023

		2022/23 R'000	2021/22 R'000
27 GRANTS AND SUBSIDIES PAID			
Funds transferred to the Provincial Revenue Fund		-	150,000
		-	150,000
<i>Funds transferred</i>			
Government Motor Transport transferred funds to the Provincial Revenue Fund on 29 March 2022. No transfers were done during 2022/23.			
28 CALCULATION OF CASH FLOW			
28.1 Charges for services provided	Note		
Revenue	15	880,225	753,955
Decrease/(increase) in trade receivables from exchange transactions	12	1,556	(9,627)
Opening balance of trade receivables from exchange transactions		48,685	39,059
Closing balance of trade receivables from exchange transactions		(47,129)	(48,685)
Less: Interest earned on finance lease receivables	15	(393,501)	(356,547)
Debtors adjustment (Daily Tariffs on Finance Lease Receivables)	12.1	4,171	(15,053)
Opening Balance		25,314	10,261
Closing Balance		(21,143)	(25,314)
Payments received in advance	3	(35)	(983)
Opening balance of payables from exchange transactions		(37)	(1,020)
Closing balance of payables from exchange transactions		2	37
		492,416	371,744
28.2 Other receipts			
Other income	16	11,600	7,403
(Increase)/decrease in trade receivables from non-exchange transactions	13	(24,860)	22,368
Opening balance of trade receivables from non-exchange transactions		7,113	29,480
Closing balance of trade receivables from non-exchange transactions		(31,972)	(7,113)
Adjustment for:			
Profit on disposal of property, plant and equipment	16	(11,590)	(7,402)
Transactions entered into by GMT on behalf of client institutions	13	20,011	(16,274)
Opening balance of sundry debtors		(6,242)	(22,516)
Closing balance of sundry debtors		26,253	6,242
Pre-payment of software License fees	13	5,132	(6,212)
Opening balance of sundry debtors		(300)	(6,512)
Closing balance of sundry debtors		5,433	300
Employees with leave debits	13	2	5
Opening balance of sundry debtors		(8)	(3)
Closing balance of sundry debtors		10	8
		296	(112)
28.3 Interest earned			
Interest earned	17	82,927	63,248
28.4 Government grants and subsidies received			
Government grants and subsidies received	18	7,408	9,629
Increase in unspent conditional grants and receipts		19,927	5,567
Opening balance of unspent conditional grants and receipts	5	(29,809)	(24,242)
Closing balance of unspent conditional grants and receipts	5	49,737	29,809
Adjustment for:			
Vehicles and equipment procured as procuring agent		1,412	1,561
- Department of Agriculture	5.1.1	644	-
- Department of Social Development	5.1.5	768	1,561
		28,747	16,757
28.5 Transactions entered into by GMT on behalf of client institutions			
(Increase)/decrease in trade receivables from non-exchange transactions			
Opening balance of sundry debtors	13	6,242	22,516
Closing balance of sundry debtors	13	(26,253)	(6,242)
		(20,011)	16,274

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000
28.6 Employee costs	Note		
Employee costs	21	(52,795)	(45,099)
Increase/(decrease) in provisions - Contributions to provisions		855	(59)
Employee benefit liabilities	1	95	(48)
Capped leave	2	50	5
Current provisions	6	710	(16)
Cash payments made against provisions - Expenditure incurred			
Current provisions	6	(21)	(294)
Increase/(decrease) in Payables from Exchange transactions - Employee cost		561	(415)
Opening balance of staff leave accrued	3	(2,306)	(2,651)
Opening balance of staff bonuses	3	(1,071)	(1,142)
Closing balance of staff leave accrued	3	2,596	2,306
Closing balance of staff bonuses	3	1,342	1,071
Employees with leave debits	13	(2)	(5)
Opening balance of sundry debtors		8	3
Closing balance of sundry debtors		(10)	(8)
		(51,401)	(45,873)
28.7 Suppliers paid			
Operating expenditure	22	(468,722)	(432,004)
(Increase)/decrease in inventories		(83)	108
Opening balance of inventory	11	55	163
Closing balance of inventory	11	(138)	(55)
Increase/(decrease) in payables from exchange transactions		62,242	(42,070)
Opening balance of payables from exchange transactions	3	(50,033)	(93,501)
Closing balance of payables from exchange transactions	3	112,800	50,033
Excluding payments received in advance			
Opening balance of payables from exchange transactions	3	37	1,020
Closing balance of payables from exchange transactions	3	(2)	(37)
Excluding movement in Payables from Exchange transactions - Employee cost			
Opening balance of staff leave accrued	3	2,306	2,651
Opening balance of staff bonuses	3	1,071	1,142
Closing balance of staff leave accrued	3	(2,596)	(2,306)
Closing balance of staff bonuses	3	(1,342)	(1,071)
Adjustment for:			
Loss on Finance Lease Receivables	22	3,911	10,018
Vehicles moved from GMT to client institutions	7	78,579	62,014
Vehicles moved from client institutions to GMT	7	(56,262)	(35,272)
Finance Lease Receivables - Vehicles moved from GMT to client institutions		(78,975)	(57,145)
Finance Lease Receivables - Vehicles moved from client institutions to GMT		54,607	36,235
Finance Lease Receivables - Stolen vehicles		1,587	1,225
Finance Lease Receivables - Vehicles sold		4,374	2,961
Operating expenditure - services in-kind	22	11,802	10,724
Loss on disposal of property, plant and equipment	22	3,235	2,261
		(387,615)	(450,962)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000
28.8 Other payments	Note		
Administrative expenses	20	(21,047)	(24,687)
Depreciation	23	(23,030)	(20,572)
Amortisation	24	(10,182)	(8,447)
Accidents and Impairment losses	26	(4,863)	(3,683)
Grants and subsidies paid	27	-	(150,000)
Operating leases	34	(27,292)	(33,953)
		(86,415)	(241,343)
Adjustment for:		37,270	32,570
Depreciation - property, plant and equipment	23	23,030	20,572
Amortisation - intangible assets	24	10,182	8,448
Impairment losses on property, plant and equipment	26.1	4,058	3,550
Increase/(decrease) in payables from Non-exchange transactions		7,198	(237)
Opening balance of payables - Payments in advance	4	(4,284)	(4,522)
Closing balance of payables - Payments in advance	4	11,482	4,284
(Decrease) in payables from Non-exchange transactions		-	(182)
Opening balance of payables - other creditors	4	-	(182)
Closing balance of payables - other creditors	4	-	-
(Increase)/decrease in trade receivables from non-exchange transactions			
Pre-payment of software License fees	13	(5,132)	6,212
Opening balance of sundry debtors		300	6,512
Closing balance of sundry debtors		(5,433)	(300)
		(47,079)	(202,981)
28.9 Vehicles and equipment procured as procuring agent			
- Department of Agriculture	5.1.1	(644)	-
- Department of Social Development	5.1.5	(768)	(1,561)
		(1,412)	(1,561)
28.10 RECONCILIATION OF CASH GENERATED FROM OPERATIONS			
Surplus for the year		386,030	126,511
Adjustment for:			
Revenue - services in-kind		(11,802)	(10,724)
Operating expenditure - services in-kind		11,802	10,724
Depreciation - property, plant and equipment		23,030	20,572
Amortisation - intangible assets		10,182	8,447
Interest earned on finance lease receivables		(393,501)	(356,547)
Loss on Finance Lease Receivables		3,911	10,018
Finance Lease Receivables - Vehicles moved from GMT to client institutions		(78,975)	(57,145)
Finance Lease Receivables - Vehicles moved from client institutions to GMT		54,607	36,235
Finance Lease Receivables - Stolen vehicles		1,587	1,225
Finance Lease Receivables - Vehicles sold		4,374	2,961
PPE: Vehicles moved from GMT to client institutions		78,579	62,014
PPE: Vehicles moved from client institutions to GMT		(56,262)	(35,272)
Impairment losses - vehicles		4,058	3,550
Increase in provision for doubtful debts - Non-exchange		289	-
Loss on disposal of property, plant and equipment		3,235	2,261
Profit on disposal of property, plant and equipment		(11,590)	(7,402)
Increase/(decrease) in provisions		855	(59)
Increase in provision for doubtful debts - Exchange		517	-
Operating cash flows before working capital changes		27,016	(192,648)
Working capital changes		69,850	(40,818)
(Increase)/decrease in inventories		(83)	108
Decrease/(increase) in trade receivables from exchange transactions		5,210	(24,679)
(Increase)/decrease in trade receivables from non-exchange transactions		(25,149)	22,367
Increase/(decrease) in payables from non-exchange transactions		7,198	(420)
Increase/(decrease) in payables from exchange transactions		62,767	(43,468)
Increase in unspent conditional grants and receipts		19,927	5,567
Cash payments made against provisions		(21)	(294)
Cash generated from operations		96,866	(233,467)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000
	Note		
28.11	Proceeds on disposal of Property, Plant and Equipment and Intangible Assets		
	Carrying value of PPE disposals	7 31,443	24,247
	Carrying value of stolen vehicles	7 515	531
	Intangible Assets: Internal Development - Retirements	8 22	-
	Adjustment for:		
	Profit on disposal of property, plant and equipment	16 11,590	7,402
	Stolen vehicle recovered	7 (90)	-
	Loss on disposal of Property, Plant and Equipment and Intangible Assets	22 (3,235)	(2,261)
		40,246	29,918
28.12	Acquisition of property, plant and equipment		
	PPE additions at cost	7 (309,926)	(97,329)
28.13	Intangible Assets - development cost capitalised		
	Software application acquired	8 -	(220,000)
	Internal Development - Cost capitalised	8 (3,211)	(3,870)
	Intangible assets under development	8 (24,702)	(3,173)
		(27,913)	(227,043)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000
28.14 Increase in finance lease receivables			
(Increase)/decrease in Finance Lease Receivables Current and Non-current	10	(111,964)	(69,387)
Opening balance of Finance Lease Receivables Non-Current		805,906	759,765
Opening balance of Finance Lease Receivables Current		139,380	116,134
Closing balance of Finance Lease Receivables Non-Current		(879,743)	(805,906)
Closing balance of Finance Lease Receivables Current		(177,507)	(139,380)
Loss on Finance Lease Receivables		18,406	16,724
Finance Lease Receivables - Vehicles moved from GMT to client institutions		78,975	57,145
Finance Lease Receivables - Vehicles moved from client institutions to GMT		(54,607)	(36,235)
Finance Lease Receivables - Stolen vehicles		(1,587)	(1,225)
Finance Lease Receivables - Vehicles sold		(4,374)	(2,961)
Interest earned on Finance Lease Receivables	15	393,501	356,547
Debtors' adjustment (Daily Tariffs on Finance Lease Receivables)	12.1	(4,171)	15,053
Opening balance		(25,314)	(10,261)
Closing balance		21,143	25,314
		295,772	318,937

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	1,637,755	1,542,710
	1,637,755	1,542,710

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 R27,455 for the year (2021/22: R126,949) in respect of claims made against GMT as at 31 March 2023 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 2023 amounts to R3,358,609. A contingent liability of R3,331,154 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:

Property, plant and equipment	Note 32.2	861,955	479,291
Intangible assets		786,291	479,291
		75,664	-
Total capital commitments		861,955	479,291

This expenditure will be financed from:

Own resources	861,955	479,291
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32.2 Analysis of capital commitments

The amount of contractual commitments for the acquisition of property, plant and equipment is detailed below:

Vehicles:		785,640	478,437
New vehicle purchases		747,639	450,095
Conversion of vehicles		28,449	18,214
Extras fitted to vehicles		9,552	10,128
Plant and Equipment:		651	854
Office Equipment		651	851
Office Furniture and Fittings		-	3
Total for property, plant and equipment		786,291	479,291

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 2023

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

Eight claims with a total estimated value of R185,011 were issued to GMT after 31 March 2023 (31 March 2022: Five claims with a total estimated value of R164,061 was issued to GMT after 31 March 2022 for the comparative reporting period).

33.1.3 Damages/Losses - government vehicles

221 cases were registered after 31 March 2023 with a probable loss amount of R1,370,086 (31 March 2022: 227 cases were registered after 31 March 2022 with a probable loss amount of R1,347,620 for the comparative reporting period).

33.1.4 Compliance to governance prescripts for procurement done through transversal contracts

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

33.1.5 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. GMT operates as a trading entity under the administration of the Department of Mobility with effect from 1 April 2023.

33.1.6 Appointment of management personnel

Management personnel are considered to be all persons within DTPW structures who are responsible for planning, directing and controlling activities of GMT. All officials appointed in an acting and permanent capacity on salary level 11 and above are considered to meet this criteria. In addition, persons within DTPW who are responsible for these activities are also considered to be management personnel.

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

Management members and position of appointment	Period of appointment	Planning, directing and controlling activities
Mr. S Tyman - Deputy Director: Fleet Repairs and Maintenance	3 April 2023 to 30 June 2023	Oversee the client care centre, Coordinate the repair and maintenance of the fleet, Provide a fleet quality assurance services, Manage the registration of vehicle related suppliers and process their invoices
Mr. JC Fourie - Acting Deputy Director: Fleet Operations	3 April 2023 to 30 September 2023	Plan, acquire, convert, fit and prepare the fleet, Render an effective general vehicle rental service, Provide fleet administration services
Mr. P Williams - Acting Deputy Director: Fleet Risk Management	2 April 2023 to 31 May 2023	Manage and administer accidents and claims in favour of the State, Manage and administer fleet and non-vehicle losses, Manage and administer third party accidents and claims against the State, Manage the risk regarding drivers of GMT vehicles
Mr. C Kriegler - Acting Deputy Director: Management Support Services	4 April 2023 to 30 June 2023	Manage facilities and coordinate business planning, marketing and communications, Provide office support services, Render an ICT management service

Financial implication per month (Rand)

The financial implication for the appointment of officials in higher posts are as follows:

* Mr. S Tyman	-
Mr. JC Fourie	10,491
* Mr. P Williams	-
Mr. C Kriegler	15,102

* acting without additional remuneration earned from the official's current position of employment

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

33 EVENTS AFTER THE REPORTING DATE (continued)

33.1 Non-adjusting events

33.1.7 Occupation of Paarden Eiland, Cape Town site

On 1 April 2023 GMT occupied a building and site of 5 943m² in Paarden Eiland, Cape Town. The building and site is owned by the Western Cape Department of Transport and Public Works and occupied at no cost to GMT. The building and site are considered significant as per GRAP 23 for the operations of GMT and will be disclosed as a service in-kind benefit under note 19 with effect from the 2023/24 financial year.

The financial implications cannot be determined reliably at this reporting date due to the property occupation reports not being available yet for the envisaged period of occupation during the subsequent period.

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:

2023/24: 4.40%

2024/25: 4.45%

2025/26: 4.48%

Annual increase beyond the 2027 financial year: 4.443% (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:

2023/24: 4.42%

2024/25: 4.45%

2025/26: 4.48%

Annual increase beyond the 2027 financial year: 4.45% (average of the previous 3 financial years).

The daily tariffs in 2022/23 were increased at an annual rate of 2% from 2021/22 pricing levels.

The effect on amounts receivable under finance leases receivables:

Amounts receivable under finance leases:

Within one year

In the second to fifth years, inclusive

Over five years

Less: Unearned Future Finance Income

Present Value of Minimum Lease Receivables

Minimum Lease Receivables

2022/23

R'000

**MTEF (4.42%) tariff
increase in 2024**

2022/23

R'000

**4.4% tariff increase in
2024**

563,720

1,451,093

12,744

2,027,556

970,244

1,057,313

563,628

1,450,903

12,065

2,026,597

969,347

1,057,250

Present Value of Minimum Lease Receivables

2022/23

R'000

**MTEF (4.42%) tariff
increase in 2024**

2022/23

R'000

**4.4% tariff increase in
2024**

177,516

870,637

9,160

1,057,313

177,507

870,584

9,159

1,057,250

Amounts receivable under finance leases:

Within one year

In the second to fifth years, inclusive

Over five years

Present Value of Minimum Lease Receivables

The effect on Interest earned on finance lease receivables in 2022/23.

Interest earned:

Finance Lease Receivables

393,565

393,501

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

33 EVENTS AFTER THE REPORTING DATE (continued)

33.2.2 Settlement of cases

One claim was settled in terms of an agreed payment after the reporting date but before the financial statements were issued and amounts to R27,455 (31 March 2022: four claims amounting to R126,949).

33.2.3 Refunds to client institutions

Refunds were made by GMT to the client institutions listed below for kilometer- and daily tariffs as well as a third party claims. Reasons varying from the capturing of odometer meter readings, closing of bookings and processing of settlements resulted in some amounts being settled by the client institutions in excess of the actual activity.

Refund amount (Rand)

Western Cape Government Health and Wellness	84,279
Department of Social Development	44,960
Western Cape Education Department	257,217
Cape Nature	1,985
	<u>388,441</u>

33.2.4 Condonement of irregular expenditure

Provincial Treasury condoned irregular expenditure on 26 May 2023. Refer to note 37.3 for details of the expenditure.

34 OPERATING LEASE ARRANGEMENTS

GMT as Lessor:

Leasing arrangements:

The trading activities of GMT's focus are 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 for vehicles classified as operating leases and leased to client institutions from the general hire pool as well as permanently allocated vehicles classified as operating leases. 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:

	2022/23 R'000	2021/22 R'000
Up to 1 year	236	215
2 to 5 years	219	407
More than 5 years	-	-
Total future minimum lease payments	455	623

Note 34.1.1

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

34 OPERATING LEASE ARRANGEMENTS (continued)

	2022/23 R'000	2021/22 R'000
34.1 Commitments under non-cancellable operating leases for future minimum lease payments		
34.1.1 Office equipment		
Up to 1 year	236	215
2 to 5 years	219	407
More than 5 years	-	-
Total future minimum lease payments	455	623
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	27,292	33,953
Contingent rentals	-	-
Total Operating Lease Expenses - as Lessee	27,292	33,953
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	27,292	33,953
Operating lease payments affected	(27,292)	(33,953)
Total Operating Lease Liabilities	-	-
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 RT3-2022.		
34.2 Operating expenses recorded		
An analysis of the operating expenses recorded is detailed below:		
Vehicle tracking units	22,497	24,409
Variable injection timing units	4,567	9,471
Office equipment	228	73
Total operating expenses recorded	27,292	33,953

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 R6,865,630 (incl. VAT) (2021/22: R28,219,952 incl. VAT)
Erf 3472, York Road, George R41,023 (2021/22: Rnil)

The Western Cape Department of Transport and Public Works incurred lease expenditure of R1,252,901 during the year (2021/22: R1,160,094) 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:

		2022/23 R'000	2021/22 R'000
35.1.2.1 Revenue and expenditure			
Revenue			
Transport claims		102,439	85,458
Kilometre tariffs		51,012	38,482
Daily tariffs		51,427	46,975
Interest earned on finance lease receivables		37,504	33,705
Services in-kind	Note 19	11,802	10,724
		151,745	129,887
Expenditure			
License fees	Note 22	5,799	5,083
Services in-kind	Note 19	11,802	10,724
		17,601	15,807

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	2022/23 R'000	2021/22 R'000
35.1.2.2 Other receipts, payments and balances receivable/due for mobility solutions		
Receipts and balances receivable		
Reimbursable income	78,404	148,031
Reimbursements for mobility solutions	1,229	346
Reimbursements for in-vehicle technology equipment, fitment- and other devices	17,050	83,259
Reimbursements for in-vehicle technology licenses, maintenance and support	39,327	10,553
Reimbursements for alternative energy solutions	191	-
Reimbursements for settlement of tracking and related services	20,607	53,874
Balances due to GMT and excluded from the receipts listed in note 35.1.2.2 above:		
Receipts during prior reporting periods:	11,482	4,284
Opening balance on 1 April	4,284	4,522
Funds received not allocated against expenditure yet	3,851	-
Allocation against receipts during the financial year	3,347	(237)
Receivables from non-exchange transactions - Sundry Debtors	26,253	6,242
Reimbursements for settlement of tracking and related services	21,009	4,334
Reimbursements for in-vehicle technology equipment, fitment- and other devices	5,244	1,907
Total of other receipts and balances receivable	116,139	158,558
Payments and balances due		
Reimbursable expenses	(54,014)	(134,992)
Reimbursements for mobility solutions	(1,229)	(346)
Reimbursements for in-vehicle technology equipment and other devices	(2,657)	(77,204)
Reimbursements for in-vehicle technology licenses, maintenance and support	(33,115)	(5,550)
Reimbursements for settlement of tracking and related services	(17,013)	(51,893)
Balances due by GMT and excluded from the payments listed in note 35.1.2.2 above:		
Payables from exchange transactions - Accrued expenditure	(46,017)	(17,076)
Reimbursements for tracking and related services	(21,530)	(6,315)
Reimbursements for in-vehicle technology equipment, fitment and other	(14,392)	(5,758)
Reimbursements for in-vehicle technology licenses, maintenance and support	(9,903)	(5,003)
Reimbursements for alternative energy solutions	(191)	-
Refer to note 3.1		
Payables from non-exchange transactions - Payments received in advance	(11,482)	(4,284)
Trade creditors	(4,626)	(2,204)
Opening balance on 1 April	(2,204)	-
New liability raised during the year	(4,626)	(2,204)
Allocation against liability during the financial year	2,204	-
Total of other payments and balances due	(116,139)	(158,558)
35.1.2.3 Settlements made on behalf of GMT for reimbursement - employee costs		
Settlements for employee costs	51,437	45,689
Total of other receipts and balances receivable	51,437	45,689
Payments and balances due		
Reimbursable expenses	(42,360)	(41,937)
Reimbursements for employee costs	(42,360)	(41,937)
Payables from exchange transactions - Accrued expenditure	(9,078)	(3,752)
Total of other payments and balances due	(51,437)	(45,689)
Total other receipts and balances receivable due to mobility solutions and employee costs	167,577	204,247

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

		2022/23 R'000	2021/22 R'000
35	RELATED PARTY DISCLOSURES (continued)		
	Total other payments and balances due to mobility solutions and employee costs	(167,577)	(204,247)
	Reimbursive income and reimbursive expenditure does not meet the definitions of revenue and expenses as stated in GRAP 1. These items are thus disclosed under other payments and other receipts.		
35.1.2.4	Balances included under assets as at the reporting date		
	Finance lease receivables	92,834	94,927
	Trade receivables from exchange transactions	4,731	9,759
	Receivables from non-exchange transactions Note 13	26,253	6,242
		123,818	110,928
35.1.2.5	Balances included under liabilities as at the reporting date		
	*Payables from non-exchange transactions Note 4	11,482	4,284
	**Unspent conditional grants and receipts Note 5.1.6	21,704	1,273
		33,186	5,557
	*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.		
35.1.2.7	Transfer of the Life Events Management System instance to GMT		
	Refer to note 8.6 for a narrative on the transfer of the instance from the Department of Transport and Public Works to GMT.		
35.2	Related party relationships		
	The persons listed in notes 35.2.1 and 35.2.2 are considered 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. Tertuis Simmers - Executive Authority - Department of Transport and Public Works		
	Mr. Daylin Mitchell - Provincial Minister of Transport and Public Works (elected as Speaker of the Western Cape Provincial Parliament on 12 December 2022)		
	Dr. Ivan Meyer - Provincial Minister of Transport and Public Works (acting)		
	Mr. Ricardo MacKenzie - Provincial Minister of Mobility (elected during February 2023, with effect from 1 April 2023)		
	Ms. Jacqueline Gooch - Head of Department		
	Adv. Chantal Smith - Deputy Director General: Finance		
	Adv. Kyle Reinecke - Deputy Director General: Transport Management		

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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. A. Janse van Rensburg acted as Director: Fleet Services

Other members of management personnel (including on acting capacities)

Mrs. Kathy Proctor Fourie - Deputy Director: Financial Accounting
* Mr. C Kriegler acted as Deputy Director: Management Support Services
* Mrs. Gadija Hartley - Deputy Director: Internal Control
Mrs. Bianca Hendricks - Deputy Director: Management Accounting
* Mrs. J Henn - Deputy Director: Management Support Services
* Mr. P Williams acted as Deputy Director: Fleet Risk Management
* Mr. S Tyman acted as Deputy Director: Fleet Repairs and Maintenance
* Mr. JC Fourie acted as Deputy Director: Fleet Operations

* refer to note 21 for periods of appointment in management capacities (assume that personnel not indicated with an asterisk were appointed during the entire reporting period)

35.2.3 Remuneration of 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 Executive Authority, Provincial Ministers, 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 the period. Refer to note 21 for the periods during which the officials were appointed as management members. The remuneration of family members is stated for periods during which officials served as management members.

	2022/23 R'000	2021/22 R'000
35.2.4.1 Remuneration of Mr. H. Janse van Rensburg (Administration Clerk: ICT Management Services)		
Basic salary	238	227
Other short-term benefits	55	53
Medical Aid Contribution	12	12
Pension Contribution	31	30
	336	322

Mr. A. Janse van Rensburg was appointed as Director: Fleet Services (and acting Director: Fleet Services) as indicated on note 21. 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	416	398
Other short-term benefits	123	90
Medical Aid Contribution	12	12
Pension Contribution	54	52
	605	552

Mrs. K Proctor Fourie was appointed as Deputy Director: Financial Accounting as indicated on note 21. 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	698	498
Other short-term benefits	150	66
Pension Contribution	91	65
	939	629

^

Mr. JC Fourie was appointed as Acting Deputy Director: Fleet Operations as indicated on note 21. Mrs. K Proctor Fourie is the spouse of Mr. JC Fourie.

^ the period during which Mr. JC Fourie as a management member during 2022/23 was longer than 2021/22, thus the period during which Mrs. K Proctor-Fourie earned remuneration as a related party to a management member during 2022/23 is longer than 2021/22.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 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
Other short-term benefits	-	31
Medical Aid Contribution	-	25
Pension Contribution	-	15
	-	190

Mrs. T Tennant was appointed as Acting Deputy Director: Management Support Services as indicated on note 21. 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
Other short-term benefits	-	7
Medical Aid Contribution	-	29
Pension Contribution	-	15
	-	171

Mrs. T Tennant was appointed as Acting Deputy Director: Management Support Services as indicated on note 21. 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 the period. Refer to note 21 for the periods during which the official was appointed as a management member. The remuneration of family members are stated for periods during which the official served as a management member.

Fees for data capturing services	345	94
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Mr. S Tyman acted as Deputy Director: Fleet Repairs and Maintenance as indicated on note 21. Mr. J Tyman is the son of Mr. S Tyman is contracted through a resource contracting company as a data capturer. 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 period which contracted and Mr. S Tyman acted as Deputy Director: Fleet Repairs and Maintenance.

35.2.6 Provision of early retirement - Mrs. K Proctor-Fourie (Deputy Director: Financial Accounting)

An amount of R429,677 is included in the amount of the early retirement provision in note 6. This is to provide for the early retirement of the official on 31 July 2023 without penalisation of pension benefits.

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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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:

		2022/23 R'000	2021/22 R'000
Financial Assets:	Classification		
Finance lease receivables (non-current portion)	Financial assets at amortised cost	879,743	805,906
Receivables from exchange transactions	Financial assets at amortised cost	47,129	48,685
Receivables from non-exchange transactions	Financial assets at amortised cost	26,540	6,813
Cash and cash equivalents	Financial assets at amortised cost	1,637,755	1,542,710
Finance lease receivables (current portion)	Financial assets at amortised cost	177,507	139,380
Total financial assets		2,768,674	2,543,494
Summary of financial assets:			
<i>Financial assets at amortised cost:</i>			
Finance lease receivables (non-current portion)		879,743	805,906
Finance lease receivables (current portion)		177,507	139,380
Receivables from exchange transactions		47,129	48,685
Receivables from non-exchange transactions		26,540	6,813
Cash and cash equivalents		1,637,755	1,542,710
Total Financial Assets		2,768,674	2,543,494

Financial Liabilities:

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

		2022/23 R'000	2021/22 R'000
Financial Liabilities	Classification		
Payables from exchange transactions			
Trade creditors	FLAC	16,155	3,477
Staff bonuses	FLAC	1,342	1,071
Overtime payable	FLAC	7	7
Accrued expenditure	FLAC	92,670	43,008
Sundry creditors	FLAC	27	127
Total financial liabilities		110,202	47,689
Summary of financial liabilities:			
<i>Financial liabilities at amortised cost (FLAC):</i>			
Trade creditors		16,155	3,477
Accrued expenditure		92,670	43,008
Overtime payable		7	7
Sundry creditors		27	127
Staff bonuses		1,342	1,071
Total Financial Liabilities		110,202	47,689

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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.

	2022/23 R'000	2021/22 R'000
Gearing ratio		
The gearing ratio at the end of the reporting period was as follows:		
Debt	176,748	86,021
Equity	3,469,690	3,083,660
Debt to equity ratio	5%	3%

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

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

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 an AA long-term SA National scale ratings 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.

	2022/23 R'000	2021/22 R'000
Maximum credit risk exposure		
Finance lease receivables (non-current portion)	879,743	805,906
Cash and cash equivalents	1,637,755	1,542,710
Receivables from exchange transactions	47,129	48,685
Receivables from non-exchange transactions	26,540	6,813
Finance lease receivables (current portion)	177,507	139,380
	2,768,674	2,543,494

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	239	48
More than 60 days and not more than 90 days	99	295
More than 90 days and not more than 120 days	2,873	3,770
Total	3,210	4,113

Financial assets past due

Receivables from Non-exchange Transactions:

More than 30 days and not more than 60 days	-	-
More than 60 days and not more than 90 days	4	-
More than 90 days and not more than 120 days	261	553
Total	264	553

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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
2022/23			
<i>Non-interest bearing:</i>			
Payables from non-exchange transactions	11,482	-	-
<i>Variable interest rate instruments:</i>			
Payables from exchange transactions	112,800	-	-
	124,282	-	-
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	-	-
	54,316	-	-

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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

	2022/23 R'000	2021/22 R'000
37 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
37.1 Unauthorised expenditure		
To the best of management's knowledge, no Unauthorised Expenditure was incurred during the year under review (2021/22: R nil).	-	-
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 current and previous reporting periods are disclosed in the narrative below.	-	-
Suspected fraud due to multiple instances of apparent cloned fuel cards	-	-
37.3 Irregular expenditure		
** To the best of management's knowledge, no Irregular Expenditure was incurred during the year under review (2021/22: R nil).	-	-

Additional narratives:

* The National Treasury issued the PFMA Compliance and Reporting Framework update during 2022/23. This requires that the movements in IFW&U are disclosed in the Annual Financial Statements, with reconciliations of the movements in the amounts disclosed in the Annual Report of the Entity. The amount previously disclosed as R199,000 will be disclosed in the Annual Report for 2022/23. Refer to note 22 for the narrative on losses under investigation for alleged fuel fraud.

** The opening balance of the 2021/22 financial year contains a balance amounting to R196,724 of confirmed Irregular Expenditure and was condoned by Provincial Treasury on 26 May 2023. The Irregular Expenditure originates from VAT which was removed from quotations to make it more comparative with non-VAT vendors.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

38.1.1 GOING CONCERN ASSESSMENT

The following factors are considered by management to determine the relevance of the going concern assumptions for which the financial statements were prepared on the 31 March 2023 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 2023 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 2023, 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 2023, the liquidity (cash to total liabilities) and solvency (total assets to total liabilities) ratios are multiples of that of industry standards. The entity has sufficient funding to settle its liabilities and commitments.

Strict daily cash management processes are embedded in the entity's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the budget. The cash management processes is complemented with monthly reporting completed in terms of s40 of the PFMA, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.

38.1.4 Budget

The budget for 2022/23 was tabled and accepted. This three-year Medium Term Revenue and Expenditure Framework is to support the on-going delivery of services to clients. The entity's budget is subjected to an assessment process. The budget is cash backed.

38.1.5 Revenue, cost base, and working capital management

GMT was able to realise a surplus for the year ended 31 March 2023 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 Provincial Treasury. The kilometre 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 is contained in the Services Levels Agreements which GMT entered with its various client institutions. The annual tariff adjustment for the 2023/24 financial year was approved on 31 March 2023 by Provincial Treasury.

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, those liabilities are settled within the agreed timeframes. Further, GMT's exposure to liabilities is 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 2023

38 GOING CONCERN (continued)

38.1.7 Tariff structures

GMT has the power to charge daily and kilometre tariffs for goods and services rendered. These tariffs are known and accepted.

38.1.8 Alternative revenue sources

GMT has various revenue streams consisting from Revenue, Profit on the sale of vehicles and PPE, Interest earned and; Grants and Subsidies Received. These are disclosed on the Statement of Financial Performance and the disclosure notes. The entity does not have an over dependency on the maximising a specific (or combination) of revenue streams. In the context of the above, GMT has an extensive client base which has been trading with the entity for an extensive period of time. GMT generated daily and kilometre tariffs from these client institutions, reflected in the Revenue earned on the Statement of Financial Performance.

Summary:

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the going concern basis. The entity has the intention, positioning and financial standing to continue its operations in providing goods and services to National and Provincial government clients institutions to meet their mobility requirements.

39 CORRECTION OF ERROR

39.1 STATEMENT OF CASH FLOWS

39.1.1 CASH FROM OPERATING ACTIVITIES

2021/22
R'000

39.1.1.1 OTHER RECEIPTS

Correction of cash flow from pre-payment of software license fees (disclosed under trade receivables from non-exchange transactions (note 13)), incorrectly accounted for under Other Receipts instead of Other Payments.

Correction of cash flow from employees with leave debits (disclosed under trade receivables from non-exchange transactions (note 13)), incorrectly accounted for under Other Receipts instead of Employee costs.

Total previously reported as at 31 March 2022:

6,094

Add:

Component	Detail
Pre-payments of software license fees	Less: Cash Flow from pre-payments of software license fees accounted for against Other Payments.
Employees with leave debits	Less: Cash Flow from employees with leave debits accounted for against Employee costs.

(6,212)

5

Restated total as at 31 March 2022

(113)

39.1.1.2 OTHER PAYMENTS

Correction of cash flow from pre-payment of software licence fees (disclosed under trade receivables from non-exchange transactions (note 13)), incorrectly accounted for under Other Receipts instead of Other Payments.

Total previously reported as at 31 March 2022:

(209,195)

Add:

Component	Detail
Pre-payments of software license fees	Add: Cash Flow from pre-payments of software license fees accounted for against Other Payments.

6,212

Restated total as at 31 March 2022

(202,983)

39.1.1.3 EMPLOYEE COSTS

Correction of cash flow from employees with leave debits (disclosed under trade receivables from non-exchange transactions (note 13)), incorrectly accounted for under Other Receipts instead of Employee costs.

Total previously reported as at 31 March 2022:

(45,868)

Add:

Component	Detail
Employees with leave debits	Less: Cash Flow from employees with leave debits accounted for against Employee costs.

(5)

Restated total as at 31 March 2022

(45,873)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 prior years which were available for use as at 31 March 2022 and 31 March 2023, are as follows:

Depreciation expense

Decrease in the depreciation expense for the year ended 31 March 2023	(797)
Increase in the depreciation expense for future periods after 31 March 2023	5,408
	4,610

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 2023, is as follows:

Revenue

Increase in interest earned on finance lease receivables for the year ended 31 March 2023.	50,349
Increase in interest earned on finance lease receivables after 31 March 2023.	345,370
	395,719

Amounts receivable under finance leases

Decrease in the present value of finance lease receivables for the year ended 31 March 2023.	(54,823)
Increase in the present value of finance lease receivables for future periods, after 31 March 2023.	54,823
	-

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 2023	(2,315)
Increase in the amortisation expense for future periods	2,315
	-

41 CHANGE IN ACCOUNTING POLICY

The Accounting Standards Board determines the accounting reporting framework for trading entities such as GMT. The application of accounting standards is outlined in Directive 9 of the accounting reporting framework, with reference to Directive 5 in determining the GRAP reporting framework.

The framework requirements were consistently applied and no changes were adopted during the reporting period, thus there were no changes to the accounting policies.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

42 ACCOUNTING BY PRINCIPALS AND AGENTS

GMT is a party to principal-agent arrangements.

Details of arrangements are as follows:

42.1 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 for 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:

2022/23: R 728,704 (2021/22: R 1,369,147)

Administration fees:

2022/23: R 2,070,677 (2021/22: R 5,250,628)

These fees are included under Administrative expenses. The period of the arrangements during the 2022/23 reporting period was from 1 October 2019 to 30 September 2022. The contract was extended for a further 21 months from 1 October 2022 to 30 June 2024. The service provider did not approach GMT for annual price increases since the inception of the contract on 1 October 2019, even though the contract made provision for increases in pricing. From 6 May 2022 the running costs of fuel, oil and toll was managed through a separate arrangement as detailed in note 4.4.

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 2023

42 ACCOUNTING BY PRINCIPALS AND AGENTS (continued)

42.2 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 who 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.

No changes occurred during the reporting period and comparative year on any significant terms and conditions contained in the arrangement, apart from the extension period of the original contract was effected during 2022/23. The original 36 month contract ended on 14 April 2022, with a 36 month extension effected from 15 April 2022. Total buyers commission is estimated to be R1,071,225 during the three year extension period.

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.

42.3 Investments on behalf of GMT

GMT invests cash funds not immediately required through the Provincial Treasury with approved financial institutions. 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 by managing the investment with financial institutions.

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. Other investment terms.

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 2023

42 ACCOUNTING BY PRINCIPALS AND AGENTS (continued)

42.3 Investments of behalf of GMT (continued)

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 2022/23:

R420 993 043 invested in the Corporation of Public Deposits from 1 April 2022. The interest yields varied between 4.27% to 7.34% during the year.

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

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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

42 ACCOUNTING BY PRINCIPALS AND AGENTS (continued)

42.4 Management of fuel, oil and toll fees

GMT is the Principal.

GMT utilizes the services of a service provider for fuel management services in conjunction with GMT. The following categories of work are:

- Operational capabilities;
- Electronic systems;
- Electronic fuel, oil and toll card management;
- e-Toll management;
- Diesel rebates;
- Financial responsibility; and
- Sharing of best practices and training

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 fuel, oil and toll fee management 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 fuel, oil and toll fee services are done for the GMT vehicle fleet. Thus, GMT obtains the service benefit of these transactions, 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 adequately fuelled, along with oil and toll transactions (GRAP 109.40)

The contracts entered into by the service provider with parties for fuel, oil and toll 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:
2022/23: R610,458

Administration fees:
2022/23: R923,714

These fees are included under Administrative expenses. The period of the arrangement is for 36 months from 6 May 2022 to 5 May 2025 with a total estimated cost of R7,368,866.32 during the 36 month arrangement.

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

GMT recognises the expenditure according to the nature of the items on its chart of accounts. Refer to notes 20 and 22 on Administration and Operating expenditure for resources remitted which are included in these line items.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

42 ACCOUNTING BY PRINCIPALS AND AGENTS (continued)

42.5 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:

42.5.1 Procurement of mobility assets

	2022/23 R'000	2021/22 R'000
Department of Agriculture		
Note 5.1.1		
Balance at the beginning of the year	644	-
Current period receipts	-	1,194
Conditions met - transferred to revenue	-	(550)
Assets procured as procuring agent	(644)	-
	-	644

The amount of R644,000 incurred during 2022/23 as part of a Principal-Agent arrangement for the procurement of two trailers.

Department of Social Development		
Note 5.1.5		
Balance at the beginning of the year	1,930	3,491
Unspent grants refunded to the department	(1,161)	-
Vehicles procured as procuring agent	(768)	(1,561)
	-	1,930

The amount of R768,000 incurred during 2022/23 as part of a Principal-Agent arrangement was for the procurement of a Volkswagen Crafter (2021/22: two Toyota Quantums and a Volkswagen Crafter).

No risks are transferred from the Departments of Agriculture and/or the Department of Social Development (both deemed as 'Principals' in these arrangements) 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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

43 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 with the latest available actuarial valuation as at 31 March 2021, showing the financial progress of the fund since the previous valuation as at 31 March 2018. 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 2023

44 STANDARDS, INTERPRETATIONS AND GUIDELINE ISSUED BUT NOT YET EFFECTIVE AND ADOPTED

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

GRAP 1 on the Presentation of financial statements (revised) - effective from 1 April 2023

GRAP 1 on the Presentation of financial statements (going concern) - effective date to be determined

GRAP 25 on Employee Benefits (revised) - effective from 1 April 2023

GRAP 103 on Heritage Assets (revised) - effective date to be determined

GRAP 104 on Financial Instruments (revised) - effective from 1 April 2025

IGRAP 7 on The limit on a defined benefit asset, minimum funding requirements and their interaction (revised) - effective from 1 April 2023

IGRAP 21 on The effect of past decisions on materiality - effective from 1 April 2023

Guideline on Accounting for Landfill sites - effective date to be determined

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

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

Standards, Interpretations and Guideline	Summary of Standards, Interpretations and Guideline	Annual period beginning on or after
GRAP 1 on Presentation of financial statements (revised)	The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. To achieve this objective, this Standard sets out overall considerations for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. The recognition, measurement and disclosure of specific transactions, other events and conditions are dealt with in other Standards of GRAP. This standard is expected to be relevant to GMT and will replace the current adopted version of GRAP 1.	1 April 2023
GRAP 1 on Presentation of financial statements (going concern)	The objective of this amendment is to include additional guidance and disclosures on going concern. Management will continue to assess the entity's ability to continue as a going concern as assess the relevance thereof at each reporting date.	Effective date to be determined
GRAP 25 on Employee Benefits (revised)	The standard is to prescribe the accounting and disclosure for employee benefits. This standard is expected to be relevant to GMT and will replace the current adopted version of GRAP 25.	1 April 2023
GRAP 103 on Heritage Assets (revised)	The standard is to prescribe the accounting and disclosure for heritage assets. Changes from the previously adopted version of GRAP 103 include: - expansion of "cultural significance" meaning; - changes to characteristics of heritage assets; - accounting for assets according to this standard if they have more than one use; and - changes to recognition, measurement, impairment and disclosure of heritage assets This standard is expected to be relevant to GMT and will replace the current adopted version of GRAP 103.	Effective date to be determined
GRAP 104 on Financial Instruments (revised)	The objective of this standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This standard is expected to be relevant to GMT and will replace the current adopted version of GRAP 104.	1 April 2025

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

IGRAP 7 on The limit on a defined benefit asset, minimum funding requirements and their interaction (revised)	The issues which will be addressed in this interpretation are: - refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling; and - how a minimum funding requirement might affect the availability of reductions in future contributions No significant impact on the financial statements of the entity is expected.	1 April 2023
IGRAP 21 on The effect of past decisions on materiality	The issues which will be addressed in this interpretation are: - whether past decisions about materiality affect subsequent reporting periods; and - whether applying alternative accounting treatments based on materiality is a departure from the Standards of GRAP or an error This interpretation is expected to be relevant to GMT. No significant impact on the financial statements of the entity is expected.	1 April 2023
Guideline on Accounting for Landfill sites	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 and the entity did not formulate an accounting policy based on this pronouncement during the 2022/23 financial year.	Effective date to be determined

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2022/23
R'000

45 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 **386,030**

Over budgeted income and expenses

Financing through own funds 528,172

Over / (under) spending of approved budget:

Revenue

(Under) budgeted Revenue from daily tariffs for permanently allocated vehicles subject to finance leases (94,325)

(Under) budgeted Interest income from bank accounts and accounts receivable (23,712)

(Under) budgeted on Government grants and subsidies received (7,408)

Over budgeted Other income 5,754

Over budgeted Services in-kind revenue 1,987

Expenditure

Under budgeted Administrative expenditure (1,545)

Under budgeted Employee costs (14,444)

Under budgeted Operating expenditure (64,022)

Under budgeted Depreciation (1,304)

Under budgeted Amortization (912)

Under budgeted Accident and impairment losses (374)

Under budgeted Operating lease expenditure (2,581)

Surplus per approved budget

711,315

Refer to the Statement of Comparison between Budget and Actual amounts for explanations of variances between budget and actual amounts.

46 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 2023

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.

The accounting policies were consistently applied from 2021/22 to the current reporting period.

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 2023

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 2023

➤ 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 2023

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 2023

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.

Accounting Policies

for the year ended 31 March 2023

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 continuous 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.

Accounting Policies

for the year ended 31 March 2023

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

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.

Accounting Policies

for the year ended 31 March 2023

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)
➤ Containers:	Straight-line (20 years)
➤ Alternative energy solutions (Batteries)	Straight-line (7 years)
➤ Alternative energy solutions (Inverter)	Straight-line (5 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.

Accounting Policies

for the year ended 31 March 2023

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.

Accounting Policies

for the year ended 31 March 2023

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 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 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 is in progress and not available for use as intended by management at the reporting date.

Accounting Policies

for the year ended 31 March 2023

Life Events Management System ("LEMS")

During the 2022/23 financial year there was a transfer of an instance of the Life Event Management System from Traffic Law Enforcement to GMT at no cost with no acquisition cost implications. GMT will further develop LEMS based on its own business requirements and will have exclusive usage of the revised version of the software. The system configuration commenced and is still in progress of having LEMS developed. The system is not yet ready for use as intended by management at the reporting date.

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 as detailed below, the residual value of assets with finite useful lives is zero, unless an active market exists. Intangible assets (including intangible assets not yet available for use), are subject to impairment testing. The useful lives per category of intangible assets are detailed below:

Estimated useful lives:

- | | |
|--|----------------------------|
| ➤ FleetMan: | Straight-line (26.5 years) |
| ➤ Oracle financial system: | Straight-line (24.5 years) |
| ➤ Intelligent Transport System and Automated Fare Collection System: | Straight-line (10 years) |
| ➤ Life Events Management System: | Straight-line (10 years) |

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. 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.

Accounting Policies

for the year ended 31 March 2023

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

10.2. Subsequent measurement

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

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

10.3. Derecognition of heritage assets

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

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

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

11.1. Impairment of cash generating assets

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

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

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

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

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

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

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

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

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

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

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

11.2. Impairment of non-cash generating assets

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

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

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

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

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

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

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

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

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

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.

Accounting Policies

for the year ended 31 March 2023

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

12. Leasing

Classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity. The classification of a lease depends on the substance of the transaction rather than the form of the contract. The following are situations where the lease would normally be classified as a finance lease:

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

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases.

12.1. GMT as lessee

Operating leases

GMT recognises operating lease rentals as an expense in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

12.2. GMT as lessor

Finance leases

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of GMT's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on GMT's net investment outstanding in respect of the leases or instalment sale agreements.

Operating leases

Operating lease rental income is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as revenue and the contractual payments are recognised as an operating lease asset or liability.

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for the year ended 31 March 2023

Determining whether an arrangement contains a lease

At inception of an arrangement, the GMT determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to GMT the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, GMT separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If GMT concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using GMT's incremental borrowing rate.

13. Inventories

13.1. Initial recognition

Inventories comprise of stationery and decals. These are current assets to be consumed during the rendering of vehicle fleet services. Inventories are initially recognised at cost. Cost generally refers to the purchase price and other costs incurred in bringing the inventories to their present location and condition.

The historical cost of inventory includes:

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

13.2. Subsequent measurement

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.

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for the year ended 31 March 2023

14.2. Classification

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

Financial assets

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

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

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

A financial asset is any asset that is a cash or contractual right to receive cash. GMT has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Finance lease receivables;
- Trade receivables from exchange transactions;
- Trade receivables from non-exchange transactions;
- Cash and cash equivalents; and
- Current portion of finance lease receivables.

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

Type of financial asset	Classification in terms of GRAP 104
Finance lease receivables	Financial assets at amortised cost
Cash and cash equivalents	Financial assets at amortised cost
Trade receivables from exchange transactions	Financial assets at amortised cost
Trade receivables from non-exchange transactions	Financial assets at amortised cost
Current portion of finance lease receivables	Financial assets at amortised cost

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

Financial liabilities

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

- Payables from exchange transactions; and
- Payables from non-exchange transactions.

Type of financial liabilities	Classification in terms of GRAP 104
Payables from exchange transactions	Financial liability at amortised cost
Payables from non-exchange transactions	Financial liability at amortised cost
Unspent conditional grants and receipts	Financial liability at amortised cost

14.3. Recognition

Financial assets measured at amortised cost

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

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

Trade receivables from exchange transactions, trade receivables from non-exchange transactions and finance lease receivables that have fixed and determinable payments that are not quoted in an active market are classified as financial assets at amortised cost.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are initially measured at fair value, net of transaction costs. Payables from exchange transactions and payables from non-exchange transactions are subsequently measured at amortised cost using the effective interest rate method.

14.4. Derecognition

Financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when management approves the write-off of financial assets due to non-recoverability.

Financial liabilities

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

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.

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for the year ended 31 March 2023

Accounts receivable is stated at cost less a provision for bad debts. The provision is made in accordance with GRAP 104 in terms of which the recoverability of consumer debtors is assessed collectively after grouping the assets in financial assets with similar credit risks characteristics. Government accounts are not provided for as such accounts are regarded as payable.

15. Provisions

Provisions are recognised when the entity has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

16. Comparative information

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

16.1. Prior period comparatives

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

16.2. Budget information

The budget figures have been included in the Statement of Comparison of Budget and Actual Amounts. Explanatory comments are provided in the statement giving explanations for variances exceeding 10% between the adjusted budget and the actual amounts. Refer to the note on the reconciliation of budget and actual figures.

17. Contingent assets and contingent liabilities

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

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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for the year ended 31 March 2023

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 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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for the year ended 31 March 2023

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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for the year ended 31 March 2023

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 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.



GOVERNMENT MOTOR TRANSPORT TRADING ENTITY

ACHIEVES IT'S **11th** CONSECUTIVE
“UNQUALIFIED WITH NO FINDINGS”
AUDIT OUTCOME

On 31 July 2023, received
from the Auditor-General South Africa
(AGSA)

“GMT has achieved a clean
audit outcome for the 2022/23
financial year. No findings were
raised during the audit process
and this status is
unique in the country”



Western Cape
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FOR YOU

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The Government Motor Transport Trading Entity co-creates, 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 *#Ubuntumobility*.



**Western Cape
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