



**Western Cape
Government**

Transport & Public Works



Annual Report 2010/2011
Government Motor Transport

TABLE OF CONTENTS	PAGE
PART 1: GENERAL INFORMATION	1
Submission of Annual Report.....	1
Introduction.....	1
Vision, Mission and Values.....	1
Organisational macrostructure.....	3
Legislative and other mandates.....	3
Minister’s statement.....	6
Accounting Officer’s overview.....	6
PART 2: INFORMATION ON PREDETERMINED OBJECTIVES	9
Funding mechanism.....	9
Aim of the Trading Entity.....	9
Situational analysis.....	9
Key strategic objectives’ achievements.....	9
Overview of the service delivery environment.....	11
Overview of the organisational environment.....	12
Key policy developments and legislative environment.....	12
Collection of revenue.....	12
Expenditure trends.....	13
Service delivery achievements.....	14
PART 3: ANNUAL FINANCIAL STATEMENTS	19
Report of the Audit Committee.....	19
Statement of Responsibility.....	22
Report by the Accounting Officer.....	23
Report of the Auditor-General.....	43
Statement of Financial Position.....	47
Statement of Comprehensive Income.....	48

TABLE OF CONTENTS	PAGE
Statement of Changes in Equity.....	49
Statement of Cash Flows.....	50
Accounting Policies.....	51
Notes to the Annual Financial Statements.....	61
PART 4: HUMAN RESOURCES MANAGEMENT.....	93
Service delivery.....	93
Expenditure.....	97
Employment and vacancies.....	99
Job evaluation.....	100
Employment changes.....	101
Employment equity.....	105
Signing of performance agreements by SMS member.....	109
Filling of SMS post.....	110
Performance rewards.....	111
Foreign Workers.....	113
Leave utilisation.....	113
HIV & aids and health promotion programmes.....	116
Labour relations.....	120
Skills development.....	121
Injury on duty.....	124
Utilisation of external resources/consultants.....	124
Organogram.....	126
PART 5: OTHER INFORMATION	
Publication data.....	127
Abbreviations.....	127
Apology.....	128
Additional copies.....	128

TABLE OF CONTENTS		PAGE
LIST OF TABLES		
TABLE 1.3.1: Values of GMT.....		2
TABLE 1.7.1: Key areas of delivery.....		6
TABLE 2.5.1: Accidents and losses incidents.....		12
TABLE 2.8.1: Revenue collected.....		12
TABLE 2.8.2: Claims and debt comparison.....		13
TABLE 2.9.1.1: Expenditure trends.....		13
TABLE 2.9.2.1: Progress with promoting Historically Disadvantaged Individuals...(HDI).....		14
TABLE 2.10.1: Strategic objectives, performance indicators and performance.....		14
TABLE 2.10.2: Reasons for major variances.....		17
TABLE 3.2.1.1: Fleet allocation.....		26
TABLE 3.11.1: Asset Management.....		39
TABLE 3.16.1: Non-compliance matters.....		41
TABLE 4.1.1: Main services and service standards provided in terms of the Service Delivery Plan.....		93
TABLE 4.1.2: Consultation arrangements with customers.....		94
TABLE 4.1.3: Service delivery access strategy.....		95
TABLE 4.1.4: Service information tool.....		96
TABLE 4.1.5: Complaints mechanism.....		96
TABLE 4.2.1: Personnel cost by programme, 2010/11.....		97
TABLE 4.2.2: Personnel cost by salary bands, 2010/11.....		97
TABLE 4.2.3: Salaries, overtime, home owners allowance and medical assistance by programme, 2010/11.....		98
TABLE 4.2.4: Salaries, overtime, home owners allowance and medical assistance by salary bands, 2010/11.....		98
TABLE 4.3.1: Employment and vacancies by programme, 31 March 2011.....		99
TABLE 4.3.2: Employment and vacancies by salary bands, 31 March 2011.....		99

TABLE OF CONTENTS	PAGE
TABLE 4.3.3: Employment and vacancies by critical occupation, 31 March 2011.....	100
TABLE 4.4.1: Job Evaluation, 2010/11.....	100
TABLE 4.4.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 2010/11.....	101
TABLE 4.4.3: Profile of Employees whose salary level exceed the grade determined by job evaluation (in terms of PSR 1.V.C.3), 2010/11.....	101
TABLE 4.5.1: Annual turnover rates by salary band, 2010/11.....	101
TABEL 4.5.2: Annual turnover rates by critical occupation, 2010/11.....	102
TABLE 4.5.3: Reasons why staff left the employ of GMT.....	102
TABLE 4.5.4: Granting of employee initiated severance packages by salary band, 2011/11..	103
TABLE 4.5.5: Reasons why staff is resigning from the Public Service, 2010/11.....	103
TABEL 4.5.6: Different age groups of staff who resigned from the Public Service, 2010/11.....	103
TABLE 4.5.7: Promotions by salary band, 2010/11.....	104
TABLE 4.5.8: Promotion by critical occupation, 2010/11.....	104
TABLE 4.6.1: Total number of employees (including employees with disabilities) per occupational categories, 31 March 2011.....	105
TABLE 4.6.2: Total number of employees (including employees with disabilities) per occupational bands, 31 March 2011.....	106
TABLE 4.6.3: Recruitment, 2010/11.....	106
TABLE 4.6.4: Promotions, 2010/11.....	107
TABLE 4.6.5: Terminations, 2010/11.....	108
TABEL 4.6.6: Disciplinary actions, 2010/11.....	109
TABLE 4.6.7: Skills development, 2010/11.....	109
TABLE 4.7.1: Signing of performance agreement by SMS Member, 30 September 2010	109
TABLE 4.7.2: Disciplinary steps taken against SMS members for not having concluded Performance Agreements on 30 September 2010.....	110
TABLE 4.7.3: Reasons for not having concluded Performance Agreements with all SMS members on 30 September 2010.....	110
TABLE 4.8.1: SMS posts information, 31 March 2011.....	110
TABLE 4.8.2: SMS post information, 30 September 2010.....	110

TABLE OF CONTENTS	PAGE
TABLE 4.8.3: Advertising and filling of SMS posts, 31 March 2011.....	111
TABLE 4.8.4: Reasons for not complying with the prescribed timeframes for filling SMS posts within 12 months.....	111
TABLE 4.8.5: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months.....	111
TABLE 4.9.1.: Performance rewards by race, gender and disability, 2010/11.....	111
TABLE 4.9.2: Performance rewards by salary bands for personnel below Senior Management Service, 2010/11.....	112
TABLE 4.9.3: Performance rewards by critical occupation, 2010/11.....	113
TABLE 4.9.4: Performance related rewards (cash bonus), by salary band, for Senior Management Service, 2010/11.....	113
TABLE 4.10.1: Foreign works by salary band, 2010/11.....	113
TABLE 4.10.2: Foreign workers by major occupation, 2010/11.....	113
TABLE 4.11.1: Sick leave, 1 January 2010 to 31 December 2011.....	114
TABLE 4.11.2: Incapacity leave (temporary and permanent) 1 January 2010 to 31 December 2010.....	114
TABLE 4.11.3: Annual leave, 1 January 2010 to 31 December 2010.....	115
TABLE 4.11.4: Capped leave, 1 January 2010 to 31 December 2010.....	115
TABLE 4.11.5: Leave payouts, 2010/11.....	115
TABLE 4.12.1: Steps taken to reduce the risk of occupational exposure, 2010/11.....	116
TABLE 4.12.2: Details of health promotion and HIV and AIDS programmes.....	116
TABLE 4.13.1: Collective agreements, 2010/11.....	120
TABLE 4.13.2: Misconduct and disciplinary hearings finalised, 2010/11.....	120
TABLE 4.13.3: Types of misconduct addressed at disciplinary hearings, 2010/11.....	121
TABLE 4.13.4: Grievances lodged, 2010/11.....	121
TABLE 4.13.5: Disputes logged with Councils, 2010/11.....	121
TABLE 4.13.6: Strike actions, 2010/11.....	121
TABLE 4.13.7: Precautionary suspensions, 2010/11.....	121
TABLE 4.14.1: Training needs identified, 2010/11.....	122

TABLE OF CONTENTS		PAGE
TABLE 4.14.2: Training provided, 2010/11.....		123
TABLE 4.15.1: Injury on duty, 2010/11.....		124
TABLE 4.16.1: System configuration.....		124
TABLE 4.16.2: Report on consultant appointments using appropriated funds.....		125
TABLE 4.16.3: Report of consultant appointments using appropriated funds ito HDI's.....		125
TABLE OF FIGURES		
FIGURE 1.4.1: Organisational macrostructure.....		3
FIGURE 3.8.1.1: The organisation.....		29
FIGURE 4.18.1: GMT organogram (Management).....		126
LIST OF ADDENDA		
Addendum to the Accounting Officer's Report		129

FOREWORD

UTILISING THE ELECTRONIC HIGHWAY TO PAVE THE WAY INTO THE FUTURE

I am pleased to present the Annual Report for Government Motor Transport, Western Cape. The purpose is to provide a summary of the many activities carried out by the only Trading Entity in the Department of Transport and Public Works for the period 1 April 2010 – 31 March 2011.

Though there have been a range of challenges this year which is expected to be present in any delivery orientated unit, it appears that the vision to continuously raise the bar on service delivery was achieved. In 2010/11, the single most important achievement was the launch of the new financial system (GoFin). This would ensure compliance with the accrual accounting regulatory prescripts. What makes this more significant is the integration and interfacing with the fleet management system (FleetMan). It is also recognised that the thorough planning before implementation paid off and set the scene for a "go-live" on 1 April 2011. As required, further extensive testing and quality checks will continue in the next financial year as data take-on progresses. I am confident that we have most of the groundwork completed for a successful preparation of next year's financial statements. The new system will also need to be adapted to meet the future needs of GMT and its clientele.

Furthermore, we focused on the customisation of business processes and innovations focussed on the clients that are served. With reliable management information now flowing from the electronic systems, it would be possible to plan and forecast more effectively, re-direct the business focus areas and redevelop a service delivery model that would embrace global best practices.

It is believed that the organisation is successful through the good will and personal contributions made by its management and staff.



ROBIN CARLISLE
Executive Authority
Department of Transport and Public Works

Date: 31 August 2011

NOTES

General INFORMATION

Vision

An open opportunity
society for all

Mission

- The Department of Transport and Public Works develops and maintains appropriate infrastructure and related services for sustainable economic development which generates growth in jobs and facilitates empowerment and opportunity.

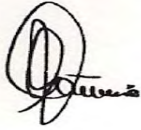
In support of the Department's mission, GMT aims to achieve the following mission by setting realistic goals and objectives:

- To be the leader in Government Motor Transport services by providing quality, integrated and cost effective motor transport to provincial and national client departments inclusive of a pleasant, safe and interactive environment where staff are offered the opportunity of development and self-improvement.

PART 1: GENERAL INFORMATION

1.1 Submission of Annual Report to the Executive Authority

I have the honour of submitting the Annual Report of Government Motor Transport (GMT) for the period 1 April 2010 to 31 March 2011.



CJ FOURIE
ACCOUNTING OFFICER

Date: 31 August 2011

1.2 Introduction

GMT, which forms part of the Department of Transport and Public Works and operates as a separate Trading Entity, is organised into four divisions, namely:

- Fleet Management
- Fleet Logistics
- Fleet Finance
- Fleet Risk Management

The GMT linkage within the macrostructure of the Department of Transport and Public Works is depicted in Figure 1.4.1.

In the Annual Performance Plan for the 2010/11 financial year and in support of section 27(4) of the Public Finance Management Act, 1999 (Act 1 of 1999 as amended), targets were set for different areas in GMT, in order to ensure that performance can be measured. The following Strategic Objectives were identified, the progress of which is captured under **PART 2** of this Report:

- Provide a vehicle fleet.
- An effective utilised vehicle fleet.
- Excellent client satisfaction rating.
- An unqualified external audit opinion annually.
- Improvement financial management capability.
- Improved operational capability.
- An effective fleet management system.

1.3 Vision, Mission and Values

Vision

The Vision of the Department is that applicable to the Provincial Government of the Western Cape, as decided upon by the Western Cape Provincial Cabinet and quoted below.

“An open opportunity society for all”

GMT formulated the following internal vision:

“The leading government motor transport service.”

PART 1: GENERAL INFORMATION (continued)

Mission

In support of the Provincial Government’s mission, the Department’s mission statement is as follows:

“The Department of Transport and Public Works develops and maintains appropriate infrastructure and related services for sustainable economic development which generates growth in jobs and facilitates empowerment and opportunity.”

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

“To be the leader in Government Motor Transport services by providing quality, integrated and cost effective motor transport to provincial and national client departments inclusive of a pleasant, safe and interactive environment where staff are offered the opportunity of development and self-improvement.”

Values

The values practised by GMT, shown in Table 1.3.1 below, are those applicable to the Provincial Government of the Western Cape, as decided upon by the Western Cape Provincial Cabinet. GMT is client driven and will continue to work towards a full understanding of client expectations and associated transport requirements.

Table 1.3.1: Values of GMT

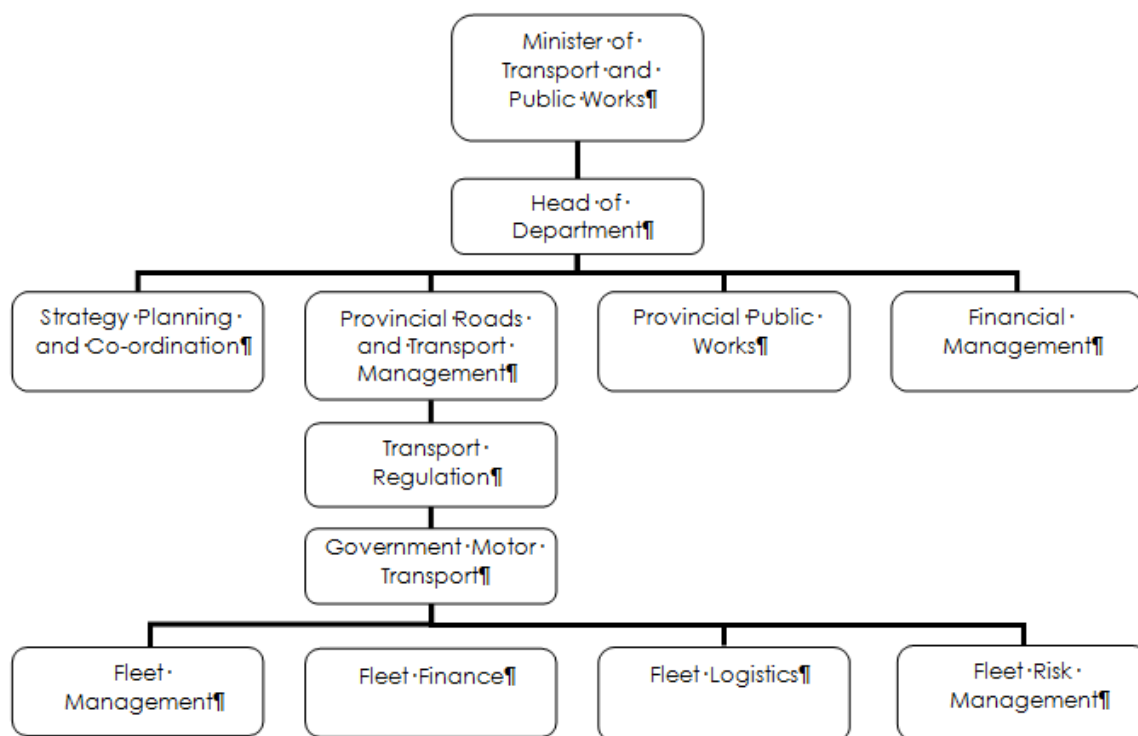
Truth	We are committed to being honest, accurate and without error in our dealings.
Accountability	We believe that the open opportunity society for all, can only come into being on the basis of democratic, transparent and accountable governance. We practice accountability that enhances efficiency, effectiveness and the credibility of government. Every opportunity facilitated will depend on a department governed by the basic values of professionalism, efficiency and accountability.
Excellence	We advocate a deep sense of responsibility to our work and endeavour to constantly improve it so that we may give our customers the highest quality of service. We believe that work done excellently gives us dignity, fulfilment and self-worth.
Choice	We believe in a properly functioning department that will expand citizens’ choices and opportunities to access basic services needed to better their lives.
Personal responsibility	We advocate that opportunity is linked to responsibility, because individuals have the responsibility to use their opportunities to improve their lives and become the best they can be. As public servants we are answerable for our actions and expected to meet measurable targets. We believe in a strong work ethic, based upon the values of effective hard work, diligence, responsibility, political neutrality and selfless service.
Fitness for purpose	Appointments and promotions will be done on the basis of merit, with due regard to the needs of government including the need to ensure that the public service is diverse and broadly reflects the face of the Province.

PART 1: GENERAL INFORMATION (continued)

1.4 Organisational macrostructure

The Departmental Organisation Macrostructure is depicted in Figure 1.4.1 below.

Figure 1.4.1: Organisational structure



1.5 Legislative and other mandates

The Department and GMT's mandate is derived from the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), (hereafter referred to as the Constitution) and the Constitution of the Western Cape, 1997. Certain mandates are concurrent responsibilities, while others are exclusively the responsibility of the provincial sphere of government. These mandates, as well as those derived from functional legislation and policies are outlined in this section.

Constitutional mandates

In support of its departmental parent (Transport and Public Works) GMT derives its mandate from the Constitution of the Republic of South Africa (Act no 108 of 1996) as a whole which successfully put an end to an arbitrary government and brought participatory democracy to all South Africans. The South African Constitution demands a significant change in service delivery and the quality thereof via effective legislation that must be responsive to the economic and social challenges that face South Africa. GMT underwrites the realisation of the principles of Batho Pele and co-operative government inclusive of the framework of values to fulfil the Constitutional mandate.

PART 1: GENERAL INFORMATION (continued)

Legislative mandates

The following national and provincial legislation guides GMT in the discharge of its responsibilities. The key responsibilities placed upon GMT by legislation are outlined below.

Administrative Adjudication of Roads Traffic Offences Act, 1998 (Act 46 of 1998) and Regulations, 2008

Adult Basic Education and Training Act, 2000 (Act 52 of 2000)

Basic Conditions of Employment Act, 1997 (Act 75 of 1997)

Compensation for Occupational Injuries and Diseases Act, 1993 (Act 130 of 1993)

Criminal Procedure Act, 1977 (Act 51 of 1977)

Debt Collectors Act, 1998 (Act 114 of 1998)

Employment Equity Act, 1998 (Act 55 of 1998):

This act aims at achieving equity in the workplace by promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination and implementing affirmative action measures to redress the disadvantaged in employment experienced by designated groups in order to ensure equitable representation in all occupational categories and levels in the workforce.

Employment of Education and Training Act, 1998 (Act 76 of 1998)

Further Education and Training Act, 1998 (Act 98 of 1998)

General and Further Education and Training Quality Assurance Act, 2001 (Act 58 of 2001)

Institution of legal proceedings against certain Organs of the State Act, 2002 (Act 40 of 2002)

Labour Relations Act, 1995 (Act 66 of 1995)

National Archives Act, 1996 (Act 43 of 1996)

National Education Policy Act, 1996 (Act 27 of 1996)

National Land Transport Act, 2009 (Act 5 of 2009)

National Road Traffic Act, 1966 (Act 93 of 1996)

Occupational Health and Safety Act, 1993 (Act 85 of 1993)

Preferential Procurement Policy Framework Act (PPPFA), 2000 (Act 5 of 2000)

The main thrust is that a government department must determine its preferential procurement policy and must implement the set preferential procurement framework.

Promotion of Administrative Justice Act (PAJA), 2000 (Act 3 of 2000)

It gives effect to section 33 of the Constitution, 1996 which stipulates that everyone has the right to administrative action that is lawful, reasonable, and procedurally fair. Furthermore, everyone whose rights have been adversely affected has the right to be given reasons. PAJA deals with general administrative law and therefore binds the entire administration at all levels of government.

Promotion of Access to Information Act (PAIA), 2000 (Act 2 of 2000)

This act responds to section 32 of the Constitution, 1996. In terms of this provision everyone has the right of access to information held by the State. PAIA fosters a culture of transparency and accountability in the public and private bodies by giving effect to the

PART 1: GENERAL INFORMATION (continued)

right of access to information and to actively promote a society in which people have effective access to information to enable them to more fully exercise and protect all their rights.

Public Audit Act, 2004 (Act 25 of 2004)
Public Finance Management Act, 1999 (Act 1 of 1999 as amended by Act 29 of 1999),
Treasury Regulations and Provincial Treasury Instructions

Public Service Act, 1994 (Act 103 of 1994) and Regulations, 2001

This is the principal act which governs public administration. It provides the administrative and operational framework for the government departments by providing direct guidelines concerning employment and human resource practices, i.e. conditions of employment, terms of office, discipline, retirement and discharge of members of the public service, and matters connected therewith.

Road Traffic Management Corporation Act, 1999 (Act 20 of 1999)
Skills Development Act, 1998 (Act 97 of 1998)
Skills Development Levies Act, 1999 (Act 9 of 1999)
South African Qualifications Act, 1995 (Act 58 of 1995)
South African Qualifications Regulations
The Constitution of the Western Cape, 1998 (Act 20 of 1998)
The Constitution, 1996 (Act 103 of 1996)
Western Cape Road Traffic Act, 1998 (Act 12 of 1998)

White Paper on Human Resource Management, 1997

It focuses on the essential role of human resource capacity in meeting the goal of efficient service delivery. This is a key goal in the overall transformation of the Public Service. Human resource development and management within a transforming and transformed Public Service must facilitate the development of human resource practices that will support the broader goals of transformation.

Public Finance Management Act (PFMA), Act 1 of 1999

To secure transparency, accountability, and sound management of the revenue, expenditure, assets and liabilities of GMT.

Code of Conduct
Collective Agreements

Policy mandates

GMT is a trading entity responsible for the provision of vehicle fleet services to provincial, national and other entities. The Treasury Regulations makes provision for trading entities and thus applicable to GMT. The achievement of the strategic goals is guided by the following policies:

The operational activities are guided by the National Transport Circular 4 of 2000.

In addition, other internal policy documents, frameworks and guidelines further govern the responsibilities and obligations of GMT.

PART 1: GENERAL INFORMATION (continued)

1.6 Minister's statement

Once again, the GMT Western Cape delivered a sound and solid performance as it does year after year.

The last few years have seen a difficult transition to a standard financial system. As expected, GMT has done it well.

Whatever is asked – custom assembled ambulances, transport for World Cup 2010, tracking experience for public transport contracts – GMT always delivers the goods, as it has done again this year.

1.7 Accounting officer's overview

In the Annual Performance Plan for the 2010/11 financial year, and in support of section 27(4) of the Public Finance Management Act, 1999 (Act 1 of 1999 as amended), targets were set for different areas in GMT, in order to ensure that performance can be measured. The key areas of delivery and focus pertinent to the 2010/11 financial year, linked to each strategic goal of GMT and to the Provincial Government and parent department are outlined in Table 1.7.1 below.

Table 1.7.1: Key areas of delivery

Strategic Goal 1	Access to a unique vehicle fleet.
Goal statement	To allow client's access to a unique fleet of vehicles on a full time basis that will enable them to deliver government's services efficiently and effectively.
Key focus areas and deliverables	Provide replacement and additional vehicles, inclusive of customised vehicles. Provide and external contract to supplement the internal pool of vehicles. Provide value adding services at competitive cost to allow clients to deliver on their respective mandates.
Links	<u>Western Cape Provincial Government:</u> Deliver clean, efficient, cost effective, transparent and responsive public administration. <u>Departmental Goal 1:</u> Promote good governance and an effective and efficient department.
Strategic Goal 2	Improved vehicle management and control.
Goal statement	To improve business processes that enables the provision of vehicles at competitive cost.
Key focus areas and deliverables	Arrange for the servicing and maintenance of the fleet. Perform regular inspection of vehicles and repair work to ensure value for money. Carry out inspections of merchants. Maintain and update the asset register.

PART 1: GENERAL INFORMATION (continued)

Links	<p><u>Western Cape Provincial Government Strategic Agenda 2009:</u></p> <p>Deliver clean, efficient, cost effective, transparent and responsive public administration.</p> <p><u>Departmental Goal 1:</u></p> <p>Promote good governance and an effective and efficient department.</p>
Strategic Goal 3	Improved client service.
Goal statement	To respond to the demand for a client orientated, effective and efficient above average service.
Key focus areas and deliverables	<p>Fit all vehicles with tracking and control devices.</p> <p>Facilitate forums and on-site visits to determine and address client's requirements.</p> <p>Issue policy and guidelines to clients.</p> <p>Measure client satisfaction levels and address short comings</p>
Links	<p><u>Western Cape Provincial Government Strategic Agenda 2009:</u></p> <p>Deliver clean, efficient, cost effective, transparent and responsive public administration.</p> <p><u>Departmental Goal 1:</u></p> <p>Promote good governance and an effective and efficient department.</p>
Strategic Goal 4	Improved financial reporting.
Goal statement	Improved financial reporting through the transformation from cash accounting to a fully functional accrual based system.
Key focus areas and deliverables	<p>Implement and enhance a GAAP compliant financial system to meet the regulatory requirement of Treasury Regulations.</p> <p>Document and update all business processes.</p>
Links	<p><u>Western Cape Provincial Government Strategic Agenda 2009:</u></p> <p>Deliver clean, efficient, cost effective, transparent and responsive public administration.</p> <p><u>Departmental Goal 1:</u></p> <p>Promote good governance and an effective and efficient department.</p>
Strategic Goal 5	A healthy operational environment.
Goal statement	<p>Provide departmental transport officers with guidance and policy directives through training sessions.</p> <p>Log and follow up on misuse complaints and traffic violation incidents.</p> <p>Process 3rd party claims against the State and accidents and losses incidents.</p>
Key focus areas and deliverables	To be in a position to effectively respond to client's expectations in a continuously changing business environment.
Links	<p><u>Western Cape Provincial Government:</u></p> <p>Deliver clean, efficient, cost effective, transparent and responsive public administration.</p> <p><u>Departmental Goal 1:</u></p> <p>Promote good governance and an effective and efficient department.</p>

PART 1: GENERAL INFORMATION (continued)

Strategic Goal 6	Effective operational systems.
Goal statement	To enhance operational activities through technologically advanced fleet management systems such as the "Electronic Highway".
Key focus areas and deliverables	Register and manage system users.
Links	<p><u>Western Cape Provincial Government:</u> Deliver clean, efficient, cost effective, transparent and responsive public administration.</p> <p><u>Departmental Goal 1:</u> Promote good governance and an effective and efficient department.</p>

INFORMATION

on predetermined objectives

Departmental Values

- Truth
- Accountability
- Excellence
- Choice
- Personal responsibility
- Fitness for purpose

GOVERNMENT MOTOR TRANSPORT

PART 2

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES

2.1 Funding mechanism

GMT's expenditure is mainly funded / financed through daily and kilometre tariff charges paid by the client departments (users) for the use of the vehicle fleet. Other income is made up of claims instituted against client departments, insurance companies and private parties for losses suffered by the State, monies earned at auctions for withdrawn and sold vehicles and service charges not covered by the tariffs (e.g. tracking data communication costs). Annual tariff increases are calculated by GMT based on operational expenditure forecasts and indicators and submitted to the Provincial Treasury before the start of the new financial year.

The following is applicable to GMT:

Responsible Minister: The Provincial Minister for Transport and Public Works.

Administering Department: The Provincial Department of Transport and Public Works.

Accounting Officer: The Head: Provincial Department of Transport and Public Works.

2.2 Aim of the Trading Entity

GMT's main purpose is the provision of state vehicles to provincial and national client departments and other entities for transportation, in order that each of these clients may carry out its services efficiently and effectively.

2.3 Situational analysis

During the year under review the weakened global and domestic economic outlook with resultant widespread job losses and rising unemployment levels was still prevalent in the motor industry and vehicle fleet environment. This situation resulted in an increased focus on efficiencies in spending and more effective operational processes. Furthermore, GMT continued with research and followed global best practice and business models to strive towards a cost effective service and seamless service delivery at all times. The constant fluctuation in the fuel price was the biggest contributor to fleet operating cost risks and had a significant effect on cost forecasting. With effective planning of fleet activities and responsible spending GMT concluded the annual budget without any deficit.

GMT continued to be strongly driven by technology (electronic systems) with limited internal capacity available in this professional field. It utilised contracted-in resources to assist with maintenance and enhancement activities. The latest development around the implementation of a GAAP compliant accounting system which will enable integration with other electronic systems (e.g. BAS, LOGIS, PERSAL and FleetMan) commenced during January 2010. It was realised from the start that the project would be a challenge as very few accounting management staff with appropriate skills and knowledge was available in GMT. Contracted-in professionals are utilised during implementation with appropriate transfer of skills. The strengthening of internal capacity will be addressed during the current study to adjust the organisation and establishment.

2.4 Key strategic objectives achievements

GMT's key strategic objectives as published in the Strategic Plan are as follows:

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

- An unqualified external audit opinion annually.
- Improvement financial management capability.
- Improved operational capability.
- An effective fleet management system.

The following achievements and/or progress were made during the period under review:

Provide a vehicle fleet

At year-end there were 4 465 vehicles in the fleet. This is similar to the previous year. During the course of the year 310 replacement and 137 additional vehicles were acquired. Only 9 vehicles were rented from private companies to substitute internal capacity.

An effective utilised vehicle fleet

Based on the yearly total kilometres travelled by each vehicle in the fleet only 1 805 exceeded the threshold of 1 750 km per month.

Excellent client satisfaction rating

During the annual survey GMT obtained a satisfactory rating from its clients.

An unqualified external audit opinion annually

GMT continued with strict management and controls and therefore strives to repeat the previous year's unqualified opinion.

Improved financial management capability

The implementation of the new GAAP compliant financial system commenced in January 2010 and after initial delays with the hosting and connectivity between the users and the application, GMT managed to finalise all preparations by year-end for "go live" on 1 April 2011. With the new system GMT will no longer make use of the BAS and LOGIS systems. Furthermore, approval was granted by the Provincial Treasury for the opening of GMT's own bank account. Payments via the new system and bank account will be effected directly into the supplier's bank accounts via the banker's payment system using secure proxy to proxy. This is a full electronic process and prevents any human intervention.

Improved operational capability.

GMT continued with the re-engineering of its business processes. Focussed attention was given to the financial processes to ensure seamless integration between the new system and the business.

An effective fleet management system.

The FleetMan system was further enhanced to meet user requirements and expectations. The enhancements also included changes to accommodate the new financial system. The latter is not an "off the shelf" system but a full enterprise resources planning (ERP) system that was customised and configured to integrate with FleetMan recognising the business processes.

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

An Incident Management system (WorkerBee) was implemented and used to log and follow-up on all calls/incidents for GoFin, FleetMan and other ICT related issues via a Project Management Office (PMO). Furthermore a User Productivity Kit (UPK) was implemented to compile training material and assessments.

2.5 Overview of the service delivery environment

GMT continued with its core business to provide an effective fleet management service to the clients. However, the 2010 World Cup Soccer event placed an additional burden on resources to deliver 10 additional ambulances and one specially converted truck transporting a mobile emergency center and theatre required by the Emergency Medical Service (Department of Health) before the commencement of the event. Special arrangements and contingency plans had to be established and implemented to ensure that repairs and maintenance request for EMS vehicles during the event are dealt with as and when required. This exercise and the project to deliver the new vehicles were successfully concluded to the satisfaction of the client department. The annual drive to replace the patrol vehicles used by the Provincial Traffic that reached their economic life cycle before the commencement of the end of the year festive season was also concluded in time. A total of 99 new vehicles were deployed.

The requests for vehicle maintenance and repairs were promptly responded to in consultation with the service providers thus ensuring an effective operational fleet. The total expenditure to address these requests amounted to R48.7 mil. The fleet travelled a total of 100 683 632 kilometers during the year which is 795 226 km's more than the previous year.

Fuel expenditure represents the largest portion (85%) of operational expenditure. To ensure that a firm hand is maintained on fuel usage GMT maintained the 4 076 eFuel units in the fleet. Only 547 fuel cards are still in use. Only minor cases of irregular fuel patterns were spotted via exception reports and followed up.

An improved version of the FleetMan client module for use by the clientele was launched. During the year a total of 12 users were trained in the system. The training of operational transport officers continued and 10 sessions were conducted where 142 transport officers received training.

It appears that the continued strategy to high-light the occurrence of traffic violations to Heads of Department paid off. The total violations processed remained reasonable stable at 4 843 versus 4 137 of the previous year. The necessary preparation work has been done as we await the implementation of the new AARTO legislation that will bring new challenges. Similar trend has been observed with the logging of misuse calls with the GMT Bureau. The cases reported increased marginally with 19% to a total of 679.

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

The accidents and claims over the last three years that appears within norms are depicted in **Table 2.5.1** below:

Table 2.5.1: Accidents and losses incidents

Cases Processed	2008/09	2009/10	2010/11
Accidents and losses	2 220	1 972	2 100
3 rd Party Claims	106	105	112

GMT's main focus for the year under review was the successful implementation of the new GAAP compliant financial system as referred to earlier.

2.6 Overview of the organisational environment

There are no changes to the performance delivery environment from the previous year. Furthermore, no significant internal developments impacted on GMT's ability to deliver on its Annual Performance Plan and Strategic Plan.

2.7 Key policy developments and legislative environment

There were no key policy developments and legislative changes to report on for the year under review.

2.8 Collection of revenue

GMT's main source of income is derived through the charging of daily and kilometre tariffs and claims instituted for the excess payment on accidents above R10 000 and cases of gross negligence. This supplemented with the income received for redundant vehicles sold at the auctions and claims instituted with private parties involved in losses (mainly accident damage to government vehicles).

The outcome of the collection for 2010/11 is depicted in **Table 2.8.1** below:

Table 2.8.1: Revenue collected

Category of Revenue	2007/08 Actual R'000	2008/09 Actual R'000	2009/10 Actual R'000	*2010/11 Target R'000	2010/11 Actual R'000	% Deviation from target
Daily and Kilometre Tariffs	252 894	304 419	342 310	340 422	401 056	+18
Auctions – Profit on sale of vehicles	-	1 144	1 656	3 832	4 490	+17
Other claims	20 946	18 376	6 393	7 622	6 925	-9
Collections from 3 rd parties	1 054	1 587	1 706	1 296	1 405	+8
Grants received	27 084	25 516	29 870	5 100	24 939	+489
TOTAL	301 978	351 042	381 935	358 272	43 8 815	+22

* The standard table description was utilised. However, in this instance the column represents the budget and not a target included in GMT's Strategic Plan and Annual Performance Plan.

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

The tariffs are the only category of income that is forecasted per financial year. The tariffs claimed but not paid by the client departments at the end of the financial year are classified as debt.

The position of claims raised but not settled at year-end for 2010/11 is shown in **Table 2.8.2** below:

Table 2.8.2: Claims and debt comparison

Type	2007/08 R'000	2008/09 R'000	2009/10 R'000	2010/11 R'000
Daily and Kilometre Tariffs claimed	252 894	304 419	342 310	340 422
Accumulative debt at year-end	87 512	67 627	55 100	54 767
% Variance	35%	22%	16%	16%

Although there is a slight improvement in the debt position as reflected in the Accounting Officers Report (refer to Part 3), GMT is of the opinion that the implementation of interest charges with effect from 1 April 2011 for debt older than 30 days will spur on clients to settle the accounts quicker than at present and should reduce the figure at year-end as it will be reflected in client financial statements as fruitless expenditure. Dedicated debt chasers will also be introduced at GMT to follow-up more rigorously. The last step that is considered is to approach the Treasuries to introduce debit orders in those departments not co-operating. Furthermore, GMT has commenced with the drafting of a strategy document as an interim step to withhold services and to impound vehicles until debt is cleared. The latter is an extreme sensitive matter that requires further work in the next financial year.

2.9 Expenditure trends

2.9.1 Repairs, Maintenance and Overhead expenditure

The expenditure over the last three years is depicted in **Table 2.9.1.1** below.

Table 2.9.1.1: Expenditure trends

Category of Expenditure	Percentage			Annual Average
	2008/09	2009/10	2010/11	
Expenditure on overheads as a % of total expenditure	55	48	51	51.33
Other expenditure as a % of total expenditure	45	52	49	48.67
Total	100	100	100	100.00

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

2.9.2 HDI expenditure trends

The expenditure over the last three years is depicted in **Table 2.9.2.1** below:

Table 2.9.2.1: Progress with promoting Historically Disadvantaged Individuals (HDI)

Category of Expenditure	Percentage/Rands (R'000)			Annual Average
	2008/09	2009/10	2010/11	
Total Rand value of repair and maintenance work allocated	74 449 997	83 887 850	80 901 907	79 746 584
% of total repairs and maintenance work allocated to HDI by value	40	46	49	45

2.10 Service delivery achievements

GMT maintained the standards and service levels achieved in the previous financial year. In some instances the performance bar has been raised, e.g. more vehicles were replaced and less was hired than planned. A special effort was instituted to train more transport officers.

An overview of GMT's performance against pre-determined targets is depicted in **Table 2.10.1** below.

Table 2.10.1: Strategic objectives, performance indicators and performance

Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Provide a vehicle fleet	No of replacement vehicles acquired	250	310	More vehicles could be replaced than originally planned for as part of the program to expedite the renewal of the fleet.
	No of vehicles added to the fleet	120	137	The client departments had more requirements for additional vehicles than what was planned for.
	No of vehicles hired	30	9	The GMT Hire Pool could address the demand with the result that less vehicles had to be hired.

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

An effective utilised vehicle fleet	No of authorisations for repairs and maintenance processed	44 993	42 850	The target was not fully met as the volume is forecasted with the aid of historic statistics and cannot be done accurately. However, all request received were processed.
	No of vehicle inspections carried out	6 710	7 577	More inspections were carried out as part of the drive to improve on service delivery.
	No of merchant inspections carried out	50	60	The target was exceeded as the volume is forecasted with the aid of historic statistics and cannot be done accurately.
	No of updates of the asset register	4	4	N/a
Excellent client satisfaction rating	No of tracking units provided	4 380	4 324	The target was not fully met as the volume is forecasted with the aid of historic statistics and cannot be done accurately.
	No of eFuel units provided	4 192	4 076	The target was not fully met as the volume is forecasted with the aid of historic statistics and cannot be done accurately.
	No of client forums maintained	10	7	The target was not fully met as the forum members decided to reduce the frequency of meetings to bi-monthly.
	No of policy and guideline circulars issued by GMT	34	31	The target was not fully met as the volume is forecasted with the aid of historic statistics and cannot be done accurately.
An unqualified external audit opinion annually	No of phases completed of GAAP system implementation	6	7	The "go live" and other staging/phases dates were amended during the project and only stage 8 is left for 2011/12.

WESTERN CAPE PROVINCE
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TRADING ENTITY: GOVERNMENT MOTOR TRANSPORT

Improved financial management capability	No of business processes documented	180	55	The target could not be met due to the implementation of the new Accounting System. The Business Analysts responsible for this task had to be utilised on the above system to a greater extent than originally planned.
	No of documented business processes reviewed	15	10	The Business Analysts responsible for the task was unable to draft all the business processes as originally set as the requirement due to the implementation of the financial system where his skill and knowledge were required.
Improved operational capability	No of transport officers trained (operational)	80	142	Special attention was given to accommodate additional training sessions over and above the original planning. This was aimed at improved service levels.
	No of transport officers trained (FleetMan)	10	12	Special attention was given to accommodate additional training sessions over and above the original planning. This was aimed at improved service levels.
	No of misuse complaints processed	600	679	The target is determined based on historical trends rather than forecasting. All complaints logged were followed up with the client departments.

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

	No of traffic violations processed	4 917	4 843	The target is determined based on historical trends rather than forecasting. All traffic violations logged were followed up with the client departments.
	No of 3 rd party claims processed	112	103	The target is determined based on historical trends rather than predicting the number of claims. All claims were logged and processed.
	No of accident and losses incidents processed	2 100	2 336	The target is determined based on historical trends rather than predicting the number of claims. All claims were logged and processed.
An effective fleet management system	No of registered FleetMan users	295	322	More users were registered than planned due to the demand from client departments and internally from GMT.

Reasons for major variances

The reasons for the major variances are depicted in **Table 2.10.2** below:

Table 2.10.2: Reasons for major variances

Measure/Indicator	Variance	Reason for variance
No of replacement vehicles acquired	+24%	More vehicles could be replaced than originally planned for as part of the program to expedite the renewal of the fleet.
No of vehicles added to the fleet	+14%	The client departments had more requirements for additional vehicles than what was planned for.
No of vehicles hired	-233%	The GMT Hire Pool could address the demand with the result that less vehicles had to be hired.
No of vehicle inspections carried out	+13%	More inspections were carried out as part of the drive to improve on service delivery.

PART 2: INFORMATION ON PREDETERMINED OBJECTIVES (continued)

No of merchant inspections carried out	+60%	The target was exceeded as the volume is forecasted with the aid of historic statistics and cannot be done accurately.
No of client forums maintained	-30%	The target was not fully met as the forum members decided to reduce the frequency of meetings to bi-monthly.
No of business processes documented	-69%	The target could not be met due to the implementation of the new Accounting System. The Business Analysts responsible for this task had to be utilised on the above system to a greater extent than originally planned.
No of documented business processes reviewed	-33%	The Business Analysts responsible for the task was unable to draft all the business processes as originally set as the requirement due to the implementation of the financial system where his skill and knowledge were required.
No of transport officers trained (operational)	+78%	Special attention was given to accommodate additional training sessions over and above the original planning. This was aimed at improved service levels.
No of transport officers trained (FleetMan)	+20%	Special attention was given to accommodate additional training sessions over and above the original planning. This was aimed at improved service levels.
No of misuse complaints processed	+13%	The target is determined based on historical trends rather than forecasting. All complaints logged were followed up with the client departments.
No of accident and losses incidents processed	+11%	The target is determined based on historical trends rather than predicting the number of claims. All claims were logged and processed.

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YOU ARE A KILLER**

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Annual FINANCIAL STATEMENTS

PART 3

PART 3: ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2011

REPORT BY THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2011.

Audit Committee Members and Attendance

In terms of Cabinet Resolution 55/2007, The Government Motor Transport is served by the Transport and Public Works Audit Committee. The Audit Committee consists of the members listed below and should meet at least 4 times per annum as per its approved terms of reference. During the financial year under review, 7 meetings were held.

Name of Member	Number of Meetings Attended
Mr.Ameen Amod (Chairperson)	7
Mr.Zakariya Hoosain	7
Mr.Wessels Pieters	7

A quorum of members was present at all meetings.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from **section 38(1)(a) of the PFMA** and **Treasury Regulation 3.1**.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, approved by Cabinet on 9th February 2011, and has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with assurance that the internal controls are adequate and effective. This is achieved by a risk-based Internal Audit Plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective action.

From our review of the reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General of South Africa, the committee is concerned about the system of internal control applied by the department:

Legal and Regulatory Compliance

We have noted the non-compliance with laws and regulations as it pertains to supply chain management. Notwithstanding the differences in the legal interpretation of the status of Practice Notes, the committee has encouraged management to implement the Practice Notes.

The committee deliberated the findings on control weaknesses highlighted by the Auditor-General with management. Although there were varying instances of control deficiencies which is a regression from the previous year, from an oversight perspective it is our view that it was not a pervasive breakdown of control across the organisation. We continue to monitor remediation on a quarterly basis.

REPORT BY THE AUDIT COMMITTEE (continue)

Deficiencies highlighted by Internal Audit

During the year key control deficiencies were noted by Internal Audit in the following areas:

Revenue Management
Maintenance of Vehicles

Corrective actions have been agreed by management and are being monitored by the Audit Committee.

Information Technology

The Audit Committee previously reported on the limited progress that had been made towards implementation of the turn-around strategy to address the IT-related risks facing the Province. We are encouraged by the progress in this regard and continue to monitor progress against agreed actions.

The quality of In-Year Management Reports submitted in terms of the PFMA and the Division of Revenue Act

In-year financial reports were historically prepared on a cash basis of accounting due to the accrual based accounting system only being operational in the new period. It is expected that the new system (Go-Fin) will result in significant reduction of effort to produce more realistic, accrual based financial reports and reduce the cost of conversion to GAAP. The committee is closely monitoring this implementation.

The quality of Quarterly Reports submitted in terms of the PFMA

The Audit Committee is satisfied with the content and quality of quarterly reports on performance prepared and issued by the Accounting Officer of the entity during the year under review.

Enterprise Risk Management

Further progress has been made with the implementation of the Enterprise-wide Risk Management (ERM) methodology and the identification of the key risks and mitigating controls implemented by the Department. The Audit Committee continued to review progress on a quarterly basis.

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 and the Accounting Officer;
- reviewed the Auditor-General's Management Report and management's response thereto;
- reviewed changes to accounting policies and practices as reported in the Annual Financial Statements;
- reviewed the Department's processes for compliance with legal and regulatory provisions;
- reviewed the information on predetermined objectives as reported in the annual report; and
- reviewed adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General's opinion regarding the Annual Financial Statements, and proposes that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

REPORT BY THE AUDIT COMMITTEE (continue)

Internal Audit

In the previous year, the Audit Committee reported that the Shared Internal Audit Unit experienced challenges relating to capacity and change management which impacted on its ability to achieve its plan. The Audit Committee is still concerned that further audit coverage is required and that there is a need for additional capacity to support the increased coverage of further high risk areas.

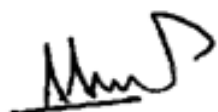
The committee reports that Internal Audit completed two of its three planned areas by the end of the financial year, and the remaining audit report was issued subsequent to the year end. The Committee gained the assurance by Internal Audit that this will not have an impact on the completion of the current year's internal audit plan.

Auditor-General South Africa

The Audit Committee has met with the Auditor-General South Africa to ensure that there are no unresolved issues that emanated from the regulatory audit. Corrective actions on the detailed findings emanating from the current regulatory audit will be monitored by the Audit Committee on a quarterly basis.

Appreciation

The Audit Committee wishes to express its appreciation to the Management of the Department, the Auditor-General South Africa and the Internal Audit Unit for the co-operation and information they have provided to enable us to compile this report.



Mr. Ameen Amod
Chairperson of the Transport and Public Works Audit Committee

Date: 10 August 2011

PART 3: ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2011

STATEMENT OF RESPONSIBILITY

The Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, requires the Accounting Officer to ensure that Government Motor Transport of the Western Cape (GMT) keeps full and proper records of its financial affairs. The AFS should fairly present the state of affairs of GMT, its financial results, its performance against predetermined objectives and its financial position at the end of the year in terms of Generally Accepted Accounting Practice (GAAP).

The AFS is the responsibility of the Accounting Officer of the Department of Transport & Public Works. The Auditor-General is responsible for independently auditing and reporting on the financial statements. The Auditor-General has audited GMT's AFS and the Auditor-General's Report can be viewed after the Accounting Officer's Report.

The AFS have been prepared in accordance with Statements of Generally Accepted Accounting Practice (GAAP). These AFS are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The Accounting Officer has reviewed GMT's budgets and cash flow forecasts for the year ended 31 March 2011. On the basis of the review, and in view of the current financial position, the Accounting Officer has every reason to believe that GMT will be a going concern in the year ahead and has continued to adopt the going concern basis in preparing the AFS.

The Accounting Officer sets standards to enable management to meet the above responsibilities by implementing systems of internal control and risk management, where possible, that are designed to provide reasonable, but not absolute assurance against material misstatements and losses. The Trading Entity maintains internal financial controls to provide assurance regarding the –

- safeguarding of assets against unauthorised use or disposition, and
- maintenance of proper accounting records and the reliability of financial information used within GMT or for publication.

The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations, including the possibility of circumvention or the overriding of controls. An effective system of internal control, therefore, aims to provide reasonable assurance with respect to the reliability of financial information and the presentation of financial statements. However, because of changes in conditions, the effectiveness of internal financial controls may vary over time.

The Accounting Officer has reviewed GMT's systems of internal control and risk management for the period from 1 April 2010 to 31 March 2011. The Accounting Officer is of the opinion that GMT's systems of internal control and risk management were effective for the period under review, inclusive of material losses, and irregular, fruitless or wasteful expenditure referred to in the Accounting Policies as set out in the AFS as part of this Annual Report.

In the opinion of the Accounting Officer, based on the information available to date, the AFS fairly present the financial position of GMT as at 31 March 2011 and the results of its operations and cash flow information for the year, and that the Code of Conduct has been adhered to.

The AFS for the year ended 31 March 2011 were submitted for auditing on 31 May 2011.

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND THE PROVINCIAL PARLIAMENT

3.1 General review of the state of financial affairs

The following reflects on important policy decisions and strategic issues facing GMT.

3.1.1 GMT's mandate

All government motor transport activities prior to 1988 were managed by the national Department of Transport. However, during June 1988 the provincial authorities of the day were commissioned by the National Cabinet to perform these functions through the respective government garages. The Provincial Government took this competency over from the pre 1994 dispensation and transformed the functions into GMT as a fleet management entity. The organisation currently resides within the Department of Transport and Public Works (parent department) and is responsible for the execution of the fleet functions with regard to operations, logistics, finance and risk. It is GMT's intention to review the current business model and mandate shortly to raise the bar on service delivery.

3.1.2 Accrual accounting

In terms of Treasury Regulation 18.2 the Annual Financial Statements (AFS) of trading entities such as GMT must conform to Generally Accepted Accounting Practice(GAAP). GMT could not record its financial transactions to conform to GAAP as the transversal Basic Accounting Systems (BAS), utilised by the government to record its financial transactions, is cash based while GAAP requires an accrual based accounting system.

The financial affairs of GMT are currently managed in terms of standard operating procedures and a GAAP compliance implementation framework as part of the strategy until the GAAP compliant accounting system is fully functional. The current accounting policies were revisited and amended where necessary. The BAS accounting system was successfully closed-off at year-end after which the conversion to GAAP was undertaken. This financial year was the last one where cash based statements had to be converted. The new financial system GoFin that will be utilised for all financial transactions in GAAP has been acquired, customised and configured during the year under review to meet operational and legal requirements. The system was certified functional with effect from 1 April 2011.

The organisation and establishment of the GMT Fleet Finance Division, that is mainly responsible for management and control of the financial affairs, also requires re-engineering. This process has already commenced and is in the final stage to ensure that all posts are in line with the newly implemented GAAP functions, providing for GMT's own banking account and the implementation of cash flow management. This project is planned to be completed by the end of June 2011.

GMT also intends to appoint a chartered accountant on a contractual basis to assist with the financial operations. Till such time, the expert knowledge and skill of chartered accountants are contracted-in to assist with GAAP related issues, the conversion process and the preparation of the AFS.

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

3.1.3 Overview of AFS

a) Financial performance

Revenue for the year under review has increased by 17% (R59 million) from R342 million in the 2009/10 year to R401 million in the 2010/11 year. This increase is a combined result of the annual tariff increase as well as an increase in the number of kilometres driven during the financial year.

Other Income for the year under review decreased by R2.8 million from R39.2 million in the 2009/10 year to R36.4 million in the 2010/11 year. The decrease was mainly due to a decrease in deferred income recognised as revenue during the year under review. The deferred income is recognised as income on a systematic basis, matching over the useful life of the vehicles, the depreciation expense on additional vehicles. Due to an increase in the residual value of the fleet from 35% (2009/10) to 40% (2010/11) the depreciation expense in the 2011 financial year decreased which resulted in less grant revenue recognised as income during the year under review.

The total expenditure of GMT of R274 million was noticeably lower than the estimated expenditure/budget of R341 million. The decrease is mainly attributed to the decrease in the provision of depreciation for the vehicle fleet, a decrease of R14 million, (2009/2010: R72 million - 2010/2011: R58 million) due to the revaluation of the residual value of the fleet increasing from 35% to 40%. The residual value of the fleet is calculated annually based on the history of the auction income of the vehicles over the past three years. This revaluation is in line with the prices of second hand vehicles in the private sector. Furthermore, some posts were not filled which had an effect on the personnel budget not being fully spent and the fuel price not increasing as forecasted by GMT. The new vehicles ordered but not delivered before year-end closure also had an impact on the expenditure of the fuel budget.

Operating Expenditure includes the maintenance, repair and running costs of the fleet which is difficult to restrain. Maintenance, repairs and running costs in relation to the carrying value of the vehicle fleet decreased from 36% in 2009/10 to 35% in 2010/11 which was mainly due to more new vehicles, innovative and effective maintenance strategies implemented by GMT management. The maintenance as a percentage of the total expenditure (51.3%) appears high but this is in line with the type of business that GMT is conducting.

The net profit for the year increased from R118.8 million in the 2009/10 year to R163.4 million in the 2010/11 year. The increase in the net profit percentage is mainly due to the increase in Revenue which is as a result of the annual tariff increase and more kilometres being travelled in the year under review. Furthermore, the decrease in operating expenditure is due to the lower increase than expected in the cost of fuel and more effective maintenance strategies implemented by GMT management. GMT intends to reinvest this profit to improve the fleet and service delivery to its client departments.

Asset turnover indicates how effectively assets were utilised by GMT to produce revenue. The higher the turnover figure, the more effectively assets are utilised. Asset turnover for GMT was calculated at 0,44 times for 2010/2011 and 0,45 times for 2009/2010 and reflects a marginal decrease.

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

b) Financial position

The financial position strengthened significantly as at year-end compared to 31 March 2010.

There was however an increase in non-current assets from R382 million to R447 million which was mainly due to the increase in number of vehicles in the fleet. GMT also has capital commitments of R63 million as at 31 March 2011 with regards to vehicles ordered but not yet delivered at year-end.

Current Assets increased from R383 million in 2009/2010 to R473 million in 2010/2011. This was mainly due to an increase of R84 million in the GMT trading account held by the Department of Transport and Public Works from R323.6 million on 31 March 2010 to R407.6 million on 31 March 2011. The increase was mainly due to vehicles ordered but not paid for by year-end. These Capital Commitments at year-end amounted to R63 million.

The Accumulated Surplus/Total Equity increased from R616 million as at 31 March 2010 to R779 million as at 31 March 2011. This increase is mainly due to the daily tariffs charged for the replacement of vehicles in the fleet.

c) Significant accounting for errors

Corrections were made to prior year balances which resulted in an increase of R0.7 million in GMT's accumulated surplus as at 31 March 2009 and an increase of R1.1 million in GMT's profit for the year ended 31 March 2010. This was mainly due to a number of lease arrangements for tracking units that were previously incorrectly classified as operating leases and reclassified as finance leases. A correction of accumulated depreciation as at 31 March 2009 and 2010 was also made due to a depreciation calculation error that occurred in the prior financial year. Except for the new accounting policies created for finance lease liabilities and finance lease assets, there were no changes in GMT's other accounting policies for the year under review.

3.2 Services rendered

3.2.1 Composition of fleet

GMT renders a fleet service to its clients by providing and sharing its expertise gained in its various fleet administration sectors. The fleet consists of permanently allocated vehicles and temporary/relief vehicles. At year-end there were 4 465 vehicles in the fleet. During the course of the year 188 replacement and 67 additional vehicles were purchased and received. The outstanding deliveries will be reflected in the 2011/12 financial year. The fleet allocation is depicted in **Table 3.2.1.1** below:

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

Table 3.2.1.1: Fleet allocation

Provincial Departments (90 % of the fleet)	Quantity
Agriculture	225
Cape Nature	149
Community Safety	360
Cultural Affairs & Sport	90
Economic Development	23
Education	431
Environmental Affairs & Development Planning	41
Health	1 560
Human Settlements	102
Parliament	4
Premier	73
Social Development	327
Transport and Public Works	122
Treasury	18
Government Motor Transport (General Pool)	478*
SUB TOTAL	4 003

* Includes new vehicles that still had to be allocated to clients.

National Departments (10% of the fleet)	Quantity
Environmental Affairs & Tourism (Marine and Coastal Management)	114
Home Affairs	27
Department of Rural Development and Land Reform	23
Justice	129
Labour (Service Products)	2
Mineral & Energy Affairs	1
Office of the Presidency	1
Parliament	3
Prosecuting Authority	5
Public Service Commission	1
Public Works	59
South African Social Security Agency (SASSA)	97
SUB TOTAL	462
GRAND TOTAL	4 465

3.2.2 Tariffs

Client departments provide GMT with the capital to purchase the required vehicles. These vehicles are purchased via competitive procurement processes and after delivery are captured on FleetMan which also constitutes a central asset register. Thereafter a daily tariff is charged to recover the replacement cost (capital) and GMT overhead costs over the economic life cycles of the vehicles. All replacement vehicles are thus funded by the GMT Trading Account. The kilometre tariff income on the other hand provides for the running costs of vehicles. The Provincial Treasury approved revised tariffs for 2010/11.

3.2.3 Free services

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

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

3.2.4 Inventories

Refer to Note 8 of the Notes to the AFS.

3.3 **Capacity constraints**

3.3.1 Operational efficiency

The project to install tracking and control devices in all vehicles was maintained to enhance operational efficiency, stabilise fleet expenditure, monitoring vehicle utilisation, to provide clients with a management tool to manage their resources effectively and to assist with the recovery of stolen vehicles. The necessary financial provision to cover the cost is made within the operational budget of GMT. The project is showing positive results as no vehicles were stolen/hijacked during the 2010/11 financial year. During the previous financial year two vehicles were stolen.

Furthermore, the growing trend of unacceptable driver behaviour remains one of the major challenges in the fleet management environment. Analysing the utilisation of the fleet revealed that the \pm 4 500 vehicles travelled just over a 100 mil kilometres, consuming 10.9 mil litres of fuel. The concern is that a total of 4 843 traffic violations occurred during the year under review, mostly transgressing speed limits. This type of behaviour eventually leads to other more serious incidents such as accidents. Vehicles lost through serious accidents (for example people transporters) cannot always be replaced immediately due to the lead time on replacement vehicle orders and could lead to lower levels of service delivery. Remedial action is constantly developed and updated and heads of client departments are regularly provided with risk reports for action. More stringent action is planned and reported later in this report (refer to paragraph 3.10 e).

3.3.2 Staff and establishment structure

GMT staff and organisation remained unchanged during the year under review and placed an increased burden on the already small establishment to address all client expectations, slowing down service delivery and increasing the risk for non-compliance. The Financial Division is unfortunately trapped between the change over from cash based accounting to GAAP and job descriptions must first be finalised and the establishment re-engineered before posts can be filled. The micro structure of the organisation, including the latter is under review and it is planned to conclude this project during the 2011/2012 financial year. A revised establishment should lead to enhanced service delivery and efficiencies.

3.3.3 Technology specialist/experts

The maintenance, repair and fuel management, tracking and control and banking systems of the external service agents have been integrated with GMT's core fleet management system (FleetMan). The latest addition to the integrated approach of an "Electronic Highway" is the acquiring and configuration of a new financial system (GoFin). However GMT does not have adequate ICT in-house technology specialist/expertise in its establishment to upkeep, enhance and maintain these systems. The provincial Centre for e-Innovation could also not supply these resources. GMT therefore had to utilise the services of external/outsourced computer system development resources obtained via the SITA transversal contract to assist with the systems.

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

The expert knowledge and skill of chartered accountants were contracted in to assist with the preparation of the Annual Financial Statements and the conversion from modified cash based accounting to GAAP. GMT obtained approval from National Treasury in terms of Treasury Regulation 17.3.1 to procure a GAAP compliant accounting system. A migration plan was compiled and implementation has commenced. The chartered accountants also assisted with these actions.

3.3.4 Debt control

The e-billing process utilising odometer readings captured and verified by GMT has proven successful as all kilometres travelled during the 2009/10 and 2010/11 year could be billed before year-end. The full roll-out of the capturing of odometer readings was intended to fast track the payment process however, it remains a challenge to ensure that government debtors settle their accounts within 30 days as prescribed by the PFMA.

GMT had obtained permission to charge interest on outstanding debt older than 30 days, however due to the nature in which the Debtors module was set-up in FleetMan, this would only be possible with effect from 1 April 2011. The GoFin system's functionality will be utilised to process the latter.

3.3.5 Transport Officers

GMT is assisted by departmental transport officers in the management of the fleet at grass roots level. However, challenges are still experienced at these levels. GMT continued with the action plan that was launched during the 2009/10 financial year to intensify training sessions, more frequent assets inspections and quality checks by the technical and administrative staff. Early detection and addressing of the shortcomings would lead to improved service delivery. The action plan with effective monitoring and evaluation will continue throughout the next financial year.

3.3.6 Accommodation

GMT is located in two buildings in the Central Business District of Cape Town. Over and above the difficulties encountered with effective management and control of resources due to this split, further challenges in particular a critical shortage of adequate parking space for the growing fleet is now a factor seriously effecting service delivery. The parent department is in the process to identify alternative premises for GMT. The current properties are located in a part of the City already identified for residential and other commercial purposes.

3.4 Utilisation of donor funds

GMT did not make use of any donor funds during the year under review.

3.5 Trading entities

GMT is a trading entity under the administration of the provincial Department of Transport and Public Works. For services rendered, refer to paragraph 3.2 above.

3.6 Organisations to whom transfer payments have been made

GMT did not make any transfer payments during the year under review.

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

3.7 **Public private partnerships (PPP)**

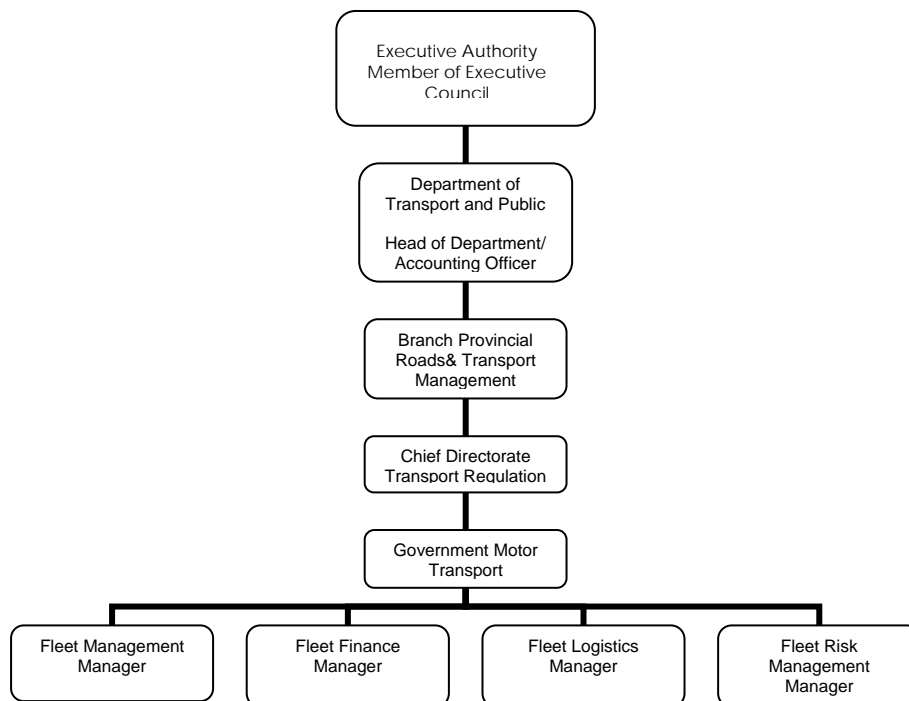
GMT was not engaged in any PPP during the year under review.

3.8 **Corporate governance arrangements**

3.8.1 Accountability arrangements

The Head of the Department: Transport and Public Works is also the Accounting Officer for GMT. The organisation is depicted in **Figure 3.8.1.1** below:

Figure 3.8.1.1: The organisation



In support of GMT's Annual Performance Plan, performance agreements continue to be entered into with the Senior and Middle Management Service Members of GMT. Each staff member also has an individual performance agreement and development plan.

3.8.2 King Code of Governance of South Africa

GMT recognises the King Code of Governance of South Africa to be a key instrument to guide the implementation of the governance elements, principles and practices. The discussion below aims to address the nine principles of the Code.

1. **Ethical leadership**

The responsibility for leadership is assigned to the Executive Authority and delegated to the Accounting Officer of the parent department. The values of GMT subscribe to the principles of ethics and are encapsulated in GMT's Strategic Plan 2010 – 2014. Furthermore, the responsibility for effective service delivery was assigned to the Accoun-

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

ting Officer and delegated to GMT's Management through the Strategic Plan 2010 – 2014 and the Annual Performance Plan 2010/11. These plans establish the measureable objectives expected to be achieved in the financial year ending 2010/11. GMT through the Department of Transport and Public Works has and maintains a system whereby performance outcomes are reported on a quarterly basis through the Accounting Officer to the Executive Authority, Provincial Treasury and Executive Council in the prescribed format. The Department utilises its Enterprise Content Management System to assist with the electronic reporting process.

The Department's commitments to service delivery, ethics and a code of conduct are driven by the expectation that all employees -

- are expected to practice Batho Pele principles and comply with the Code of Conduct for the Public Service;
- involved in procurement processes comply with the values and Code of Conduct contained in the Accounting Officer's Supply Chain Management System;
- involved as supply chain practitioners comply with the Code of Conduct for Supply Chain Practitioners (National Treasury Practice Note 4 of 2003), and
- involved in bid adjudication comply with the Code of Conduct for Bid Adjudication Committees (National Treasury 2006).

2. Executive Management

The Department has and maintains a Ministerial Top Management Committee chaired by the Executive Authority, a Top Management Committee chaired by the Accounting Officer, a Fraud and Risk Management Committee chaired by the Accounting Officer as well as a Management Forum chaired by the Accounting Officer.

A new Head of Department (also the Accounting Officer) was appointed with effect from 1 November 2010 for a 3 year period. For the period 1 April 2010 to 31 October 2010 this leadership position was occupied in an acting capacity.

GMT's management consisted of the Head: GMT together with the four Divisional Managers. The management met on a regular basis and the individual managers had meetings with their section heads.

The Strategic Plan 2010 – 2014 was approved by the Executive Authority and captures all the elements required by Treasury Regulation 5.2.2. Enterprise risk management was applied to the strategy by incorporating the risks and the mitigation thereof attached to each objective into the strategy document. As articulated in the Strategic Plan 2010 – 2014, the GMT Management under the supervision of the Accounting Officer and Executive Authority was directly involved with the strategy setting process.

The Head: GMT and his management concluded performance agreements that were aligned to Annual Performance Plan 2010/11 which in turn was linked to the Strategic Plan 2010 – 2014. Performance was measured on a quarterly basis or at least bi-annually against the specific outcomes in the respective agreements and assessed against the relevant protocol, through the prescribed performance management

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

system. The final appraisal for the Head: GMT will only be conducted once the Auditor-General's Report for 2010/11 is published. The Head: GMT also submitted a financial disclosure certificate to the Executive Authority for noting.

It is acknowledged that financial discipline is fundamental to good governance in GMT and the public sector. GMT closed its financial year without a deficit or a request for additional funding from the parent department for "unavoidable and unforeseeable" expenditure. However, funds were subsequently shifted in order to optimally utilise limited resources for service delivery.

GMT has delegations issued by the Executive Authority and the Accounting Officer in terms of the Public Service Act, 1994 and the Public Finance Management Act, 1999, respectively.

3. **Audit Committee**

The parent Department has an Audit Committee that came into effect on 1 January 2010. Prior to that date it was served by the Economic Cluster Audit Committee. The Audit Committee was appointed by the Accounting Officer in consultation with the Executive Authority and consists of three independent members with suitable skill and experience in the field. The Committee met on a regular basis (quarterly), operated in terms of an approved charter and has an oversight responsibility relating to the activities of Internal Audit, External Audit, Enterprise Risk Management, Fraud Investigative Unit and Internal Control.

The Audit Committee met annually with representatives of the Auditor-General without the presence of management. The Committee conducted oversight on reports, which include but are not limited to the following:

- Monthly in-year monitoring of revenue and expenditure reports.
- Quarterly reports on performance (non-financial), i.e. performance on predetermined objectives.
- Interim and annual financial statements.
- Irregular, fruitless and wasteful and unauthorised expenditure reports.
- Financial management improvement response plan progress reports
- Three year Rolling Strategic Internal Audit Plan.
- Internal Audit operational plan and reports.
- Enterprise Risk Management plans and reports.
- Fraud Investigative Unit plans and reports.
- Annual report.
- Auditor-General's Audit Strategy.
- Auditor-General's Reports and Management reports.

The leadership, in particular the Accounting Officer of the parent department (in consultation with the Chief Financial Officer) evaluated the Committee which was considered to be effective in fulfilling its mandate.

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

4. Internal Audit

Internal Audit continued to be offered by the Shared Internal Audit Function which, similar to the Enterprise Risk Management Support Unit was corporatised into the Corporate Service Centre of the Department of the Premier. The engagement between the parent department and Internal Audit has grown to the required level of maturity, thus living up to Internal Audit's mandate of objective assurance and providing value adding services that would result in improving the operations of the parent department, inclusive of GMT. A 3-year Rolling Strategic Internal Audit Plan was approved by the Audit Committee and the latter monitored the execution of the operational plan. The increasing maturity in the risk management process in the parent department will enable Internal Audit to deploy its limited resources on high and extreme risks and thus optimise the value edition of the Internal Audit service.

5. Governance of Risks

The Department recognises the need to implement Enterprise Risk Management as a key governance element.

The Enterprise Risk Management support unit was corporatised into the Corporate Service Centre of the Department of the Premier with effect from 1 April 2010, now known as the Provincial Enterprise Risk Management Unit (PERMU). The Chief Risk Officer is vested in PERMU. The relationship between PERMU and the Department is governed through a service level agreement and service schedules.

The journey to embed enterprise risk management in the parent department and GMT continued. The Risk Management Implementation Plan that was executed addressed the fundamentals of risk management and resulted in basic compliance to regulatory requirements. The Fraud and Risk Management Committee, chaired by the Head of parent department who is also the Risk Champion, was re-established with reviewed membership. The Head: GMT is a member of this Committee. Work commenced to review the Risk Management Policy and Strategy. A departmental Risk Register, inclusive of GMT was compiled towards the end of the financial year. GMT is engaging vigorously with the risk management process to ensure improved and credible risk information and by so doing improving the effectiveness of enterprise risk management. GMT maintained the Risk Register which identified the risks and the rating/likelihood. The risks are continuously revisited during the financial year and updated together with the measures (treatment) to address them. The implementation of these measures is monitored by the GMT Management Team.

The internal GMT Fleet Risk Management Division was responsible for generating risk profiles, covering risks such as traffic violations, misuse incidents reported and accidents/losses, as well as comprehensive investigations, in order to enable client departments and GMT to manage and mitigate the reoccurrence of these risks. Special attention was given to the business risks pertaining to maintenance and fuel transactions through regular monitoring of transaction reports. The appointed service agents assisted with this task as part of the maintenance and fuel management contracts.

Fraud could represent a significant potential risk to GMT's assets, service delivery efficiency and reputation. Emanating from the parent departments' Enterprise Risk

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

Management Strategy it has and maintains an updated Fraud Prevention Plan, which includes a Fraud Prevention Policy, Strategy and a five year Control Strategy Implementation Plan. The policy in brief entails the parent department's commitment to protecting its revenue, expenditure, assets, liabilities and reputation from any attempt by any person to gain financial or other benefit in a dishonest, unethical and unlawful manner. Fraud, corruption and theft and other forms of dishonest activities of a similar nature will not be tolerated through the support and fostering of a culture of zero tolerance. Incidents and suspicions will be investigated and treated with the application of the full extent of the law. Staff of GMT voluntarily and actively participated in a Fraud Health Check Survey.

Notwithstanding the aforementioned, GMT developed internal risk management procedures that is utilised together with the risk management module within FleetMan to register and manage all cases involving losses and accidents. Effective control is exercised through the issuing of a system controlled sequence number allocated to each case.

The Fraud Investigative Unit is corporatised into the Corporate Service Centre of the Department of the Premier. In all outcomes indicating fraud and or irregularities corrective action is recommended, which includes reporting the matter to the South African Police Services in cases where the actions are criminal in nature. The parent department has and maintains a Standard Operating Procedure guiding the Treatment and Management of Forensic Investigative Unit Reports.

Non-compliance to laws, rules, codes and standards could represent a significant risk to GMT's resources. During 2010/11 the Provincial Treasury confirmed the incorrect classification of expenditure under operational leases instead of financial leases as found by GMT's management. The case was reported to the Financial Control Division of the parent Department and corrective action to obtain approval for the expenditure is in process.

The parent Department has and maintains a Health and Safety Management Programme inclusive of Health and Safety Policy in accordance with the Occupational Health and Safety Act, 1993 (Act 85 of 1993). GMT has a fully functional Health and Safety Committee where the employer and employee representatives are represented. Proper record was kept of minutes of meetings, incidents and remedial actions taken.

GMT participates in the Western Cape Environmental Implementation Plan published by the Department of Environmental Affairs and Development Planning.

6. Governance of Information Technology (IT)

The Centre for e-Innovation is corporatised in the Corporate Service Centre in the Department of the Premier. The relationship between the parent department inclusive of GMT and the Centre for e-Innovation is governed by a Service Level Agreement and Service Schedules. The Director-General, on 5 January 2011, approved an Information Technology Governance Framework for the Provincial Government of the Western Cape, which supports and enables the business, delivers value and improves performance. The Framework is aligned to the King Code of Governance for South Africa.

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

The Chief Information Officer (CIO), is vested in the Department of the Premier, has oversight of internal governance structures and is the bridge between IT and GMT.

The Accounting Officer acknowledges his responsibility for cultivating an understanding of the value of IT within the department. In order to support the Accounting Officer in the dispatching of his responsibilities an IT Steering Committee, comprising of representatives from both the department (business) and the Centre for e-Innovation IT is maintained. The said Committee is known as the Departmental IT Committee (DITCOM).

The departmental Strategic ICT Plan covering a period of five years considers the critical system needs of the parent department inclusive of GMT in order to enable more efficient delivery of services and execution of its core mandate. The ICT Plan articulates the departmental ICT mandate and strategy and fully addressed issues of ICT architectures.

The Department of the Premier issued an assessment on IT governance maturity during March 2011 and the Centre for e-Innovation commenced with the preparation of an IT Governance Improvement: Current Status Report, which was issued on 10 April 2011.

GMT utilised electronic systems to manage its fleet and financial activities. The external resources were employed via specialist contract houses in terms of the SITA transversal contract. The services are regulated with a yearly entered Service Delivery Agreement describing the functions and hourly rate payable. A Project Identification Document (PID) listing all tasks and Project Plan to improve and enhance the system was compiled and approved by the GMT Management with effect from 1 April 2010. Each resource logs onto the system and time spent was allocated to a particular task as per PID. These time sheets were submitted to the GMT System Controller on a monthly basis for controlling and verification before payments were made. The Project Manager kept a watchful eye over activities of the resources and issued monthly progress reports to the GMT management. A system Steering Committee comprising of the Programme Manager, Project Manager, System Controller, departmental ICT Services Manager, GMT Divisional Managers met on a quarterly basis under chairmanship of the Head: GMT to serve as overall management mechanism. The minutes of these meetings were distributed to the senior management of the parent department.

The implementation of the new accounting system (GoFin) was performed by a private contractor that submitted the most favourable bid after selected from a list of preferred vendors obtained from the transversal SITA contract for system design and implementation. A dedicated Project Manager kept a watch full eye over the implementation with the aid of a Project Charter and Project Plan. Time sheets were kept by the individual resources and control was exercised to ensure that the time contracted and accounts delivered were in line with the specification and bid pricing. This contract made provision for change control to cater for unforeseen and additional client requirements. The Project Manager ensured that each Change Request was costed in terms of the approved rate and linked to the respective phases set out in the Project Charter/Plan. A Cost Control Plan was used for keeping record of the financial activities and to ensure that the cost did not exceed the accepted bid and legal provision for additional work. Weekly Progress Reports were issued to the Steering Committee and parent department's senior management. A Project Steering Committee comprising of the Project Manager, System Controller, departmental ICT

Services Manager, GMT Divisional Managers, Business Solutions Architect, representatives from the Chief Financial Officer, Provincial Treasury, Internal Audit and the Auditor-General met on a quarterly basis under chairmanship of the Head: GMT to serve as overall management mechanism. The minutes of these meetings were also distributed to the senior management of the parent department.

7. Compliance with laws, rules, codes and standards

The departmental Division Financial Control, the Division SCM Performance and Compliance as well as the Monitoring and Evaluation Component of the parent Department are the key structures that assist the Accounting Officer with measuring compliance in relation to financial management, supply chain management and performance management matters. A Financial Management Improvement Response Plan (the Plan) drives and is used as a tool to improve compliance. The Plan responds to and monitors progress with remedial actions on findings/resolutions of non-compliance reported by the Standing Committee on Public Accounts, Auditor's Management Report, Audit Report, and Auditor's Performance Reports as well as the Audit Committee and Internal Audit Reports.

8. Governing stakeholder relationships

GMT acknowledges that managing stakeholder perceptions and relationships is an integral part of the operations of GMT, particularly with the increased emphasis on service delivery. Key stakeholders include, but are not limited to client departments and merchants delivering contracted out services. Communication with these stakeholders occurs through regular forum meetings, surveys and one on one type of consultation. The main aim of the aforementioned communication activities is to consult, inform, promote, obtain feedback and provide access to services.

9. Integrated reporting and disclosures

Appropriate systems and processes are in place to produce integrated reports that gives a complete picture of the GMT's financial and non-financial profiles in a holistic and reliable manner and which also reflects on economic, social and environmental issues. These reports include, but are not limited to the following:

- Review and outlook in the annual Estimates of Revenue and Expenditure.
- 5year strategic and annual performance plans.
- Annual Report.
- Monthly in-year monitoring of revenue and expenditure reports.
- Quarterly reports on performance (non-financial), i.e. performance on predetermined objectives.
- Interim and annual financial statements.
- Irregular, fruitless and wasteful and unauthorised expenditure reports.
- Fraud Investigative Unit reports.
- Enterprise risk Management reports.

3.9 Discontinued activities/activities to be discontinued

GMT did not discontinue any of its activities during the year under review.

3.10 New and proposed activities

GMT implemented the following new activities:

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

(a) Enhancements to systems

FleetMan

GMT's core business activities are supported by the FleetMan integrated fleet management system. The system is a tool that allows GMT to provide cost-effective, quality transport services to the clients and continuous service delivery improvement. FleetMan was enhanced further during the financial year. The main enhancement was to interface data between FleetMan and the GAAP financial system. This additional functionality will ensure an effective final product.

It was further effectively utilised in the management of income and expenditure activities including fuel purchases, as well as the maintenance, repairs and sale of vehicles. GMT's clients have on-line access to FleetMan via the FleetMan Client Module to manage the vehicles allocated to them. This module has been enhanced to allow the clients to capture their own odometer readings on a monthly basis. The objective behind this exercise was to allow the client departments the opportunity to take control of their kilometres travelled and to perform their own kilometer reconciliations before the billing takes place. This will assist them to do their payment reconciliations before the monthly accounts are processed. It would speed-up the payment of accounts and contributes towards the explicit requirement of GMT to have a positive cash flow from 2011/2012. GMT will commence utilising its own bank account from 1 April 2011 and can no longer be reliant on the Department of Transport & Public Works for financial assistance. Training sessions were introduced to enable transport officers to utilise the new functionality.

The risk module within FleetMan has been further enhanced to generate various risk profile reports as a management tool for both GMT and its client departments to exercise overhead management of the highest risk areas in the fleet, such as traffic violations, misuse incidents reported and accidents and other losses. Risk profiles are compiled on a regular basis and utilised in the early detection of risks and compilation of action plans to contain such risks. Profiles are continuously issued to the client departments to assist with remedial action and future prevention.

The traffic violation module on FleetMan was enhanced in preparation for the role out of the new Administrative Adjudication Road Traffic Offences Act, 1998 (Act 46 of 1998) (AARTO). This enhancement also assists GMT to manage its traffic violations more effectively. A client base is currently being compiled regarding the traffic violations, which is linked to the risk module. GMT is still focused on the improvement of the quality of service delivery, and therefore access to this module is still only provided once an appointed official has successfully completed the FleetMan training course.

GoFin

The configuration and implementation of the new financial system, GoFin that commenced in January 2010 was concluded by year-end. The system will be operational by 1 April 2011. The system, utilising the latest Oracle database and application software version R12, is the first in the Western Cape to be hosted and maintained by a private vendor in the SITA shared service environment in a modern Virtual Data Centre (VDC). The new financial system brings an end to the conversion of the modified cash based statements to be GAAP compliant.

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

(b) Training of Transport Officers

The special project to increase the training sessions where transport officers will receive training in operational activities of the fleet was introduced. This special project is regarded as on going as a result of the high turnover rate of transport officers.

(c) Vehicle conversions

GMT in consultation with the Department of Health continued with the project to develop, design and build local vehicle conversions for ambulances, rescue vehicles, forensic pathology transporters and mobile health clinics. The focus of this project was to enable a quicker turn-around time for conversion work and to increase the economic growth in this sector in the Western Cape. The converted vehicles underwent comprehensive and stringent tests by the client and received an excellent rating. Further research will be continued with in the next financial year.

(d) Driver identification and control

The management of traffic violations has improved drastically over the past two financial years. Over and above FleetMan that was enhanced in order to manage the implementation of the AARTO legislation, a further step would be to introduce the use of driver tags in order to identify drivers quicker. These details are then forwarded to the local traffic authorities for re-issuing of the fines in their names.

(e) Debtors control

With effect from 2011/2012 financial year, GMT will implement the charging of interest on all accounts outstanding for more than 30 days. The standard National Treasury determined percentage interest will be charged, as previously approved by the Provincial Treasury.

The Policy on Debtors/Accounts Receivable for GMT establishes a process relating to the raising, management and settlement of debtors and covers the life cycle of any item of debt. The internal organisation provides for a dedicated Debtors Control Section staffed with officials allocated to each client department. Once the monthly accounts are raised and electronically delivered to each client department, attention is focused on follow-up actions on previous month's outstanding accounts. The actions were intensified during 2010/2011 however the amount of debt at year-end increased by 4% to R76 million.

The annual debtors' collection period was calculated which shows how long (on average) the departments take to pay their invoices. The debtors' collection period in the 2009/2010 of 59 days decreased to 53 days for 2010/2011. The aim for the next financial year is to reduce this further to be in line with the PFMA requirement of 30 days. With the implementation of GMT's new accounting system and the charging of interest on outstanding accounts older than 30 days, management believes that the debtors' collection period will still improve to more acceptable levels in the 2011/2012 financial year.

The outstanding debt which reflects a shortfall in revenue impacted negatively on the timely ordering of replacement vehicles. The impact was absorbed by GMT through internal reprioritisation.

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

The Provincial and National Treasuries will however be requested to intervene and assist GMT to recover the amounts from the respective clients, who continuously default in the payment of their debt.

As a final mitigating step to prevent debt beyond the 30 days threshold, GMT will be finalising its strategy to withdraw vehicles and withholding services to defaulting clients. The action will be fully consulted with the heads of client departments.

(f) Business process drafting project

The drafting of all operational business processes was continued. It is planned to complete the project during 2011/2012. The second phase to identify possible improvements and the alignment of electronic system processes with the business has commenced during the year under review and will be continued.

The following important future operational initiatives are planned:

(a) The enhancement of the GoFin system

Although the system was ready for production at the end of the financial year, not all functionalities were finalised, such as reporting and month-end closure. This phase is planned to be concluded by the end of June 2011. Furthermore, a secure payment methodology will be implemented in association with the provincial banker utilising electronically secure host-to-host and thus transferring directly to supplier's bank accounts via the Nedbank Corporate Payment System. This prevents any form of human intervention.

(b) The renewal of the business model/ tariff calculation methods

GMT does not have regional offices however the option to establish regional hubs is under consideration by management. GMT is of the opinion that the creation of hubs will allow GMT to be closer to all its clients and therefore improve on its service delivery and more efficient use of the fleet. This will be included in the future business model. An in-depth study to determine the most efficient model based on best practice will be commissioned. A simplified methodology to calculate daily and kilometre tariffs also needs to be explored. The project could not commence during the year under review as planned due to capacity constraints and focussed attention required by GoFin. It is planned to commence with the drafting of the framework of the study by June 2011.

Furthermore, the business case will also address the legal mandate of GMT to make it more focussed.

(c) The full implementation of Service Level Agreements (SLA's) with all clients

GMT prepared a service level agreement covering all operational and financial aspects that provides for all the services performed by GMT together with service standards. To date only one client has not signed an SLA with GMT. The finalising of the SLA will be pursued. The required service levels will also be revisited and adjusted and synchronised with the latest client expectations.

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

(d) Testing of drivers

An analysis of the driver risk profile shows a sharp increase in the frequency of speed violations. This is followed by an increase in the accident rate. The associated fines received by GMT are routed to the respective clients for the supply of the drivers' details. Although it is the responsibility of the client departments to exercise effective management and control over drivers a strategy to intervene and reduce this business risk has commenced. The first phase will focus on repeat offenders/speedsters and drivers involved in accidents. The project to test these drivers' knowledge and skill will be designed and implemented. Officials not passing these tests would have to undergo further driver training after which they will have to undergo successful re-testing before being allowed to drive a government vehicle. Further work is required in the 2011/12 financial year.

(e) Further enhancement of electronic systems

FleetMan and GOFIN, together with associated supplementary systems (e.g. the vehicle tracking and control systems and fuel management) require further enhancement to standards that compare favourably with similar Oracle based systems as well as other fleet management and support systems.

3.11 **Asset management**

GMT's capital assets (excluding electronic systems) are captured in the FleetMan system and accounted for on regular basis. Every new vehicle's particulars are captured in the system once received by GMT. Each vehicle has a user code to keep track of the status. Auctioning is the final stage and captured to indicate that it has been sold. All stolen vehicles are treated in a similar way. The departmental transport control officers receive their individual asset registers on a quarterly basis for controlling purposes. At year-end an impairment test is performed on each vehicle to determine its usefulness within the fleet. Regular asset inspections are carried out by GMT's technical Division. Internal GMT Policies guide the acquisition, maintenance and disposal of the fleet.

The FleetMan and GoFin systems are classified as intangible assets and captured in the prescribed register.

All other assets such as furniture and computer equipment have been captured in FleetMan in the Property, Plant and Equipment (PPE) asset register. The status of asset management in GMT covering all assets is depicted in **Table 3.11.1** below:

Table 3.11.1: Asset management

Aspect	Intangible	Immoveable	Moveable
Capturing of assets	In register	In register	In register
Compliance with minimum requirements	Comply	Comply	Comply
Compliance with asset management reforms	Comply	Comply	Comply
Challenges	None	None	None

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

3.12 Inventories

Inventories consist of stationery and photocopy paper and provided for in the Accounting Policies (refer to item 11 of these policies in **PART 3** of this Annual Report).

3.13 Events after the reporting date

Note 27 of the AFS refers to a disclosure of preliminary claims from 3rd parties against GMT as well as the estimated loss value with regard to government vehicles after reporting date as non-adjusting events after the reporting date in the AFS. This note (although not affecting the 2010/11 financial statements) also discloses the tariff adjustment for the 2011/2012 financial year (which must be reviewed by the Entity on an annual basis and approved by the relevant treasury) was approved by the Provincial Treasury at 3.5% (the CPI rate as at December 2010).

3.14 Information on Predetermined Objectives

The parent department's Monitoring and Evaluation (M&E) Directorate was established in April 2008. The Directorate was fully staffed by March 2010, thus 2010/11 being the first full-year of its existence. One of the key activities of this component in relation to reporting on predetermined objectives is to provide strategic support and assistance to management. Subsequent to the Head of Department approving the Department's Monitoring and Evaluation Strategic Framework in September 2009, the following was undertaken to improve the effectiveness of performance reporting:

- The Department has and maintains an approved (September 2010) Manual for the Management of Performance Information, as required by NTR 5.3.1.
- The Quarterly Performance Reporting process has been fully automated, using a Workflow on Enterprise Content Management system.
- At the end of each quarter, the M&E Directorate collects, verifies and validates the Portfolios of Evidence for reported Performance Information. A Technical Assessment Report, with findings and recommendations, is presented to the Head of Department for actioning.
- Governance structures in the Department have been augmented with the M&E Champions Forum. The Forum comprises M&E Champions from all units within the Department, inclusive of the Head: GMT and meets quarterly to engage M&E related issues. M&E Champions have received a variety of M&E related training courses facilitated by service providers.
- In an attempt to capacitate management a number of managers attended a course "Preparing for Audits of Performance Information" during July 2010.

The Annual Performance Plan (2011/12) was tabled in the Provincial Parliament. Performance information will be dealt with in **PART 2** of this Annual Report.

3.15 Standing Committee on Public Accounts (SCOPA): Recommendations

The SCOPA report for the 2009/10 financial year was released on 30 June 2011. The Department is in the process of preparing responses to the resolutions and an addendum to the Accounting Officers report will be included in the Annual Report prior to publication.

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

3.16 Prior modification to audit reports

Although GMT received an unqualified audit report during the 2009/10 financial year it could not fully comply with all the regulatory requirements. **Table 3.16.1** below depicts the matters that gave rise to non-compliance:

Table 3.16.1: Non-compliance matters

Nature of non-compliance	Year of origin	Progress
<u>Annual Financial Statements:</u> Inadequate review procedures in terms of accounting standards (IAS1).	2009/10	Review procedures introduced.
<u>Trade and other payables:</u> 30 day payment of all creditors not adhered to.	2009/10	SOP implemented to ensure adherence.
<u>Supply Chain Management:</u> Lack of adequate training of SCM officials.	2009/10	SCM staff received <u>ad hoc</u> one-on-one training and nominated to attend further courses.
Risk assessments process not conducted	2009/10	Risk register compiled and updated by risk owners.
National Treasury's code of conduct for SCM officials not signed off.	2009/10	Code of Conduct brought to the attention of officials.
Incompatible duties are not segregated.	2009/10	Duties were segregated.
Inadequate monitoring and review procedures.	2009/10	Adequate monitoring and review procedures implemented.

3.17 Exemptions and deviations received from National Treasury

GMT acknowledges its responsibility towards elevating the financial management maturity levels and the allocation of resources to ensure compliance with the Public Finance Management Act, 1999 (Act 1 of 2000 as amended) and related legislation. Consequently GMT has not requested approval for exceptions or deviations.

3.18 Interim Financial Statements

The Provincial Treasury granted exemption to GMT for non-submission of Interim Financial Statements as at 30 September 2010. The following has been taken into account:

- Good progress was made with the implementation of the GAAP accounting system that will be effective from 1 April 2011.
- The GAAP system will place GMT in a position to submit Interim Financial Statements as at 30 September 2011.

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

3.19 **Other**

Improvement of financial management

The Provincial Treasury has set the target for the Province as a whole to achieve a financial management capability rating of 3+ by 2015. To this end the Financial Management and Supply Chain Management components of the parent Department undertook a series of initiatives to ensure that the fundamentals of financial and supply chain management are in place. GMT's management participated in the regular update of a Financial Management Improvement Response Plan. At year-end all findings were addressed.

The following SOP's were compiled:

- Invoices to be paid within 30 days.
- Leases.
- Intangible Assets.

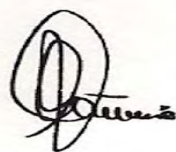
All business processes and SOP's within Division Fleet Finance will be revisited updated or compiled in the 2011/12 financial year to comply to GAAP standards.

3.20 **Declaration**

Given the general tenor of the findings as regards internal controls and matters associated with non-compliance, the assurance is given that the Department will devise an action plan, approved by the Accounting Officer and its top management and forwarded to the Provincial Treasury, to systematically deal with these so as to prevent a repetition of similar findings during the next audit cycle.

3.21 **Approval**

The attached AFS have been prepared in accordance with GAAP as prescribed in the Treasury Regulations, PFMA and the relevant guidelines specified/issued by the National Treasury I hereby approved.



ACCOUNTING OFFICER

DATE: 29 July 2011

PART 3: ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2011

**REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON THE
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF GOVERNMENT MOTOR TRANSPORT**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of Government Motor Transport, which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information as set out on pages 47 to 91.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 40(2) of the PFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice *1111 of 2010* issued in Government Gazette *33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF GOVERNMENT MOTOR TRANSPORT
(continue)

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Government Motor Transport as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with SA Statements of GAAP and the requirements of the PFMA.

Emphasis of matter

8. I draw attention to the matter below. My opinion is not modified in respect of these matters:

Restatement of corresponding figures

9. As disclosed in note 33 to the financial statements, the corresponding figures for 31 March 2010 have been restated as a result of errors discovered during 31 March 2011 in the financial statements of Government Motor Transport at, and for the year ended, 31 March 2010.

Material loss / Impairment

10. As disclosed in note 9 to the financial statements, provision for doubtful debts amounting to R17 922 000 was recognised as a result of lost documentation in prior years. The entity envisages applying to the accounting officer to approve the write-off of these long outstanding amounts.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 11 to 20 and material non-compliance with laws and regulations applicable to the Government Motor Transport.

Predetermined objectives

12. There are no material findings on the annual performance report.

Compliance with laws and regulations

Human resource management

13. The process was not followed for all appointments to verify all the claims made by applications for posts filled, as per the requirements of Public Service Regulation 1/VII/D.8.

Procurement and contracts

14. The code of conduct required that supply chain management officials or other role players, or any close family member, partner or associate of such official or other role player, who had any private or business interest in any contract to be awarded, such interest be disclosed. The trading entity did not adopt the National Treasury code of conduct in this regard. Consequently, no evidence exists that officials declared their interest, where applicable.

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF GOVERNMENT MOTOR TRANSPORT
(continue)

15. Awards were made to suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state as per the requirements of Treasury Regulation 16A8.3 and Practice Note 7 of 2009-10.
16. In terms of Treasury Regulation 16A9.1(c), the accounting officer must check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, nor any of its directors, is listed as companies or persons prohibited from doing business with the public sector. The entity did not perform these checks for goods and services procured from suppliers selected from the provincial database.
17. In terms of Treasury Regulation 13.2.4, the accounting officer of an institution may, for the purposes of conducting the institution's business, enter into lease transactions without any limitations, provided that such transactions are limited to operating lease transactions. However, management entered into a contract for the use of motor vehicle tracking units which qualify as a finance lease in terms of International Accounting Standard 17: *Leases*. As disclosed in note 31.3 to the financial statements the expenditure on the tracking units had to be capitalised with a gross amount of R35 876 000 in the prior year financial statements and R8 196 000 in the current year financial statements. Consequently the trading entity incurred irregular expenditure as disclosed in note 31.3 to the financial statements.

INTERNAL CONTROL

18. In accordance with the PAA and in terms of General notice *1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the basis for unqualified opinion, the findings on the annual performance *report* and the findings on compliance with laws and regulations included in this report.

Leadership

19. Leadership did not exercise oversight responsibility regarding compliance with National Treasury's code of conduct.

Financial and performance management

20. Management did not adequately review and monitor compliance with the established Public Service Regulations.
21. Non-compliance with supply chain management (SCM) regulations and expenditure management resulted mainly from a lack of adequate enforcement and monitoring of adherence to established policies and procedures by management.

**REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON THE
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF GOVERNMENT MOTOR TRANSPORT**
(continue)

22. There is a lack of an effective internal control monitoring system to ensure compliance with laws and regulations.

Auditor-General

Cape Town
31 July 2011



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011**

	Notes	2010/11 R'000	2009/10 R'000	2008/09 R'000
EQUITY AND LIABILITIES				
Net Assets				
Retained Earnings		779 487	616 067	497 252
Total equity		779 487	616 067	497 252
Non-current liabilities				
Long-term liabilities	1	2 467	4 922	10 928
Non-current provisions	2	1 753	1 850	1 346
Deferred income	3	128 028	127 502	133 329
Total non-current liabilities		132 248	134 274	145 603
Current liabilities				
Current portion of long-term liabilities	1	3 318	6 962	8 062
Trade and other payables	4	4 951	6 858	17 607
Provisions	5	797	510	282
Total current liabilities		9 067	14 330	25 950
Total liabilities		141 315	148 604	171 553
Total equity and liabilities		920 802	764 671	668 806
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	6	418 754	367 246	406 226
Intangible assets	7	28 642	14 802	11 541
Total non-current assets		447 396	382 048	417 767
Current Assets				
Inventory	8	61	59	33
Accounts receivable	9	58 007	55 100	67 627
GMT trading account	10	407 626	323 593	180 522
Cash and cash equivalents	11	5 158	2 800	1 969
Non-current assets held for sale	12	2 553	1 072	887
Total current assets		473 406	382 623	251 039
Total Assets		920 802	764 671	668 806

GOVERNMENT MOTOR TRANSPORT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2010/11 R'000	2009/10 R'000
Revenue	13	401 056	342 311
Other Income	14	36 354	39 231
Administrative expenses	15	(22 198)	(15 470)
Staff costs	16	(19 314)	(16 828)
Operating expenditure	17	(161 776)	(147 267)
Depreciation	18	(64 692)	(77 705)
Amortisation	19	(1 590)	(1 228)
Finance costs	20	(1 234)	(2 169)
Accidents and losses	21	(2 545)	(1 755)
Operating leases	28	(641)	(305)
PROFIT FOR THE YEAR		163 420	118 815
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		163 420	118 815

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2011**

Description	Retained earnings	Total equity
	R	R
Balance at 31 March 2009	496 521	496 521
Correction of errors (Note 33.7)	731	731
Restated balance	497 252	497 252
Changes in equity for 2010		
Profit for the year ended 31 March 2010	118 815	118 815
Balance previously reported	117 647	117 647
Correction of errors (Note 33.8)	1 167	1 167
Balance at 31 March 2010	616 067	616 067
Changes in equity for 2011		
Profit for the year ended 31 March 2011	163 420	163 420
Balance at 31 March 2011	779 487	779 487

**GOVERNMENT MOTOR TRANSPORT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	2010/11 R'000	2009/10 R'000
Cash receipts from customers		410 054	364 483
Cash paid to suppliers and employees		(291 384)	(329 584)
Cash generated from operations	22	118 670	34 900
Interest received		-	-
Interest paid		(1 234)	(2 169)
NET CASH FROM OPERATING ACTIVITIES		117 436	32 731
CASH FROM INVESTING ACTIVITIES			
Proceeds on disposal of property, plant and equipment		20 413	10 839
Acquisition of property, plant and equipment		(138 937)	(54 904)
Intangible asset - development cost capitalised		(15 430)	(4 488)
NET CASH FROM INVESTING ACTIVITIES		(133 954)	(48 553)
CASH FROM FINANCING ACTIVITIES			
Loans repaid		(6 099)	(7 106)
Increase in income received in advance		2 645	13 365
Grants received during the year		22 329	10 394
NET CASH FROM FINANCING ACTIVITIES		18 875	16 653
NET INCREASE IN CASH AND CASH EQUIVALENTS		2 358	831
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		2 800	1 969
CASH AND CASH EQUIVALENTS - END OF THE YEAR	23	5 158	2 800

Accounting Policies

for the year ended 31 March 2011

The Annual Financial Statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice and the Public Finance Management Act, Act 1 of 1999 as amended.

The following are the principle accounting policies of the entity which are, in all material respects, consistent with those applied in the previous year, except as otherwise indicated:

1. Basis of preparation

The Annual Financial Statements have been prepared on the historical cost basis and the principle accounting policies of GMT have been consistently applied.

In the process of applying GMT's accounting policies, 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:

➤ **Property, Plant and Equipment**

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.

2. Currency

These AFS are presented in South African Rand, as that is the currency in which the entity's transactions are denominated.

3. Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

Revenue arising from the rendering of services, as well as related expenses is recognised according to the stage of completion of the transaction at the reporting date. Revenue from daily tariffs are calculated and charged against user departments over the estimated useful life cycle of vehicles to enable GMT to replace the vehicle at the end of its life cycle and to cover GMT overheads. Revenue are 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.

A deviation between 5% to 13% exists depending on make and model vehicle between the odometer reading of the vehicle and the tracking device.

Interest received

Interest received is recognised on the accrual basis.

Accounting Policies (continued)
for the year ended 31 March 2011

4. Staff costs

Post – employment benefit costs

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

Pension Fund

GMT offers a defined contribution 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 %.

5. Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA, or
- Any provincial legislation providing for procurement procedures in that provincial government.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular and fruitless and wasteful expenditure is charged against revenue in the period in which the expenditure is incurred.

6. Property, plant and equipment

Accounting policy: Plant and equipment

Items of plant and equipment are stated at historical cost less accumulated depreciation. The actual useful life of these assets is assessed annually and could vary as a result of technological innovations and maintenance programs.

The change in useful life will be accounted for as a change in accounting estimate, thus the depreciation for the current year and future years will be restated. Depreciation figures may in future vary on an annual basis.

Plant and equipment are tangible assets held by the entity for use in the supply of fleet management services, which are expected to be used for more than a one year period.

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.

Accounting Policies (continued)
for the year ended 31 March 2011

Estimated useful lives:

➤ Workshop equipment:	Straight line (15% per annum)
➤ Office equipment:	Straight line (6 years)
➤ IT equipment:	Straight line (3 years)
➤ Tools:	Straight line (5 years)
➤ Domestic equipment:	Straight line (6 years)
➤ Photographic equipment:	Straight line (6 years)
➤ Computer software:	Straight line (3 years)
➤ Vehicle tracking units	Straight line (7 years)

Gains and losses on the disposal of plant and equipment are recognised in the Statement of Comprehensive Income once they accrue to the entity.

Accounting policy: Motor vehicles

Motor Vehicles are tangible assets held by the entity for use in the supply of fleet management services, which are expected to be used for more than a one year period. Motor vehicles are originally measured at cost and are depreciated on a basis considered appropriate to reduce the carrying amount over the expected lifespan of the assets. Depreciation is calculated after taking residual values in account.

The actual useful lives of motor vehicles are assessed annually 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 year and future years will be restated. Depreciation figures may in future vary on an annual basis.

Estimated useful lives:

➤ Vehicles:	Straight line (4 - 15 years)
-------------	------------------------------

Gains and losses on the disposal of motor vehicles are recognised in the Statement of Comprehensive Income once they accrue to the Entity.

Accounting policy: 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.

7. Intangible assets

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.

Accounting Policies (continued)
for the year ended 31 March 2011

FleetMan system:

The useful life of the FleetMan system is regarded to be 15 years. Amortisation commenced from 1 April 2001 which is considered to be the date when the asset was available for use.

Intangible assets are not revalued. The carrying amount of the FleetMan system is reviewed annually and adjusted for impairment, where it is considered necessary.

Oracle Financial system:

The useful life of the Oracle Financial system is regarded to be 9 years. Amortisation will commence on the date when the asset is available for use which is considered to be 4 April 2011. Intangible assets are not revalued. The carrying amount of the Oracle Financial system will be reviewed annually and adjusted for impairment, where it is considered necessary.

8. Impairment of property, plant and equipment

At each reporting date, the entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is calculated as the amount that can be obtained by the entity from the sale of the asset in an arm's length transaction between a willing and knowledgeable buyer or seller, less the cost of disposal.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is immediately recognised as income.

9. Non-current assets held for sale

Non-current Assets are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held-for-sale are measured at the lower of their previous carrying amount or fair value less costs to sell.

Accounting Policies (continued)
for the year ended 31 March 2011

10. 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.

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.

Operating Leases

Actual Operating Lease payments are expensed when incurred. Operating Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure note to the financial statements. Operating lease rentals are recognised on the straight line basis over the term of the relevant lease.

Finance Leases

Where the entity enters into a finance lease, Property, plant and equipment or Intangible assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to Property, plant, equipment or Intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. The leased asset is depreciated over the shorter of the asset's useful life or the lease term.

11. Inventories

Inventories consist of stationery and photocopy paper. Inventories are valued at the lower of cost and net realisable value according to the first in first out (fifo) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. The historical cost of inventory includes:

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

Accounting Policies (continued)
for the year ended 31 March 2011

12. Financial instruments

Classification

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

Financial Assets

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:

- ◆ Accounts receivable
- ◆ Bank Balances and Cash

In accordance with IAS 39.09 the *Financial Assets* of GMT are classified as follows into the following categories allowed by this standard:

Type of Financial Asset	Classification in terms of IAS 39.09
Cash and cash equivalents	Available for sale
Accounts receivable	Loans and receivables

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- ◆ Loans and Receivables;
- ◆ Held-to-Maturity Investments; or
- ◆ Financial Assets held at fair value through profit or loss.

Loans and Receivables are financial assets that are created by providing money, goods or services directly to a debtor.

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:

- ◆ Provisions
- ◆ Trade and other payables
- ◆ Bank Overdraft
- ◆ Current portion of provisions

There are two main categories of *Financial Liabilities*, the classification based on how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Not at fair value through profit or loss ('other financial liabilities')

Accounting Policies (continued)
for the year ended 31 March 2011

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Comprehensive Income.

Any other financial liabilities should be classified as financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected lifespan of the financial instrument, or when appropriate a shorter period, to the net carrying amount of the financial asset or liability.

In accordance with IAS 39.09 the *Financial Liabilities* of GMT are all classified as financial liabilities that are not measured at fair value through profit or loss ('other financial liabilities').

Recognition

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.

All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

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.

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 fair value.

Accounting Policies (continued)
for the year ended 31 March 2011

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 IAS 39.

Accounts receivable are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of consumer debtors is assessed collectively after grouping the assets in financial assets with similar credit risks characteristics. Government accounts are not provided for as such accounts are regarded as payable.

13. 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.

14. Deferred Income

Government grants received as well as vehicles donated to the GMT, free of charge (also referred to as take-in vehicles) are recorded as deferred income when ownership of the vehicle is transferred to GMT. The deferred income is recognised as income on a systematic basis, matching over the useful life of the vehicles, the depreciation on these vehicles with the income from grants, in the Statement of Comprehensive Income.

15. Comparative figures

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

16. Contingent liabilities

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.

Accounting Policies (continued)
for the year ended 31 March 2011

17. Events after the reporting date

The Entity considers events that occur after the reporting date for inclusion in the AFS. Events that occur between the reporting date (31 March 2011) and the date on which the audit of the financial statements is completed (31 July 2011) are considered for inclusion in the AFS.

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

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

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

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

18. 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.

19. Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel are defined as the Senior Manager and all other managers reporting directly to the Senior Manager or as designated by the Senior Manager.

Government Motor Transport operates as a Trading Entity under the control of the Western Cape Department of Transport and Public Works and is therefore also regarded as a related party.

20. Capital commitments

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes.

Accounting Policies (continued)
for the year ended 31 March 2011

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.
- 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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	2010/11 R'000	2009/10 R'000
1 LONG-TERM LIABILITIES		
Finance Lease Liabilities	5 786	11 885
Sub-total	5 786	11 885
Less: Current Portion transferred to Current Liabilities:-	3 318	6 962
Finance Lease Liabilities	3 318	6 962
Total Long-term Liabilities	2 467	4 922

The management of GMT is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

1.1 Obligations under Finance Lease Liabilities

GMT as Lessee:

Finance Leases relate to vehicle tracking units with lease terms of 5 years (2010: 5 years). The effective annual interest rate on Finance Leases is between 7.81% and 22.93% (2010: 7.81% and 22.93%).

Ownership of the leased vehicle tracking units is transferred to GMT at the conclusion of the lease agreements. GMT's obligations under Finance Leases are secured by the lessors' title to the leased. The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease	
	2010/11 R'000	2009/10 R'000	2010/11 R'000	2009/10 R'000
Amounts payable under finance leases:				
Within one year	3 885	7 999	3 318	6 847
In the second to fifth years, inclusive	2 851	5 754	2 467	5 038
Over five years	-	-	-	-
	6 736	13 753	5 786	11 885
Less: Future Finance Obligations	951	1 869	-	-
Present Value of Minimum Lease Obligations	5 786	11 885	5 786	11 885
Less: Amounts due for settlement within 12 months (Current			3 318	6 847
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)			2 467	5 038

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

GMT has finance lease agreements for the following significant classes of assets:

- Office Equipment

Included in these classes are the following significant leases:

- (i) Digicore Vehicle Tracking Units Batch
 - Instalments are payable monthly in advance
 - Average effective interest rate 19.53%
 - Average monthly instalment R 16 700
 - Annual escalation 10.00%

- (ii) Afsol Tracking Units Batch
 - Instalments are payable monthly in advance
 - Average effective interest rate 10.41%
 - Average monthly instalment R 44 341
 - Annual escalation 0.00%

	2010/11 R'000	2009/10 R'000
2 NON-CURRENT PROVISIONS		
Capped leave pay:		
Opening balance	1 850	1 346
Unused amounts reversed during the year	-	-
Provisions made/(redeemed) during the year	(97)	506
Less: Current portion transferred to current liabilities	-	(2)
	1 753	1 850

The following is included in the provisions:

Capped leave pay

The provision for capped leave pay represents GMT's obligation to pay as a result of employees' services provided up to 1 July 2000. Unused leave entitlement that had accumulated at this date had been capped in terms of the instructions of the Provincial Bargaining Council's Resolution 7 of 2000. The provision is measured as the additional 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.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	2010/11 R'000	2009/10 R'000
3 DEFERRED INCOME		
Opening balance	108 912	128 105
Grants/vehicles received during the year	22 329	10 394
Transferred to other income	(24 448)	(29 586)
Closing balance	106 793	108 912
Other government grants received (Income received in advance)	21 234	18 589
	128 028	127 502
Depreciation, impairment and vehicles sold and alienated	24 448	29 586

Deferred income represents capital utilised or available to fund purchases of vehicles that was received from National and Provincial departments. The grants are specifically intended to purchase vehicles as specified in a memorandum of understanding and are spent upon receipt thereof on the specific make and model vehicle of the department's choice. Non of these grants will be surrendered to the grantor.

4 TRADE AND OTHER PAYABLES

Trade creditors	3 547	1 581
Sundry creditors	1 386	5 254
Operating lease liability (See note 28)	18	22
	4 951	6 858

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.

The Entity considers that the carrying amount of trade and other payables approximates their fair value.

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

5 CURRENT PROVISIONS

Personnel expense related commitments:

Performance bonuses	246	202
Overtime, staff leave, 20/30 year service and acting allowances	551	307
Current portion of non-current provisions	-	2
	797	510

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

Commitments

Commitments consist of amounts owing to staff in terms of performance bonuses, overtime and leave pay (cycle leave). Performance bonuses accrue to employees on an annual basis, subject to their performance during the financial year. The timing of the payment of performance bonuses are subject to the processes and approvals as required by the department, however the payment will occur within the next twelve months. The provision is an estimate of the amount due at the reporting date.

The 20/30 year service bonus is paid only after the time period is reached as staff may still leave the service before they reach their 20/30 service dates. The acting allowances are subject to payment until such time as the posts are permanently filled. The timing of the outflow of these provisions is uncertain due to the nature of the specific provisions.

The movement on current provisions are reconciled as follows:

	Performance bonus	Overtime, staff leave & 20/30 year service	Non current provisions	Total
<i>31 March 2011:</i>				
Balance at beginning of year	202	307	2	510
Contributions to provision	246	365	-	611
Transfer from non-current	-	-	-	-
Expenditure incurred	(202)	(121)	(2)	(324)
Balance at end of year	246	551	-	797

	Performance bonus	Overtime, staff leave & 20/30 year service	Non current provisions	Total
<i>31 March 2010:</i>				
Balance at beginning of year	195	87	-	282
Contributions to provision	202	307	-	509
Transfer from non-current	-	-	2	2
Expenditure incurred	(195)	(87)	-	(282)
Balance at end of year	202	307	2	510

Balance at beginning of year	233	61	38	332
Contributions to provision	195	87	-	282
Transfer from non-current	-	-	-	-
Expenditure incurred	(233)	(61)	(38)	(332)
Balance at beginning of year	194	38	9	241
Contributions to provision	232	61	-	294
Transfer from non-current	-	-	38	38
Expenditure incurred	(194)	(38)	(9)	(241)
Balance at end of year	232	61	38	332

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

6 PROPERTY, PLANT AND EQUIPMENT

31 March 2010 - Reconciliation of Carrying Value

Description	Plant and equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2009	1 807	387 236	389 043
Gross carrying amount	4 348	556 410	560 759
Accumulated depreciation:	(2 534)	(163 656)	(166 191)
Accumulated impairment losses	(7)	(5 518)	(5 525)
Correction of error (Refer to note 34.1.)	21 521	(4 338)	17 183
Gross carrying amount	34 303	(481)	33 822
Accumulated depreciation:	(12 789)	(3 857)	(16 646)
Accumulated impairment losses	7	-	7
Carrying amount at 1 April 2009	23 328	382 898	406 226
Gross carrying amount	38 651	555 929	594 580
Accumulated depreciation:	(15 323)	(167 513)	(182 836)
Accumulated impairment losses	-	(5 518)	(5 518)
Additions at cost	1 648	53 244	54 892
Previously stated	689	53 244	53 933
Adjustment	958	-	958
Depreciation:	(5 683)	(72 022)	(77 705)
Previously stated	(645)	(72 022)	(72 667)
Adjustment	(5 038)	-	(5 038)
Impaired losses	-	(1 328)	(1 328)
Correction of errors	-	-	-
Cost - previously stated	(345)	-	(345)
Cost - adjustment	345	-	345
Accumulated depreciation - previously	449	-	449
Accumulated depreciation - adjustment	(449)	-	(449)
Accumulated impairment losses - previously	7	-	7
Accumulated impairment losses - adjustment	(7)	-	(7)
Carrying value of disposals:	-	(11 841)	(11 841)
Cost	-	(34 275)	(34 275)
Accumulated depreciation	-	22 434	22 434
Stolen and alienated	-	(1 615)	(1 615)
Cost - previously stated	(29)	(2 292)	(2 321)
Cost - adjustment	29	-	29
Accumulated depreciation - previously	17	678	695
Accumulated depreciation - adjustment	(17)	-	(17)
Non-current assets held for sale	-	(1 384)	(1 384)
Cost	-	(4 286)	(4 286)
Accumulated depreciation	-	2 902	2 902
Net Carrying amount at 31 March 2010	19 293	347 953	367 246
Gross carrying amount	40 299	568 320	608 619
Accumulated depreciation:	(21 006)	(213 521)	(234 527)
Accumulated impairment losses	-	(6 846)	(6 846)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

6 PROPERTY, PLANT AND EQUIPMENT

31 March 2011

Reconciliation of Carrying Value

Description	Plant and equipment	Vehicles	Total
	R'000	R'000	R'000
Carrying amount at 1 April 2010	19 293	347 953	367 246
Gross carrying amount	40 299	568 320	608 619
Accumulated depreciation:	(21 006)	(213 521)	(234 527)
Accumulated impairment losses	-	(6 846)	(6 846)
Additions at cost	1 253	137 685	138 937
Depreciation:	(5 949)	(58 742)	(64 692)
Impaired losses	-	(696)	(696)
Carrying value of disposals:	-	(17 053)	(17 053)
Cost	-	(58 224)	(58 224)
Accumulated depreciation	-	41 171	41 171
Alienated	-	(686)	(686)
Cost	-	(1 256)	(1 256)
Accumulated depreciation	-	570	570
Stolen	-	(24)	(24)
Cost	-	(63)	(63)
Accumulated depreciation	-	38	38
Non-current assets held for sale	-	(4 277)	(4 277)
Cost	-	(11 467)	(11 467)
Accumulated depreciation	-	7 190	7 190
Net Carrying amount at 31 March 2011	14 596	404 158	418 754
Gross carrying amount	41 551	634 994	676 545
Accumulated depreciation:	(26 955)	(223 295)	(250 250)
Accumulated impairment losses	-	(7 542)	(7 542)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

7 INTANGIBLE ASSETS	2010/11 R'000	2009/10 R'000
Net Carrying amount at beginning of the year	14 802	11 541
Cost	18 436	13 947
Accumulated amortisation	(3 634)	(2 406)
Development cost capitalised during the year	15 430	4 488
Amortisation during the year	(1 590)	(1 228)
Net Carrying amount at end of the year	28 642	14 802
Cost	33 866	18 436
Accumulated amortisation	(5 224)	(3 634)

Intangible assets have not been pledged as security for any liabilities of GMT.

GMT is currently in the process of implementing a GAAP compliant accounting system which is envisaged to be rolled out in the 2011/2012 financial year. Amortisation will commence on the Oracle Financial system on the date when the asset is available for use. The proposed date is envisaged as 4 April 2011.

Breakdown between systems:

FleetMan System:

Net Carrying amount at beginning of the year	13 185	11 541
Cost	16 819	13 947
Accumulated amortisation	(3 634)	(2 406)
Development cost capitalised during the year	3 933	2 872
Amortisation during the year	(1 590)	(1 228)
Net Carrying amount at end of the year	15 527	13 185
Cost	20 752	16 819
Accumulated amortisation	(5 224)	(3 634)

Oracle Financial System:

Net Carrying amount at beginning of the year	1 617	-
Cost	1 617	-
Accumulated amortisation	-	-
Development cost capitalised during the year	11 497	1 617
Amortisation during the year	-	-
Net Carrying amount at end of the year	13 114	1 617
Cost	13 114	1 617
Accumulated amortisation	-	-

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

8 INVENTORY	2010/11 R'000	2009/10 R'000
Consumable Stores - at cost	61	59
Total Inventory	61	59

The cost of inventories recognised as an expense and included in administrative expenses amounted to R 190,137 (2010: R 119,286).

9 ACCOUNTS RECEIVABLE

Trade receivables	76 204	73 297
Less: Provision for doubtful debts	(18 198)	(18 198)
Total accounts receivable	58 007	55 100

The provision for doubtful debts exist due to the possibility that not all debts will be recovered. The provision for doubtful debts has been determined by reference to past default experience and the current economic environment. Included in the provision for doubtful debts is the following:

1) An amount of R17,922m represents inter governmental debt which GMT intends to write off as bad debts due to lost documentation.

	17 922	17 922
2) Prescribed debt.	276	276
	18 198	18 198

10 GMT TRADING ACCOUNT

Closing balance as at 31 March	407 626	323 593
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GMT's Trading account is held by the Western Cape Department of Transport & Public Works.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and short-term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest rate risk. The carrying amount of these assets approximates their fair value.

Nedbank

Account Number 1452049831 (Fleet Account):

Bank statement balance at the beginning of the year	2 800	1 942
Bank statement balance at the end of the year	5 158	2 800

Wesbank

Account Number 44778 (Fleet Account):

Bank statement balance at the beginning of the year	-	27
Bank statement balance at the end of the year	-	-

Bank balances

	5 158	2 800
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Total Overdraft

	-	-
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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.

12 NON-CURRENT ASSETS HELD FOR SALE

Vehicles at carrying value	4 277	1 384
Plant and equipment at carrying value	-	-
	4 277	1 384
Less: Impairment loss	(1 724)	(311)
	2 553	1 072

During the year under review, management made a resolution to dispose of vehicles. The disposal decision was based on the ageing of the vehicles/economic viability of the assets. To ensure transparency and fairness on the process an independent auctioneer will be appointed. The scheduled date of the disposal is still undetermined.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	2010/11 R'000	2009/10 R'000
13 REVENUE		
An analysis of the entity's revenue is as follows:		
Rendering of services:		
National Departments	62 835	58 779
Provincial Departments	338 221	283 532
	401 056	342 311
An analysis of the entity's revenue as per:		
Kilometre tariffs	224 797	188 355
Daily tariffs	176 259	153 956
	401 056	342 311
The amounts disclosed above for revenue are in respect of services rendered which are billed to the departments on a monthly basis according to approved tariffs.		
14 OTHER INCOME		
Grants received	24 939	29 586
- Transfer from deferred income	24 448	29 586
- Other grants received	491	-
Profit on sale of vehicles	4 490	1 656
Re-imbursive income	6 925	7 989
Total Other Income	36 354	39 231
15 ADMINISTRATIVE EXPENSES		
Bank charges	9 447	8 870
Entertainment	2	1
Fees for services		
- SITA	3 285	1 770
Legal fees	50	34
License fees	7 178	2 579
Other administrative expenses	1 728	1 743
Stationery and printing	349	296
Training and staff development	7	7
Travel and subsistence	151	171
	22 198	15 470

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	2010/11 R'000	2009/10 R'000
16 STAFF COSTS		
Salaries and Wages		
Basic salaries	13 016	11 693
Performance awards	279	202
Periodic payments	972	863
Other non-pensionable allowance	1 647	1 241
Leave payments	5	-
Overtime and long service awards	350	174
Social contributions (employer's contributions)		
Medical	1 419	1 221
Official unions and associations	6	3
Pension	1 620	1 432
Total Employee Related Costs	19 314	16 828

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

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

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

ENTITY	Salary / Fee R'000	Performance Bonus R'000	Medical Aid Contribution R'000	Pension Contribution R'000	Retirement Annuity Fund R'000	Subsistence and Travel R'000	Total R'000
Year ended 31 March 2010							
Senior Manager:	629	-	19	55	-	-	703
Manager: Fleet Finance	365	20	4	38	-	-	427
Manager: Fleet Logistics	280	13	12	32	-	-	337
Manager: Fleet Management	357	20	6	38	-	-	421
Manager: Fleet Risk Management	295	9	8	21	-	-	333
TOTAL	1 926	62	49	184	-	-	2 221

ENTITY	Salary / Fee R'000	Performance Bonus R'000	Medical Aid Contribution R'000	Pension Contribution R'000	Retirement Annuity Fund R'000	Subsistence and Travel R'000	Total R'000
Year ended 31 March 2011							
Senior Manager:	693	-	21	60	-	10	784
Manager: Fleet Finance	404	22	-	41	-	-	467
Manager: Fleet Logistics	335	20	26	39	-	1	421
Manager: Fleet Management	374	22	6	41	-	-	443
Manager: Fleet Risk Management	314	9	9	24	-	1	357
TOTAL	2 120	73	62	205	-	12	2 472

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	2010/11 R'000	2009/10 R'000
17 OPERATING EXPENDITURE		
Consultant, contractors and special services	5 845	8 810
- Audit fees	2 220	1 508
- Other	3 625	7 301
Maintenance, repairs and running costs	140 538	125 128
- Property and buildings	37	37
- Machinery, equipment and vehicles	140 501	125 091
Loss on sale of vehicles	2 888	5 159
Private transport rentals	-	224
Tracking costs	10 298	5 603
Third party claims	1 435	1 052
Stores/Consumables	134	73
Communication costs	587	577
Courier and delivery charges	23	33
Municipal services	27	30
Grants paid	-	578
	161 776	147 267
18 DEPRECIATION		
Plant and equipment	5 949	5 683
Vehicles	58 742	72 022
	64 692	77 705
19 AMORTISATION		
Intangible asset - FleetMan	1 590	1 228
	1 590	1 228
20 FINANCE COSTS		
Finance leases	1 234	2 169
	1 234	2 169
21 ACCIDENTS AND LOSSES		
21.1 Impairment losses on fixed assets		
<i>Impairment losses recognised:</i>		
Property, Plant and Equipment	720	1 339
- Vehicles	720	1 328
- Plant and equipment	-	11
Non-current assets held for sale	1 724	311
21.2 Other		
Accidents and losses incurred	100	105
	2 545	1 755

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	2010/11	2009/10
	R'000	R'000
22 RECONCILIATION OF CASH GENERATED FROM OPERATIONS		
Profit for the year	163 420	118 815
Adjustment for:		
Deferred income recognised during the year	(24 448)	(29 586)
Depreciation - property, plant and equipment	64 692	77 705
Amortisation - Intangible assets	1 590	1 228
Impairment losses	2 445	1 650
Net (profit)/loss on disposal of vehicles	(1 601)	3 504
Increase in provisions	515	1 015
Interest paid	1 234	2 169
Operating cash flows before working capital changes	207 845	176 500
Working capital changes	(89 175)	(141 600)
(Increase)/Decrease in inventories	(3)	(25)
(Increase)/Decrease in receivables	(2 907)	12 528
(Increase)/Decrease in the GMT trading account	(84 034)	(143 070)
Increase/(Decrease) in payables	(1 907)	(10 750)
Cash payments made against provisions	(324)	(282)
Cash generated from operations	118 670	34 900

23 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of bank account balances. Cash and cash equivalents included in the statement of cash flows, comprise the following statement of financial position amounts:

Bank Balances	5 158	2 800
	5 158	2 800

24 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).

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

25 CONTINGENT LIABILITIES

Claims are instituted against GMT by third parties who are party to a motor vehicle accident involving a government vehicle. An amount of R 563,343 (2009/10: R 32,911) in respect of claims made against GMT as at 31 March 2011 and paid during the next financial year has been raised as a payable in the financial statements. The total amount of unpaid claims made against GMT as at the end of the 2010/11 financial year amounts to R 2,708,633. Therefore, a contingent liability of R 2,145,290 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.

26 CAPITAL COMMITMENTS	2010/11 R'000	2009/10 R'000
Commitments for the acquisition of:		
- Property, plant and equipment ordered, but not delivered by year-end.	63 188	69 506
- Intangible Assets	-	2 934
	63 188	72 440

27 EVENTS AFTER THE REPORTING DATE

Non-adjusting events

The following information is disclosed as non-adjusting events after the reporting date in the AFS and represents preliminary claims from 3rd 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:

3rd Party claims

3 (Three) cases with an estimated claim value of R 24,562

Damages/Losses - government vehicles

173 (One hundred and seventy three) cases with an estimated value of R 722,541

Adjusting events

Cases settled (in terms of agreed payment) after year-end but before the statements were issued amounts to R 126,749.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	2010/11 R'000	2009/10 R'000
28 OPERATING LEASE ARRANGEMENTS		
<i><u>GMT as Lessor:</u></i>		
Leasing arrangements:		
The trading activities of GMT focus mainly on the provision of vehicles to national and provincial departments and institutions, used for transportation in order that each client may carry out its services efficiently and effectively. These rentals are classified as contingent rentals due to uncertain lease periods and fluctuating tariff increases. The operating lease payments are therefore not subject to straight-lining. Due to the uncertainties above, it is impracticable to disclose the future minimum lease payments expected to be received for each of the following periods as required by IAS 17:		
- no later than one year		
- later than one year and not later than five years		
- later than five years.		
<i><u>GMT as Lessee:</u></i>		
Leasing arrangements:		
Operating leases relate to office equipment with lease terms of between 3 to 5 years. GMT does not have an option to purchase the leased asset at the expiry of the lease period.		
At the balance sheet date the agency had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Up to 1 year	547	645
2 to 5 years	441	989
More than 5 years	-	-
Total Operating Lease Arrangements	989	1 634

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	2010/11 R'000	2009/10 R'000
The following payments have been recognised as an expense in the Statement of Comprehensive Income:		
Minimum lease payments	645	301
Contingent rentals	(4)	3
Total Operating Lease Expenses - as Lessee	641	305
In respect of non-cancellable Operating Leases the following liability has been recognised:		
Operating lease liability as at 31 March:		
Balance at beginning of year	22	19
Operating expenses recorded	641	305
Operating lease payments effected	(645)	(301)
Total Operating Lease Liabilities	18	22

GMT has operating lease agreements for the following class of assets:

- Office Equipment

GMT is restricted to the hiring of office equipment and labour saving devices by National Tender RT3-2006GE.

29 RELATED PARTY TRANSACTIONS

29.1 Western Cape Department of Transport & Public Works

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

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

The office building used by GMT belongs to the Department of Transport and Public Works. Subsequent to 2002 it was agreed that GMT will have the use of the property at no consideration (i.e. rental at market related prices), but will however be liable for the maintenance thereof.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

The following related party transactions were made on terms equivalent to those that prevail in arm's length transactions:

	2010/11	2009/10
	R'000	R'000
Revenue		
Transport claims	8 453	6 272
Expenditure		
License fees	2 780	2 490
The amount of outstanding balances as a 31 March		
Accounts receivable - GMT Trading account	407 626	323 593

29.2 Transactions with key management personnel

The members of key management personnel of the Government Motor Transport during the year were:

Johan Koegelenberg - Senior Manager
 Anthonie Janse van Rensburg - Manager: Fleet Management
 Kathy Proctor Fourie - Manager: Fleet Finance
 Leslie Sampson - Manager: Fleet Logistics
 Tania Greeff - Acting Manager: Fleet Risk Management

Key management personnel compensation is disclosed in note 16 to the Annual Financial Statements.

Remuneration of family members of key management personnel employed at GMT:

<i>Managers</i>	<i>Family Member</i>	<i>Relationship</i>	<i>Remuneration</i>
			R
Anthonie Janse van Rensburg - Manager: Fleet Management	Mr. H. Janse van Rensburg (Administrator Assistant)	Brother	100 380
Kathy Proctor Fourie - Manager: Fleet Finance	Mr. JC Fourie (Fleet Control Assistant Manager)	Husband	187 575

29.3 Department of the Premier in the Western Cape

The Department of Transport and Public Works received corporate services from the Corporate Service Centre of the Department of the Premier in the Western Cape. A service level agreement was signed on 30 November 2010. The service agreement consists of the following services:

- a) Information and Communication Technology
- b) Organisation Development
- c) Provincial Training (generic)
- d) Human Resource Management
- e) Enterprise Risk Management
- f) Internal Audit
- g) Forensic Investigations
- h) Legal Services
- i) Corporate Communication

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

30 FINANCIAL INSTRUMENTS

30.1 Classification of financial instruments

Financial Assets:

In accordance with IAS 39.09 the financial assets of the GMT are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Assets:</u>	<u>Classification</u>	2010/11 R'000	2009/10 R'000
Accounts receivable			
Trade receivables	Loans and receivables	58 007	55 100
GMT Trading account	Loans and receivables	407 626	323 593
Cash and cash equivalents			
Bank balances	Available for sale	5 158	2 800
Total financial assets		470 791	381 492

Summary of financial assets:

Loans and receivables:			
GMT Trading account		407 626	323 593
Trade receivables		58 007	55 100
		465 633	378 692
Available for sale:			
Bank balances		5 158	2 800
		5 158	2 800
Total Financial Assets		470 791	381 492

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

Financial Liabilities:

In accordance with IAS 39.09 the Financial Liabilities of the entity are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Liabilities</u>	<u>Classification</u>	2010/11 R'000	2009/10 R'000
Trade and other payables			
Trade creditors	Not valued at FVTPL	3 547	1 581
Sundry creditors	Not valued at FVTPL	1 386	5 254
Operating lease liability	Not valued at FVTPL	18	22
Total financial liabilities		<u>4 951</u>	<u>6 858</u>

Summary of financial liabilities:

Not valued at Fair Value through Profit and Loss:

Trade creditors	3 547	1 581
Sundry creditors	1 386	5 254
Operating lease liability	18	22
	<u>4 951</u>	<u>6 858</u>
Total Financial Liabilities	<u>4 951</u>	<u>6 858</u>

30.2 Financial Risk Management Objectives

The Government Motor Transport 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.

30.3 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 annual financial statements.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

30.4 Interest rate management

Government Motor Transport is not directly exposed to interest rate risk as it does not hold any interest bearing financial instruments. No formal policy exists to hedge volatilities in the interest rate market.

30.5 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.

Maximum credit risk exposure	2010/11 R'000	2009/10 R'000
Cash and cash equivalents	5 158	2 800
Trade receivables	58 007	55 100
GMT Trading account	407 626	323 593
	<u>470 791</u>	<u>381 492</u>

The following is an analysis of the age of trade receivables that are past due as at 31 March but not impaired.

Financial assets past due	2010/11 R'000	2009/10 R'000
<i>Trade Receivable:</i>		
More than 30 days and not more than 60 days	4 723	8 240
More than 60 days and not more than 90 days	3 402	2 507
More than 90 days and not more than 120 days	1 215	381
More than 120 days	46 570	18 777
Total	<u>55 910</u>	<u>29 904</u>

30.6 Liquidity risk management

The entity manages liquidity risk through Provincial Treasury that ensures that adequate banking facilities are available and by reviewing its tariff structure on an annual basis.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

30.7 Fair value

The estimated net fair values of financial instruments have been determined as at 31 March 2011 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.

31 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

31.1 *Unauthorised Expenditure*

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

31.2 *Fruitless and Wasteful Expenditure*

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

31.3 *Irregular Expenditure*

The carrying value of Long-term liabilities as at 31 March 2010 has been restated due to a number of lease arrangements for the provision of tracking units supplied in terms of a contract, that were previously incorrectly classified as operating leases, is now correctly reclassified as finance leases. The binding lease (contract) period is 60 months.

In terms of Section 66(2) of the PFMA a department or entity may not bind a Revenue Fund to any future financial commitment, except with prior written approval of the MEC Finance. In the absence of such approval any expenditure incurred will be regarded irregular. Furthermore, in terms of National Treasury Practice note 5 of 2006/07, par 2.9 the contract should not exceed the prescribed period of 36 months which also renders the expenditure irregular. A submission was however forwarded to the Provincial Treasury, requesting approval for such irregular expenditure.

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	2011 R'000	2010 R'000
Reconciliation of Irregular Expenditure:		
Opening balance	35 876	25 645
Irregular Expenditure current year	8 196	10 231
Condoned or written off	-	-
Recovered	-	-
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Irregular Expenditure awaiting condonement	44 072	35 876

Incident	R'000	Disciplinary Steps / Criminal Proceedings
<i>2009/10</i>		
Finance lease payments	10 231	<i>None</i>
<i>2010/11</i>		
Finance lease payments	8 196	<i>None</i>
	8 196	

32 GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

33 CORRECTION OF ERROR

33.1 Property, plant and equipment

Property, plant and equipment - Vehicles

The carrying value of property, plant and equipment as at 31 March 2010 has been adjusted to correct take-in vehicles capitalised in the 2010 financial year which were never taken on and extras incorrectly capitalised.

a) Gross carrying amount as at 31 March 2010

Balance previously reported:- **R'000
DR/(CR)
569 872**

Add:

Component	Detail	
Property, plant and equipment - vehicles: Gross Carrying amount as at 31 March 2009	Correction of extras incorrectly capitalised and fully depreciated in the 2007 financial year.	(481)
Property, plant and equipment - vehicles: Gross Carrying amount as at 31 March 2010	Correction of take-in vehicles capitalised in 2010 which were never taken on by GMT.	(497)
Property, plant and equipment - vehicles: Gross Carrying amount as at 31 March 2010	Correction of extras incorrectly capitalised in the 2010 financial year.	(574)

Restated balance as at 31 March 2009 **568 320**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	R'000
	DR/(CR)
b) Accumulated depreciation & impairment losses as at 31 March 2010	
Balance previously reported:-	(216 851)

Less:

Component	Detail	
Property, plant and equipment - vehicles: Accumulated depreciation as at 31 March 2009	Accumulated depreciation adjustment as at 31 March 2009 due to a depreciation calculation error that occurred in the prior financial year.	(4 338)
Property, plant and equipment - vehicles: Accumulated depreciation as at 31 March 2009	Correction of extras incorrectly capitalised and fully depreciated in the 2007 financial year.	481
Property, plant and equipment - vehicles: Accumulated depreciation as at 31 March 2010	Depreciation adjustment for the year ended 31 March 2010 due to a depreciation calculation error that occurred in the prior financial year.	46
Property, plant and equipment - vehicles: Accumulated impairment losses as at 31 March 2010	Impairment loss adjustment for the year ended 31 March 2010 due to a depreciation calculation error that occurred in the prior financial year.	175
Property, plant and equipment - vehicles: Accumulated depreciation as at 31 March 2010	Accumulated depreciation adjustment with regards to vehicles classified as non-current assets held for sale as at 31 March 2010 due to a depreciation calculation error that occurred in the prior financial year.	120

Restated balance as at 31 March 2010	(220 368)
---	------------------

c) Property, plant and equipment - Plant and equipment	
Gross carrying amount as at 31 March 2009	
Balance previously reported:-	4 348
Add:	

Component	Detail	
Property, plant and equipment - plant and equipment: Gross Carrying amount as at 31 March 2009	Correction of the gross carrying value of plant and equipment of assets duplicated in the fixed asset register (Also see note 33.7).	(721)
Property, plant and equipment - plant and equipment: Gross Carrying amount as at 31 March 2009	Correction of the gross carrying value of plant and equipment of finance leased assets not previously recorded in the fixed asset register (Also see note 33.7).	35 024

Restated balance as at 31 March 2009	38 651
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GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

d)	Property, plant and equipment - Plant and equipment	R'000									
	Accumulated depreciation and impairment losses as at 31 March 2009										
	Balance previously reported:-	(2 541)									
	Add:										
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%; text-align: center;">Component</th> <th style="width: 40%; text-align: center;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td style="border: 1px solid black;">Property, plant and equipment - plant and equipment: Accumulated depreciation as at 31 March 2009</td> <td style="border: 1px solid black;">Accumulated depreciation adjustment as at 31 March 2009 due to reclassification of operating leases as finance leases as well as duplications on previous asset register.</td> <td style="border: 1px solid black; text-align: right;">(12 789)</td> </tr> <tr> <td style="border: 1px solid black;">Property, plant and equipment - vehicles: Accumulated impairment losses as at 31 March 2010</td> <td style="border: 1px solid black;">Impairment loss adjustment as at 31 March 2009 due errors on the previous asset register.</td> <td style="border: 1px solid black; text-align: right;">7</td> </tr> </tbody> </table>	Component	Detail		Property, plant and equipment - plant and equipment: Accumulated depreciation as at 31 March 2009	Accumulated depreciation adjustment as at 31 March 2009 due to reclassification of operating leases as finance leases as well as duplications on previous asset register.	(12 789)	Property, plant and equipment - vehicles: Accumulated impairment losses as at 31 March 2010	Impairment loss adjustment as at 31 March 2009 due errors on the previous asset register.	7	
Component	Detail										
Property, plant and equipment - plant and equipment: Accumulated depreciation as at 31 March 2009	Accumulated depreciation adjustment as at 31 March 2009 due to reclassification of operating leases as finance leases as well as duplications on previous asset register.	(12 789)									
Property, plant and equipment - vehicles: Accumulated impairment losses as at 31 March 2010	Impairment loss adjustment as at 31 March 2009 due errors on the previous asset register.	7									
	Restated balance as at 31 March 2009	(15 323)									

33.2 Long-term liabilities

Finance leases

The carrying value of Long-term liabilities as at 31 March 2010 has been restated due to a number of lease arrangements for tracking units, that were previously incorrectly classified as operating leases and reclassified as finance leases.

a)	Gross carrying amount as at 31 March 2010													
	Balance previously reported:-	-												
	Add:													
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%; text-align: center;">Component</th> <th style="width: 40%; text-align: center;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td style="border: 1px solid black;">Long-term liabilities - finance leases: Gross Carrying amount of long-term portion as at 31 March 2009</td> <td style="border: 1px solid black;">Leases were reclassified as finance leases rather than operating leases (Refer to note 1)</td> <td style="border: 1px solid black; text-align: right;">10 928</td> </tr> <tr> <td style="border: 1px solid black;">Long-term liabilities - finance leases: Gross Carrying amount of short-term portion as at 31 March 2009</td> <td style="border: 1px solid black;">Tracking unit leases were re-classified as finance leases rather than operating leases (Refer to note 1)</td> <td style="border: 1px solid black; text-align: right;">8 062</td> </tr> </tbody> </table>	Component	Detail		Long-term liabilities - finance leases: Gross Carrying amount of long-term portion as at 31 March 2009	Leases were reclassified as finance leases rather than operating leases (Refer to note 1)	10 928	Long-term liabilities - finance leases: Gross Carrying amount of short-term portion as at 31 March 2009	Tracking unit leases were re-classified as finance leases rather than operating leases (Refer to note 1)	8 062				
Component	Detail													
Long-term liabilities - finance leases: Gross Carrying amount of long-term portion as at 31 March 2009	Leases were reclassified as finance leases rather than operating leases (Refer to note 1)	10 928												
Long-term liabilities - finance leases: Gross Carrying amount of short-term portion as at 31 March 2009	Tracking unit leases were re-classified as finance leases rather than operating leases (Refer to note 1)	8 062												
	Restated balance as at 31 March 2009	18 990												
	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%; text-align: center;">Component</th> <th style="width: 40%; text-align: center;">Detail</th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td style="border: 1px solid black;">Long-term liabilities - finance leases: Gross Carrying amount of long-term portion as at 31 March 2010</td> <td style="border: 1px solid black;">Lease payments debited against Finance lease liability (Previously expensed as operating lease payments).</td> <td style="border: 1px solid black; text-align: right;">(10 231)</td> </tr> <tr> <td style="border: 1px solid black;">Long-term liabilities - finance leases: Gross Carrying amount of long-term portion as at 31 March 2010</td> <td style="border: 1px solid black;">Tracking units capitalised during the year ended 31 March 2010.</td> <td style="border: 1px solid black; text-align: right;">956</td> </tr> <tr> <td style="border: 1px solid black;">Long-term liabilities - finance leases: Gross Carrying amount of long-term portion as at 31 March 2010</td> <td style="border: 1px solid black;">Finance cost for the year ended 31 March 2010</td> <td style="border: 1px solid black; text-align: right;">2 169</td> </tr> </tbody> </table>	Component	Detail		Long-term liabilities - finance leases: Gross Carrying amount of long-term portion as at 31 March 2010	Lease payments debited against Finance lease liability (Previously expensed as operating lease payments).	(10 231)	Long-term liabilities - finance leases: Gross Carrying amount of long-term portion as at 31 March 2010	Tracking units capitalised during the year ended 31 March 2010.	956	Long-term liabilities - finance leases: Gross Carrying amount of long-term portion as at 31 March 2010	Finance cost for the year ended 31 March 2010	2 169	
Component	Detail													
Long-term liabilities - finance leases: Gross Carrying amount of long-term portion as at 31 March 2010	Lease payments debited against Finance lease liability (Previously expensed as operating lease payments).	(10 231)												
Long-term liabilities - finance leases: Gross Carrying amount of long-term portion as at 31 March 2010	Tracking units capitalised during the year ended 31 March 2010.	956												
Long-term liabilities - finance leases: Gross Carrying amount of long-term portion as at 31 March 2010	Finance cost for the year ended 31 March 2010	2 169												
	Restated balance as at 31 March 2010	11 885												

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

R'000

33.3 Trade and other payables

a) Operating lease liability

The carrying value of the operating lease liability as at 31 March 2010 has been restated due to a number of lease arrangements, that were previously incorrectly classified as operating leases and now reclassified as finance leases.

Balance previously reported:- 272

Component	Detail	
Operating lease liability	Tracking unit leases were reclassified as finance leases rather than operating leases.	(250)
Restated balance as at 31 March 2010		22

b) Trade creditors

The balance of trade creditors as at 31 March 2010 has been adjusted to accrue for SITA expenses paid in the 2011 financials year for services received during the prior financial year.

Balance previously reported:- **(892)**

Component	Detail	
Trade creditors as at 31 March 2010	Correction of trade creditors to ensure that all expenses incurred in the prior year were accrued and recorded in the prior year.	(688)
Restated balance as at 31 March 2010		(1 580)

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

**R'000
DR/(CR)**

33.4 Non-current assets held for sale

The carrying value of non-current assets held for sale as at 31 March 2010 has been adjusted due to a depreciation calculation error that occurred in the prior financial year.

Balance previously reported:-

1 085

Component	Detail	
Non-current assets held for sale as at 31 March 2010	Correction of the carrying value of Non-current assets held for sale as at 31 March 2010. (Also see note 33.1 (b) above)	(120)
Non-current assets held for sale as at 31 March 2010	Correction of the impairment losses due to the depreciation calculation error that occurred in the prior financial year.	108
Restated balance as at 31 March 2010		<u>1 073</u>

33.5 Deferred income

The carrying value of deferred income has been adjusted as at 31 March 2010 to correct take-in vehicles capitalised in the 2010 financial year which were never taken on by GMT.

129 647

Component	Detail	
Deferred income as at 31 March 2009	Correction of Deferred income balance as at 31 March 2009 due to a depreciation calculation error that occurred in the prior financial year.	(1 932)
Deferred income as at 31 March 2010	Correction of take-in vehicles capitalised in 2010 which were never taken on by GMT.	(497)
Deferred income as at 31 March 2010	Correction of Grants received as revenue for the year ended 31 March 2010 due to a depreciation calculation error that occurred in the prior financial year.	283
Restated balance as at 31 March 2010		<u>127 501</u>

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

R'000

33.6 Current Provisions

A provision was raised for leave that was accrued by employees for services rendered during the leave cycle January to December but not yet taken at 31 March 2011.

Balance previously reported as at 31 March 2010: **324**

Component	Detail	
Overtime, staff leave, 20/30 year service and acting allowances	Correction of outstanding liability as at 31 March 2010	186

Restated balance as at 31 March 2010 **510**

33.7 Effect on accumulated surplus as at 31 March 2009

Balance previously reported:- **496 521**

Add:

Detail	
Correction of the carrying value of plant and equipment not previously recorded and assets duplicated in the fixed asset register (Also see note 33.1 (c))	(57)
Reclassification of <i>tracking unit leases</i> as finance leases. The effect of the reclassification was as follows: Finance cost and depreciation on capitalised tracking units up to 31 March 2009 were debited against accumulated surplus. Lease payments, previously expensed in the Statement of Comprehensive Income, was debited against the finance lease liability.	3 194
Accumulated depreciation correction as at 31 March 2009 due to a calculation error that occurred in the prior financial year. (Also see note 33.1 (b) above)	(4 338)
Effect of the correction of accumulated depreciation on the deferred income balance as at 31 March 2011.	1 932

Accumulate surplus as at 31 March 2009 **497 252**

Reconciliation of retained earnings as at 31 March 2009

Balance previously reported in 2010 Annual Financial Statements **496 521**

Correction of errors 731

Restated balance as at 31 March 2009 **497 252**

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

	R'000
33.8 Effect on profit for the year ended 31 March 2010	
Balance previously reported:-	117 647
<i>Adjustments against:</i>	
a) Other income	(394)
Balance previously reported	39 625
Restated balance	39 231
Administrative expenses	
b) Other administrative expenses (Refer to note 33.3 b)	(688)
Balance previously reported	14 782
Restated balance	15 470
c) Staff costs (Refer to note 33.6)	(186)
Balance previously reported	16 642
Restated balance	16 828
Operating expenditure	
d) Maintenance, repairs and running costs	(560)
Balance previously reported	124 568
Restated balance	125 128
e) Tracking costs	(40)
Balance previously reported	5 563
Restated balance	5 603
f) Depreciation (Refer to note 33.1)	(4 992)
Balance previously reported	72 713
Restated balance	77 705
g) Finance costs (Refer to note 33.2)	(2 169)
Balance previously reported	-
Restated balance	2 169
h) Accidents and losses	283
Balance previously reported	2 038
Restated balance	1 755
i) Operating leases (refer to note 33.2)	9 914
Balance previously reported	10 219
Restated balance	305
Surplus for the year ended 31 March 2010	118 815
Reconciliation of profit for the year ended 31 March 2010:	
Balance previously reported	117 647
Correction of errors	1 167
Restated balance	118 815

34 CHANGE IN ESTIMATES

Reassessment of the useful lives of vehicles

During the year ended 31 March 2011 some vehicles reached the end of their original estimated useful lives. The useful lives of vehicles are annually reassessed and the impact on the depreciation expense in the current year and future periods is as follows:

Impact on the depreciation expense for the year ended 31 March 2011	979
Impact on the depreciation expense for future periods	11 619
Total	12 598

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

35 STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

At the date of authorisation of these financial statements the following Standards were in issue but not yet effective.

Standard	Details of amendment	Annual periods beginning on or after
IFRS 1, First-time Adoption of International Financial Reporting Standards	Amendment clarifies that changes in accounting policies in the year of adoption fall outside of the scope of IAS 8.	01-Jan-11
	Amendment permits the use of revaluation carried out after the date of transition as a basis for deemed cost.	
	Amendment permits the use of carrying amount under previous GAAP as deemed cost for operations subject to rate regulation.	
	Standard amended to remove the fixed date of 1 January 2004 relating to the retrospective application of the derecognition requirements of IAS 39, and relief for first-time adopters from calculating day 1 gains on transactions that occurred before the date of adoption.	01-Jul-11
IFRS 3, Business Combinations	Amendments to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS.	01-Jan-11
	Clarification on the measurement of non-controlling interests.	
	Additional guidance provided on un-replaced and voluntarily replaced share-based payment awards.	

GOVERNMENT MOTOR TRANSPORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

35 STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED (continued)

IFRS 7, Financial Instruments: Disclosures	Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading.	01-Jan-11
	Amendment require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendment also requires additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.	01-Jul-11
IFRS 9 Financial Instruments	New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement.	01-Jan-13
IAS 1, Presentation of Financial Statements	Clarification of statement of changes in equity.	01-Jan-11
IAS 21, The Effects of Changes in Foreign Exchange Rates	Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation).	01-Jul-10
IAS 24, Related Party Disclosures	Simplification of the disclosure requirements for government-related entities.	01-Jan-11
	Clarification of the definition of a related party.	

Management has considered the above standards and interpretations and anticipates that the adoption of these will not have a significant impact on the financial position, financial performance or cash flows of the entity as the majority of these types of transactions are not currently applicable at GMT. When adopted, certain disclosures will however need to be amended in accordance with IFRS 7, IFRS 9 and IAS 24.



Human Resource MANAGEMENT

Provincial Values

- Caring
- Competence
- Accountability
- Integrity
- Responsiveness

PART 4

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT)

4.1 Service Delivery

All departments are required to develop a Service Delivery Improvement Plan (SDIP). Government Motor Transport updated its plan during the year under review. The following tables reflect the components of the SDI plan as well as progress made in the implementation of the plans.

Table 4.1.1: Main services and service standards provided in terms of the Service Delivery Plan, 1 April 2010 to 31 March 2011

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Provision of a Government Motor Transport Service	All provincial departments, national departments, other Provincial Governments and entities.	All provincial departments, national departments, other Provincial Governments, entities and local authorities.	<p><u>Fleet Management - Traffic Offences</u></p> <p>a) The enhancement of the fleet management system (FleetMan).</p> <p>b) The roll-out of the FleetMan Client module to client departments.</p> <p><u>Fleet Logistics - Misuse Incidents</u></p> <p>c) All reported cases are registered in FleetMan and followed up with the relevant client departments.</p> <p><u>Fleet Management - Purchasing of vehicles for Client Departments</u></p> <p>d) Manufacturers to deliver vehicles within the set time frames as per contract RT57.</p> <p><u>Fleet Management - eFuel and Tracking</u></p> <p>e) To use the odometer readings in</p>	<p><u>Fleet Management - Traffic Offences</u></p> <p>a) The enhancement of the fleet management system (FleetMan) was completed.</p> <p>b) The roll-out of the FleetMan Client module to client departments was implemented.</p> <p><u>Fleet Logistics - Misuse Incidents</u></p> <p>c) All reported cases (600) were registered in FleetMan and followed up with the relevant client departments.</p> <p><u>Fleet Management - Purchasing of vehicles for Client Departments</u></p> <p>d) Manufacturers deliver vehicles within the set time frames as per contract RT57.</p> <p><u>Fleet Management - eFuel and Tracking</u></p> <p>e) The odometer readings were used in GMT's</p>

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

			<p>f) GMT's e-billing process as reference source.</p> <p><u>Fleet Finance – eBilling: FleetMan Client Module Enhancement</u></p> <p>g) To enhance FleetMan to allow clients to capture vehicle odometer readings.</p> <p><u>Fleet Finance – GAAP Compliant Accounting System</u></p> <p>h) Acquiring and customisation of a GAAP compliant accounting system.</p>	<p>e-billing process as reference source.</p> <p><u>Fleet Finance – eBilling: FleetMan Client Module Enhancement</u></p> <p>f) FleetMan was enhanced to allow clients to capture vehicle odometer readings.</p> <p><u>Fleet Finance – GAAP Compliant Accounting System</u></p> <p>A GAAP compliant accounting system was acquired and customisation was completed as part of Phase I.</p>
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Table 4.1.2: Consultation arrangements with customers, 1 April 2010 to 31 March 2011

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
<p><u>Fleet Operations/Finance – Client Forums</u></p> <p>a) Bi-monthly meetings are held with the Transport Officers of client departments.</p>	<p>All provincial departments, national departments, other Provincial Governments and entities.</p>	<p>All provincial departments, national departments, other Provincial Governments</p>	<p><u>Fleet Operations/Finance – Client Forums</u></p> <p>a) Bi-monthly meetings were held with the Transport Officers of client departments.</p>
<p><u>Fleet Operations – Client Department Evaluations</u></p> <p>b) Annually the client departments evaluate GMT services. Shortcomings are identified and resolved.</p>			<p><u>Fleet Operations – Client Department Evaluations</u></p> <p>b) The client departments evaluated GMT services annually. Shortcomings were identified and resolved.</p>
<p><u>Fleet Finance – Tenders</u></p> <p>c) All tender invitations (value above R100 000) are published in the Government Gazette.</p>			<p><u>Fleet Finance – Tenders</u></p> <p>c) All tender invitations (value above R100 000) were published in the Government Gazette.</p>

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
<p>d) Electronically available.</p> <p><u>Fleet Logistics – Guidelines and Policy Publication</u></p> <p>e) All guidelines and policies are published on the GMT Portal.</p> <p><u>GMT General</u></p> <p>f) Committees, forums and meetings are utilised to meet with clients and service providers.</p>			<p>d) Electronically available.</p> <p><u>Fleet Logistics – Guidelines and Policy Publication</u></p> <p>e) All guidelines and policies were published on the GMT Portal.</p> <p><u>GMT General</u></p> <p>f) Committees, forums and meetings were utilised to meet with clients and service providers.</p>

Table 4.1.3:Service delivery access strategy, 1 April 2010 to 31 March 2011

Access Strategy	Actual achievements
<p><u>Fleet Management : On-site GMT Technical Helpdesk</u></p> <p>a) Client departments contact GMT Technical Helpdesk (021 467 4756/83) for vehicle technical advice and/or assistance.</p> <p><u>Fleet Management : On-site Nedfleet Technical Helpdesk</u></p> <p>b) Repairs and maintenance requests are managed via the toll free number (0800 500 005).</p> <p><u>Fleet Management : Vehicle tracking</u></p> <p>c) The vendor is on-site at 49 Hope Street, Cape Town to install, repair and de-install vehicle tracking units.</p> <p><u>Fleet Management : eFuel devices</u></p> <p>d) The vendor is on-site at 49 Hope Street, Cape Town to install, repair and de-install eFuel units.</p> <p><u>Fleet Management : VIP fleet Support</u></p> <p>e) Clients contact GMT VIP Support Service Helpdesk (083 641 5201) for vehicle support and/or assistance.</p> <p><u>Fleet Risk Management - Support</u></p> <p>f) GMT provides a legal support structure to clients wrt accident cases where official were involved in at 49 Hope Street, Cape Town.</p>	<p><u>Fleet Management : On-site GMT Technical Helpdesk</u></p> <p>a) Client departments contact GMT Technical Helpdesk (021 467 4756/83) for vehicle technical advice and/or assistance.</p> <p><u>Fleet Management : On-site Nedfleet Technical Helpdesk</u></p> <p>b) Repairs and maintenance requests are managed via the toll free number (0800 500 005).</p> <p><u>Fleet Management : Vehicle tracking</u></p> <p>c) The vendor is on-site at 49 Hope Street, Cape Town to install, repair and de-install vehicle tracking units.</p> <p><u>Fleet Management : eFuel devices</u></p> <p>d) The vendor is on-site at 49 Hope Street, Cape Town to install, repair and de-install eFuel units.</p> <p><u>Fleet Management : VIP fleet Support</u></p> <p>e) Clients contact GMT VIP Support Service Helpdesk (083 641 5201) for vehicle support and/or assistance.</p> <p><u>Fleet Risk Management - Support</u></p> <p>f) GMT provides a legal support structure to clients wrt accident cases where official were involved in at 49 Hope Street, Cape Town.</p>

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Access Strategy	Actual achievements
<p><u>Fleet Logistics – Support</u> g) GMT provides bureau services/general call centre (021 467 4733) from the Bureau at 34 Roeland Street, Cape Town</p>	<p><u>Fleet Logistics - Support</u> g) GMT provides bureau services/general call centre (021 467 4733) from the Bureau at 34 Roeland Street, Cape Town.</p>

Table 4.1.4: Service information tool, 1 April 2010 to 31 March 2011

Types of information tool	Actual achievements
<p><u>GMT Policy and Guidelines</u> a) GMT Circulars and Policy directives are published on the GMT portal. <u>Fleet Logistics – GMT Bureau</u> b) MIS Information can be obtained by requesting same from the GMT Bureau. <u>Fleet Risk Management</u> c) A custom designed risk management module within the fleet management system is available to assist with the execution of duties. <u>Fleet Logistics</u> d) GMT delivers an operational training service to the transport officers of client departments.</p>	<p><u>GMT Policy and Guidelines</u> a) GMT Circulars and Policy directives are published on the GMT portal. <u>Fleet Logistics – GMT Bureau</u> b) MIS Information can be obtained by requesting same from the GMT Bureau. <u>Fleet Risk Management</u> c) A custom designed risk management module within the fleet management system is available to assist with the execution of duties. <u>Fleet Logistics</u> d) GMT delivers an operational training service to the transport officers of client departments.</p>

Table 4.1.5: Complaints mechanism, 1 April 2010 to 31 March 2011

Complaints Mechanism	Actual achievements
<p><u>Fleet Management - Monthly Client Forums</u> a) Bi-monthly meetings are held with the Transport Officers of client departments <u>Fleet Management - Client Department Evaluations</u> b) Annually the client departments evaluate GMT services. Shortcomings are identified and resolved. <u>Fleet Risk Management</u> c) Effective case administration and management of all reported cases, accidents, thefts, hi-jacking and 3rd party claims against the State. <u>Fleet Logistics – Misuse report line</u> d) A dedicated report line (021 467 4797) is manned on a full time basis to enable the public to report alleged misuse of GG-vehicles.</p>	<p><u>Fleet Management - Monthly Client Forums</u> a) Bi-monthly meetings are held with the Transport Officers of client departments <u>Fleet Management - Client Department Evaluations</u> b) Annually the client departments evaluate GMT services. Shortcomings are identified and resolved. <u>Fleet Risk Management</u> c) Effective case administration and management of all reported cases, accidents, thefts, hi-jacking and 3rd party claims against the State. <u>Fleet Logistics – Misuse report line</u> d) A dedicated report line (021 467 4797) is manned on a full time basis to enable the public to report alleged misuse of GG-vehicles.</p>

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

4.2. Expenditure

Departments budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 4.2.1) and by salary bands (Table 4.2.2). In particular, it provides an indication of the amount spent on personnel costs.

Table 4.2.1: Personnel costs by programme, 2010/11

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Goods & Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)	Total Number of Employees
Government Motor Transport	289344	18981	-	262264	6.56	176	108
Total	289344	18981	-	262264	6.56	176	108

NOTES: Training costs were covered in Programme 1: Administration, of Vote 10, Transport and Public Works

Table 4.2.2: Personnel costs by salary bands, 2010/11

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)	Total Number of Employees
Lower skilled (Levels 1-2)	518	2.8	86	6
Skilled (Levels 3-5)	7326	38.9	126	58
Highly skilled production (Levels 6-8)	8288	44	218	38
Highly skilled supervision (Levels 9-12)	1948	10.3	390	5
Senior management (Levels 13-16)	745	4	745	1
Total	* 18 825	100	174	** 108

Notes

* The figures in Table 4.2.1 are per the Basic Accounting System and the figures in table 4.2.2 are per the PERSAL system. The two systems are not synchronised for salary refunds in respect of staff appointments and resignations and/or transfers to other Departments.

** The total number of employees includes all employees remunerated during the reporting year.

The following tables provide a summary per programme (Table 4.2.3) and salary bands (Table 4.2.4), of expenditure incurred as a result of salaries, overtime, home owners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

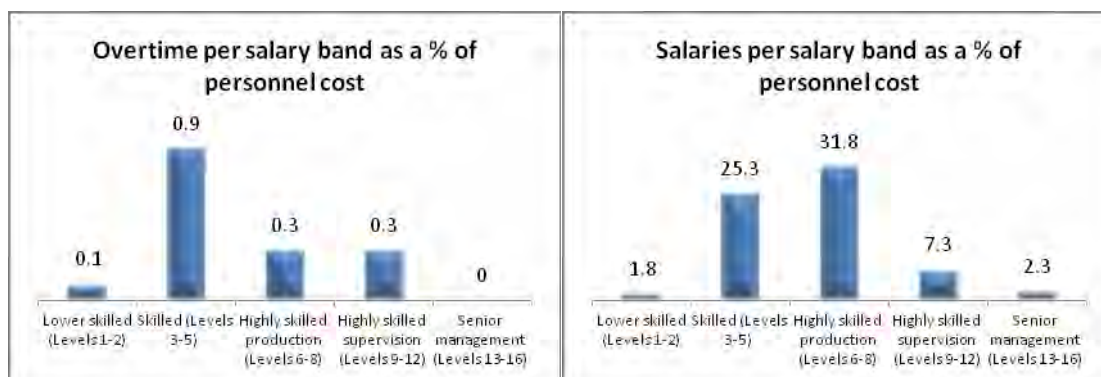
PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Table 4.2.3: Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2010/11

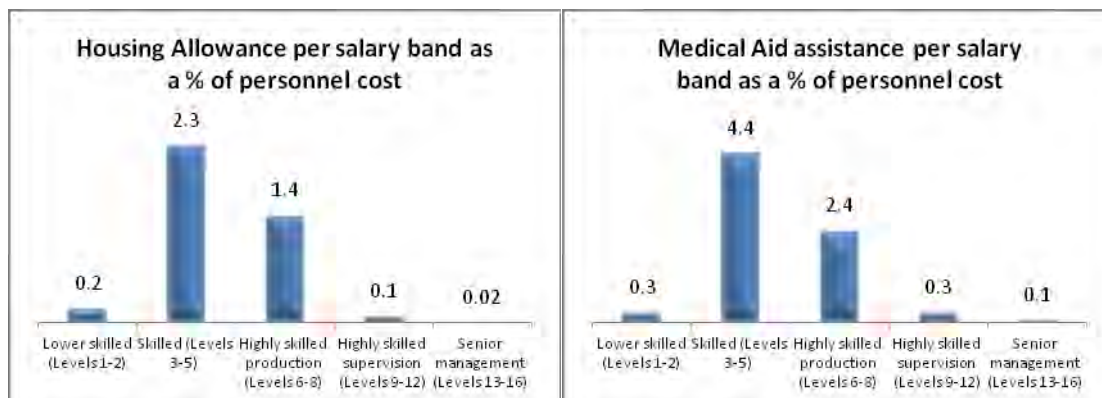
Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Government Motor Transport	12 887	68.5	281	1.5	734	3.9	1 393	7.4
Total	12 887	68.5	281	1.5	734	3.9	1 393	7.4

Table 4.2.4: Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2010/11

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	345	1.8	15	0.1	35	0.2	50	0.3
Skilled (Levels 3-5)	4 765	25.3	161	0.9	426	2.3	821	4.4
Highly skilled production (Levels 6-8)	5 983	31.8	50	0.3	256	1.4	448	2.4
Highly skilled supervision (Levels 9-12)	1 367	7.3	55	0.3	17	0.1	55	0.3
Senior management (Levels 13-16)	427	2.3	-	-	4	0.02	19	0.1
Total	12 887	68.5	281	1.5	738	3.9	1 393	7.4



PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)



4.3. Employment and vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - programme (Table 4.3.1), salary band (Table 4.3.2) and critical occupations (Table 4.3.3). Departments have identified critical occupations that need to be monitored. Table 4.3.3 provides establishment and vacancy information for the key critical occupations of the department.

The vacancy rate reflects the percentage of posts that are not filled as per the approved post establishment.

Table 4.3.1: Employment and vacancies by programme, as on 31 March 2011

Programme	Number of posts		Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
	Funded	Unfunded			
Government Motor Transport	111	-	99	10.8	3
Total	111	-	99	10.8	3

Table 4.3.2: Employment and vacancies by salary bands, as on 31 March 2011

Salary band	Number of posts		Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
	Funded	Unfunded			
Lower skilled (Levels 1-2)	11	-	10	9.1	-
Skilled (Levels 3-5)	65	-	57	12.3	-
Highly skilled production (Levels 6-8)	28	-	26	7.1	3
Highly skilled supervision (Levels 9-12)	6	-	5	16.7	-
Senior management (Levels 13-16)	1	-	1	-	-
Total	111	-	99	10.8	3

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)



Table 4.3.3: Employment and vacancies by critical occupation, as on 31 March 2011

Critical occupations	Number of posts		Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
	Funded	Unfunded			
The Department did not register any particular occupations as more critical than others.					

4.4 Job evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

The following table (Table 4.4.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 4.4.1: Job Evaluation, 1 April 2010 to 31 March 2011

Salary Band	Number of Posts	Number of Jobs Evaluated	% of posts evaluated by Salary Bands	Posts Upgraded		Posts Downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	11	-	-	-	-	-	-
Skilled (Levels 3-5)	65	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	28	-	-	-	-	-	-
Highly skilled supervision (Levels 9-12)	6	-	-	-	-	-	-
Senior Management Service Band A	1	-	-	-	-	-	-

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Salary Band	Number of Posts	Number of Jobs Evaluated	% of posts evaluated by Salary Bands	Posts Upgraded		Posts Downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Senior Management Service Band B	-	-	-	-	-	-	-
Senior Management Service Band C	-	-	-	-	-	-	-
Senior Management Service Band D	-	-	-	-	-	-	-
Total	111	-	-	-	-	-	-

Note: The majority of posts were job evaluated in previous years and job evaluation results are still applicable.

Table 4.4.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2010 to 31 March 2011

Total profile of employees whose salaries were upgraded as a result of job evaluation in 2010/ 2011	None
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Table 4.4.3: Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2010 to 31 March 2011 (in terms of PSR 1.V.C.3)

Total profile of employees whose salaries exceeded the grades determined by job evaluation in 2010/ 2011	None
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4.5. **Employment changes**

Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band (Table 4.5.1) and by critical occupations (Table 4.5.2).

Table 4.5.1: Annual turnover rates by salary band, 1 April 2010 to 31 March 2011

Salary Band	Number of employees per band as on 1 April 2010	Appointments into the department	Transfers into the department	Terminations out of the department	Transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	8	-	-	1	-	12.5
Skilled (Levels 3-5)	50	4	-	-	2	4
Highly skilled production (Levels 6-8)	38	3	-	4	-	10.5
Highly skilled supervision (Levels 9-12)	5	-	-	-	-	-
Senior Management (Service Band A)	1	-	-	-	-	-
Senior Management (Service Band B)	-	-	-	-	-	-

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Salary Band	Number of employees per band as on 1 April 2010	Appointments into the department	Transfers into the department	Terminations out of the department	Transfers out of the department	Turnover rate
Senior Management (Service Band C)	-	-	-	-	-	-
Senior Management (Service Band D)	-	-	-	-	-	-
Total	102	7	-	5	2	6.9

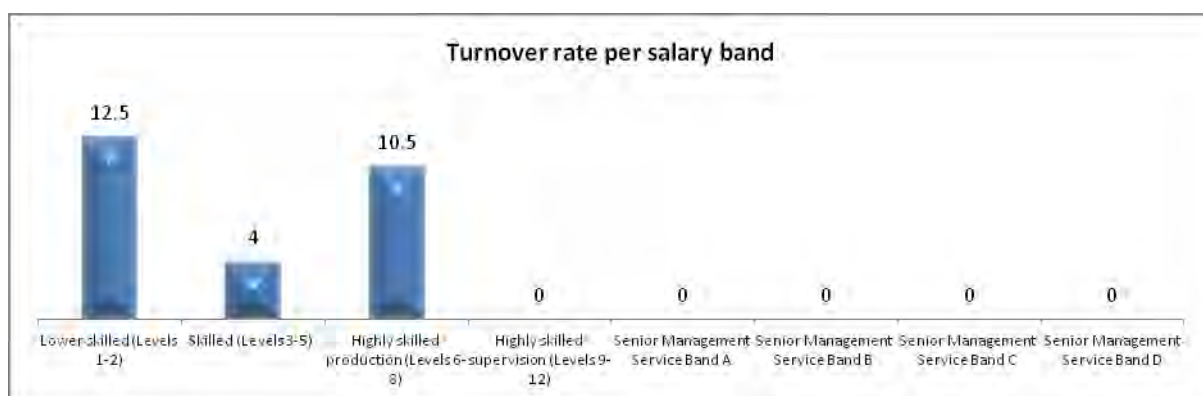


Table 4.5.2: Annual turnover rates by critical occupation, 1 April 2010 to 31 March 2011

Critical Occupation	Number of employees per band as on 1 April 2010	Appointments into the department	Transfers into the department	Terminations out of the department	Transfers out of the department	Turnover rate
GMT did not register any particular occupations as more critical than others.						

Table 4.5.3: Reasons why staff is leaving the employ of GMT, 1 April 2010 to 31 March 2011

Termination Type	Number	% of total terminations
Death	-	-
Resignation	1	16.7
Expiry of contract	3	50
Dismissal – operational changes	-	-
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Termination Type	Number	% of total terminations
Retirement	1	16.7
Transfers to other Public Service Departments	2	28.6
Other (Please specify)	-	-
Total	7	100
Total number of employees who left as a % of the total employment		6.9



Table 4.5.4: Granting of employee initiated severance packages by salary band, 1 April 2010 to 31 March 2011

Total Number of employee initiated severance packages in 2010/ 2011	None
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Table 4.5.5: Reasons why staff is resigning from the Public Service, 1 April 2010 to 31 March 2011

Resignation Reasons	Number	% of total resignations
Better Remuneration	1	100
Total	1	100

Table 4.5.6: Different age groups of staff who resigned from the Public Service, 1 April 2010 to 31 March 2011

Age group	Number	% of total resignations
Ages <19	-	-
Ages 20 to 24	-	-
Ages 25 to 29	-	-
Ages 30 to 34	-	-

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Age group	Number	% of total resignations
Ages 35 to 39	1	100
Ages 40 to 44	-	-
Ages 45 to 49	-	-
Ages 50 to 54	-	-
Ages 55 to 59	-	-
Ages 60 to 64	-	-
Ages 65 >	-	-
Total	1	100

Table 4.5.7: Promotions by salary band, 1 April 2010 to 31 March 2011

Salary Band	Employees as at 1 April 2010	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band	OSDs	OSDs as a % of Employee Salary Band
Lower skilled (Levels 1-2)	8	-	-	2	25	-	-
Skilled (Levels 3-5)	50	-	-	28	56	-	-
Highly skilled production (Levels 6-8)	38	1	2.6	34	89.5	-	-
Highly skilled supervision (Levels 9-12)	5	-	-	3	60	1	20
Senior management (Levels 13-16)	1	-	-	-	-	-	-
Total	102	1	1	68	65.7	1	1

Table 4.5.8: Promotions by critical occupation, 1 April 2010 to 31 March 2011

Critical Occupation	Employees as at 1 April 2010	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
The Department did not register any particular occupations as more critical than others.					

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT)(continued)

4.6. Employment equity

The following table provides a summary of the total workforce profile per occupational levels. Temporary employees provide the total of workers employed for three consecutive months or less. The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

Table 4.6.1: Total number of employees (including employees with disabilities) in each of the following occupational categories, as on 31 March 2011

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	-	-	-	-	-	-	-	-	-	-	-
Senior management (Level 13-14)	-	-	-	1	-	-	-	-	-	-	1
Professionally qualified and experienced specialists and mid-management (Levels 9-12)	-	1	-	2	-	-	-	2	-	-	5
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	1	5	-	18	-	3	-	2	-	-	29
Semi-skilled and discretionary decision making (Levels 3-5)	2	20	-	6	7	19	-	3	-	-	57
Unskilled and defined decision making (Levels 1-2)	-	7	-	2	1	-	-	-	-	-	10
Total	3	33	-	29	8	22	-	7	-	-	102
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand Total	3	33	-	29	8	22	-	7	-	-	102

Employees by gender



PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Table 4.6.2: Total number of employees with disabilities in each of the following occupational bands, as on 31 March 2011

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	-	-	-	-	-	-	-	-	-	-	-
Senior management (Level 13-14)	-	-	-	1	-	-	-	-	-	-	1
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)	-	-	-	1	-	-	-	-	-	-	1
Semi-skilled and discretionary decision making (Levels 3-5)	-	-	-	1	-	-	-	-	-	-	1
Unskilled and defined decision making (Levels 1-2)	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	3	-	-	-	-	-	-	3
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand Total	-	-	-	3	-	-	-	-	-	-	3

Table 4.6.3: Recruitment, 1 April 2010 to 31 March 2011

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	-	-	-	-	-	-	-	-	-	-	-
Senior management (Level 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	-	1	-	-	-	-	-	-	3
Semi-skilled and discretionary decision making (Levels 3-5)	-	2	-	-	1	1	-	-	-	-	4

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Unskilled and defined decision making (Levels 1-2)	-	-	-	-	-	-	-	-	-	-	-
Total	-	4	-	1	1	1	-	-	-	-	7
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand Total	-	4	-	1	1	1	-	-	-	-	7

Recruitment by gender



Recruitment by race

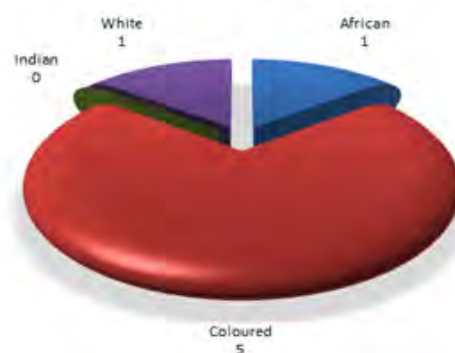


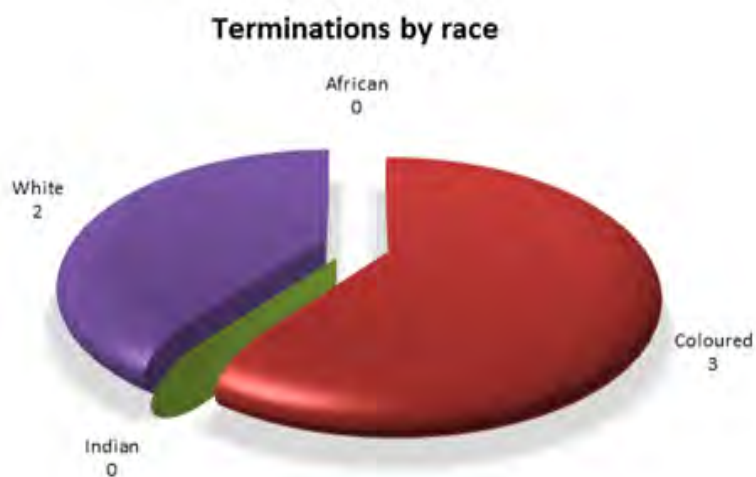
Table 4.6.4: Promotions, 1 April 2010 to 31 March 2011

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management (Levels 15-16)	-	-	-	-	-	-	-	-	-	-	-
Senior management (Level 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)	-	-	-	1	-	-	-	-	-	-	1
Semi-skilled and discretionary decision making (Levels 3-5)	-	-	-	-	-	-	-	-	-	-	-
Unskilled and defined decision making (Levels 1-2)	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	1	-	-	-	-	-	-	1
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
Grand Total	-	-	-	1	-	-	-	-	-	-	1

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Table 4.6.5: Terminations, 1 April 2010 to 31 March 2011

Occupational Levels	Male				Female				Foreign Nationals		Total	
	A	C	I	W	A	C	I	W	Male	Female		
Top management (Levels 15-16)	-	-	-	-	-	-	-	-	-	-	-	-
Senior management (Level 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	-	2	-	-	-	-	-	-	-	4
Semi-skilled and discretionary decision making (Levels 3-5)	-	-	-	-	-	-	-	-	-	-	-	-
Unskilled and defined decision making (Levels 1-2)	-	1	-	-	-	-	-	-	-	-	-	1
Total	-	3	-	2	-	-	-	-	-	-	-	5
Temporary employees	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	-	3	-	2	-	-	-	-	-	-	-	5



PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Table 4.6.6: Disciplinary actions, 1 April 2010 to 31 March 2011

Disciplinary Actions Total	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
	-	-	-	-	-	-	-	-	-	-	-

Table 4.6.7: Skills development, 1 April 2010 to 31 March 2011

Occupational Levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management (Levels 15-16)	-	-	-	-	-	-	-	-	-
Senior management (Level 13-14)	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid- management (Levels 9-12)	-	-	-	-	-	-	-	2	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents (Levels 6-8)	-	-	-	4	-	2	-	-	6
Semi-skilled and discretionary decision making (Levels 3-5)	-	3	-	1	2	8	-	-	14
Unskilled and defined decision making (Levels 1-2)	-	-	-	-	-	-	-	-	-
Total Permanent	-	3	-	5	2	10	-	2	22
Temporary employees	-	-	-	-	-	-	-	-	-
Grand Total	-	3	-	5	2	10	-	2	22

- Note: The above table excludes in-house and in-service training

4.7. Signing of performance agreements by SMS members

Table 4.7.1: Signing of Performance Agreements by SMS Members, as on 30 September 2010

SMS Level	Number of funded SMS posts per level	Number of SMS members per level	Number of signed Performance Agreements per level	Signed Performance Agreements as % of SMS members per level	Number of SMS who received Performance Bonuses
Director-General/ Head of Department	-	-	-	-	-

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

SMS Level	Number of funded SMS posts per level	Number of SMS members per level	Number of signed Performance Agreements per level	Signed Performance Agreements as % of SMS members per level	Number of SMS who received Performance Bonuses
Salary level 16, but not HOD	-	-	-	-	-
Salary Level 15	-	-	-	-	-
Salary Level 14	-	-	-	-	-
Salary Level 13	1	1	1	100	1
Total	1	1	1	100	1

Table 4.7.2: Disciplinary steps taken against SMS Members for not having concluded Performance Agreements on 30 September 2010

Reason for not concluding Performance Agreements
No disciplinary steps required, as all SMS Performance Agreements were signed before 30 September 2010.

Table 4.7.3: Reasons for not having concluded Performance Agreements with all SMS members on 30 September 2010

Disciplinary steps taken against SMS Members for not having concluded Performance Agreements
No disciplinary steps required, as all SMS Performance Agreements were signed before 30 September 2010.

4.8. **Filling of SMS posts**

Table 4.8.1: SMS posts information, as on 31 March 2011

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

Table 4.8.2: SMS posts information, as on 30 September 2010

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

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Table 4.8.3: Advertising and filling of SMS posts, as on 31 March 2011

SMS Level	Advertising	Filling of Posts	
	Number of Vacancies Advertised in 6 Months of becoming Vacant	Number of Vacancies filled in 6 Months after becoming Vacant	Number of Vacancies not filled in 6 Months but filled in 12 Months
No SMS posts were vacant during the reporting period.			

Table 4.8.4: Reasons for not complying with the prescribed timeframes for filling SMS posts within 12 months

SMS Level	Reasons for non-compliance
No SMS posts were vacant during the reporting period.	

Table 4.8.5: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months

Disciplinary steps taken
None required

4.9. Performance rewards

To encourage good performance, the department has granted the following performance rewards allocated to personnel for the performance period 2009/10, but paid in the financial year 2010/11. The information is presented in terms of race, gender, and disability (Table 4.9.1), salary bands (table 4.9.2) and critical occupations (Table 4.9.3).

Table 4.9.1: Performance rewards by race, gender, and disability, 1 April 2010 to 31 March 2011

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African	2	10	20.0	8	R 3 751.80
Male	1	3	33.3	3	R3 104.70
Female	1	7	14.3	4	R4 398.90
Coloured	11	55	20.0	62	R 5 664.71
Male	4	32	12.5	31	R 7 797.38
Female	7	23	30.4	31	R 4 446.04
Indian	-	-	-	-	-

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
White	11	34	32.4	132	R 11 984.62
Male	5	27	18.5	56	R 11 140.23
Female	6	7	85.7	76	R 12 688.28
Employees with a disability	2	3	66.7	38	R 18 880.35
Total	25	101	24.8	202	R 8 401.93

Performance rewards as a distribution of total staff per group



Table 4.9.2: Performance rewards by salary bands for personnel below Senior Management Service, 1 April 2010 to 31 March 2011

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	-	8	-	-	-	-
Skilled (Levels 3-5)	12	50	24.0	52	R 4 363.64	0.28
Highly skilled production (Levels 6-8)	9	38	23.7	66	R 7 366.87	0.35
Highly skilled supervision (Levels 9-12)	4	5	80.0	83	R 20 745.19	0.44
Total	25	101	24.8	202	R 8 065.85	1.06

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Table 4.9.3: Performance Rewards by critical occupations, 1 April 2010 to 31 March 2011

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
The Department did not register any particular occupations as more critical than others.					

Table 4.9.4: Performance related rewards (cash bonus), by salary band, for Senior Management Service, 1 April 2010 to 31 March 2011

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	1	1	100	33	R33 160.80	1.3
Total	1	1	100	33	R33 160.80	1.3

4.10 Foreign workers

The tables below summarise the employment of foreign nationals in the department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

Table 4.10.1: Foreign workers by salary band, 1 April 2010 to 31 March 2011

Salary Band	1 April 2010		31 March 2011		Change	
	Number	% of total	Number	% of total	Number	% change
The Department did not employ any foreign workers						

Table 4.10.2: Foreign workers by major occupation, 1 April 2010 to 31 March 2011

Major Occupation	1 April 2010		31 March 2011		Change	
	Number	% of total	Number	% of total	Number	% change
The Department did not employ any foreign workers						

4.11 Leave utilisation for the period 1 January 2010 to 31 December 2010

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 4.11.1) and incapacity leave (Table 4.11.2). In both cases, the estimated cost of the leave is also provided.

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Table 4.11.1: Sick leave, 1 January 2010 to 31 December 2010

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	40	65	5	83.3	8	9
Skilled (Levels 3-5)	585	77.4	51	92.7	11	201
Highly skilled production (Levels 6-8)	410	77.1	35	92.1	12	257
Highly skilled supervision (Levels 9-12)	25	1	5	100	5	27
Senior management (Levels 13-16)	1	1	1	100	1	2
Total	1 061	76.5	97	92.4	11	496

Sick leave as a % per salary band

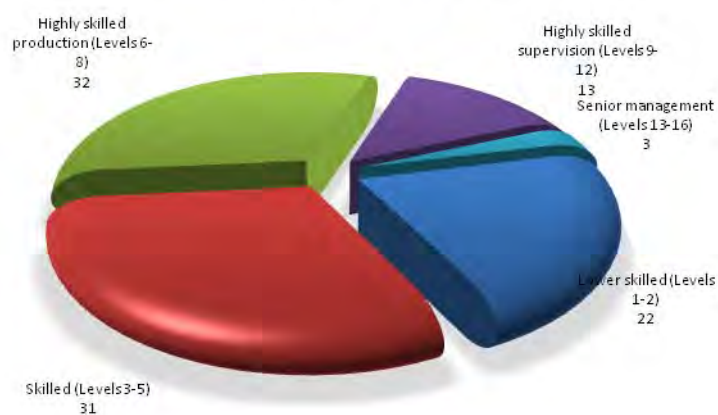


Table 4.11.2: Incapacity leave (temporary and permanent), 1 January 2010 to 31 December 2010

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Total Incapacity leave utilised – 2010/11						None

Table 4.11.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Table 4.11.3: Annual Leave, 1 January 2010 to 31 December 2010

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	115	19
Skilled (Levels 3-5)	1 265	23
Highly skilled production (Levels 6-8)	954	25
Highly skilled supervision (Levels 9-12)	125	25
Senior management (Levels 13-16)	25	25
Total	2 484	23

Table 4.11.4: Capped leave, 1 January 2010 to 31 December 2011

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2010	No of employees as at 31 December 2010	Total capped leave available as at 31 December 2010
Lower skilled (Levels 1-2)	14	14	58	6	58
Skilled (Levels 3-5)	50	2	45	55	1 266
Highly skilled production (Levels 6-8)	33	1	43	38	1 383
Highly skilled supervision (Levels 9-12)	4	1	61	5	304
Senior management (Levels 13-16)	-	-	100	1	100
Total	101	2	46	105	3 111

The following table summarises payments made to employees as a result of leave that was not taken.

Table 4.11.5: Leave payouts, 1 April 2010 to 31 March 2011

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave pay outs for 2010/11 due to non-utilisation of leave for the previous cycle	-	-	-
Capped leave pay outs on termination of service for 2010/11	-	-	-
Current leave pay outs on termination of service for 2010/11	4.8	1	R4 805.21
Total	4.8	1	R4 805.21

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

4.12 **HIV and AIDS and health promotion programmes**

Table 4.12.1: Steps taken to reduce the risk of occupational exposure, 1 April 2010 to 31 March 2011

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
The Corporate Services Centre within the Department of the Premier provides a transversal employee Health and Wellness Programme for 11 Departments within the PGWC. The programme is aimed at all employees, since all staff members are deemed to be at risk. The nature of the work within the department does not place employees at risk of contracting HIV.	A transversal Health & Wellness Programme was implemented. General HIV Counselling and Testing (HCT) and Awareness Campaigns were delivered. The outsourced Health and Wellness contract (EAP) was implemented. This provided access to counselling for all staff.

Table 4.12.2: Details of Health Promotion and HIV and AIDS Programmes, 1 April 2010 to 31 March 2011

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		Prior to modernisation the designated SMS Member for this department was Ms F Rayi. Post-modernisation (August 2010) – Due to the corporatisation of the Employee Health and Wellness function, the role of the above individual has shifted to the Corporate Services Centre (CSC). Mr Pieter Kemp, Director: Organisational Behaviour within the CSC is now the responsible SMS member.
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	✓		The Department is a member of the 11 departments who are serviced transversally by the Corporate Service Centre. As such, it contains a designated Employee Health and Wellness unit as a sub-directorate within the Directorate Organisational Behaviour and the Chief Directorate Organisation Development that serves as a transversal and dedicated unit to promote the health and well-being of employees of the 11 participating departments. The unit consists of a Deputy Director, 3 Assistant Directors and 4 team members and reports to the Director Organisation Behaviour. Budget : R2 426 000
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	✓		Prior to modernisation the Department reviewed its integrated Employee Well-being Programme (EWP). This included the outsourced EWP, with Careways as Service Provider. The EAP contract was extended with Careways for the rest of the 2010/11 Financial Year. A new transversal Wellness Contract (EAP) is being contracted for the next 3 years.

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

<p>4. Has the department established committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.</p>	<p>✓</p>	<p>Prior to modernisation, the Departmental HIV/AIDS committee was established in terms of the Public Service Regulations VI E. The committee consisted of representatives across all occupational categories inclusive of gender, persons living with disabilities, designated and non-designated groupings. The role of the committee is to implement the provisions contained in the aforementioned regulations, which is the implementation and monitoring of the HIV/AIDS policy and workplace programmes that focuses on promoting non-discrimination and equality. The committee met on a quarterly basis but was re-established as the Employee Health and Wellness Committee, which had the same structure as mentioned above. Post modernisation the PEAP committee consists of HIV and AIDS Workplace Coordinators from the Departments of Health and Education and the Department of the Premier representing all the other provincial departments. NGOs appointed to provide the HCT service also form part of the committee.</p> <p>Funding for NGOs to provide the HCT service is provided by the Department of Health's Directorate: HIV/AIDS/STI/TB (HAST). District HAST Coordinators therefore also form part of the PEAP Committee.</p> <p>For 2010/11 the HCT service providers were LifeLine (Metropole), Right to Care (Overberg and Central Karoo), At Heart (Cape Winelands), Diakonale Dienste (West Coast) and That's It (Eden). Please note that service providers may change on an annual basis dependent on the funding application outcomes.</p> <p>In addition, after modernisation, a new Health and Wellness Steering Committee has been established.</p> <p>This Department's Committee members are: Mr C. Marx and Mr K. Love</p>
<p>5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.</p>	<p>✓</p>	<p>The review of employment policies and practices were not required during the reporting period. The department implements national policies and prescripts pertaining to the employment of all personnel. These policies make provision for fair employment practices; and do not discriminate against employees who are HIV positive.</p> <p>Further to this, the Transversal HIV and AIDS Policy and Programme were adopted by the Co-ordinating Chamber of the PSCBC for the Western Cape Province on 13 April 2005. This provincial policy provides a blueprint for non-discriminatory practices and attitudes in the workplace.</p>

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

		<p>After modernisation a new transversal Employee Health and Wellness policy has been drafted, that is in the process of being consulted and ratified.</p> <p>In addition the Transversal Management Framework for Employee Assistance Programmes in the Western Cape Provincial Government is in effect and was adopted by the Co-ordinating Chamber of the PSCBC for the Western Cape Province on 10 August 2005.</p>
<p>6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.</p>	<p>✓</p>	<p>The Department reviewed its integrated Employee Well-being Programmes (EWP) in the 2009/10 financial year, which included the outsourced EWP (Point 4 refers) and the service elements were included for the 2010/11 financial year. Other key elements that address anti HIV/AIDS discrimination issues were: Awareness Programmes like display of posters, distributing pamphlets, awareness campaigns and condom promotion.</p> <p>The Department utilised an outsource Employee Well-being Programme (EWP) model and has utilised the services of Careways, who was procured to manage the programme .The following EH&WP services are offered to employees and their family members:</p> <ul style="list-style-type: none"> • A comprehensive needs analysis and behavioural risk management audit • 24 hr multilingual, toll free Psychological counselling • Face to face counselling sessions. • An HIV/AIDS consultancy service • Toll-free Life Management service offering information and assistance on legal problems, financial concerns, healthcare and family matters. • Comprehensive trauma response service. • Access to comprehensive online health care programme. • Training, knowledge transfer and skills development on EWP referral systems and protocols and Employee Well-being related issues for in-house Well-being functionaries, employee representatives and managers • Managerial consultancy and referral options supporting managers in their existing relations with employees and providing them with professional help in effectively handling new or difficult people management issues.
	<p>✓</p>	<ul style="list-style-type: none"> • Quarterly and annual reports on all key utilisation aspects of the EWP • A dedicated Account Manager to co-ordinate the programme and ensure that the Careways group programme is appropriately managed at all times

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

<p>7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.</p>	<p>✓</p>	<p>A comprehensive online EWP service: The above approach was perpetuated post-modernisation.</p> <p>Pre- and post-modernisation, employees have been referred to local clinics or to use their general practitioner if their request falls outside of the Departmental VCT (HCT) programme. During HCT campaigns, employees are also provided with wallet-sized cards (pre-modernisation only) containing all the relevant numbers for referral, including the Employee Assistance Programme toll free number. Lifeline and At Heart have been contracted to render VCT (HCT) services for the department. They also assist in HIV/AIDS awareness training; promotion and provision of HIV counselling and testing and employee support by way of continuous post-test counselling. Wellness EH&WP Toll Free Number: 0800 864 417</p> <p>Careways: 0800 004 770</p>
<p>8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.</p>	<p>✓</p>	<p>HIV Testing and Screening Staff members attended pre-counselling and testing sessions. No employees tested positive for HIV.</p> <p>TB SCREENING Staff attended testing sessions for tuberculosis. No staff tested positive for TB.</p> <p>General Wellness interventions also included diabetes, hypertension and STI screening.</p> <p>The impact of health promotion programmes is indicated through information provided via the Employee Health and Wellness Contract (external EAP service provider).</p> <p>The EHWP is monitored via Quarterly and Annual reporting. This reporting is provided by the External Service Provider. The most recent Annual review period is 1 April 2010 – 31 March 2011. Annual reports have been provided for 4 Careways Departments and an overview of all 4 Departments has been compiled in one presentation.</p> <p>The quarterly and annual review provides:</p> <ul style="list-style-type: none"> • A breakdown of the EHWP Human Capital Demographic i.e. age, gender, length of service, dependent utilisation, language utilisation, employee vs. manager utilisation, no of cases etc. • Service utilisation • Problem profiling and trending

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

	✓		<ul style="list-style-type: none"> • Assessment of employee and organisational risk and the impact there of on the individual functioning in the work place • Assessment of Formal referrals and the underlying reasons impacting on employee performance and productivity • Assessment of Organisational Issues presented by Employees using the EWHP • Assessment of High risk cases <p>Programme evaluation via the External Service Provider include the following:</p> <ul style="list-style-type: none"> • Formal referral evaluation process impact (Outcomes assessment). (The results of this process will only be available towards the first week of June 2011). Formal referral cases are selected for this process and employees called as well as referring managers to assess the impact of the intervention. <p>The external service provider provides a Return on Investment (ROI) indicator</p>
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4.13 Labour relations

The following collective agreements were entered into with trade unions within the department.

Table 4.13.1: Collective agreements, 1 April 2010 to 31 March 2011

Total collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 4.13.2: Misconduct and disciplinary hearings finalised, 1 April 2010 to 31 March 2011

Outcomes of disciplinary hearings	Number	% of total
Total Disciplinary hearings – 2010/11	0	None

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Table 4.13.3:Types of misconduct addressed at disciplinary hearings, 1 April 2010 to 31 March 2011

Type of misconduct	Number	% of total
Total number of misconduct addressed at disciplinary hearings	0	None

Table 4.13.4:Grievances lodged, 1 April 2010 to 31 March 2011

Grievances lodged	Number	% of Total
Total number of grievances lodged	0	None

Table 4.13.5:Disputes lodged with Councils, 1 April 2010 to 31 March 2011

Disputes lodged with Councils	Number	% of Total
Total number of disputes lodged	0	None

Table 4.13.6:Strike actions, 1 April 2010 to 31 March 2011

Strike actions	Number
Total number of person working days lost	12.6
Total cost (R'000) of working days lost	3.4
Amount (R'000) recovered as a result of no work no pay	3.4

Table 4.13.7:Precautionary suspensions, 1 April 2010 to 31 March 2011

Precautionary suspensions	Number
Total number of Precautionary suspensions	None

4.14 **Skills development**

This section highlights the efforts of the department with regard to skills development. The tables reflect the training needs as at the beginning of the period under review, and the actual training provided.

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Table 4.14.1: Training needs identified, 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of employees as at 1 April 2010	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	-	-	-	-	-
	Male	1	-	-	-	-
Professionals	Female	1	-	2	-	2
	Male	-	-	2	2	4
Technicians and associate professionals	Female	5	-	2	2	4
	Male	11	-	4	-	4
Clerks	Female	30	-	-	9	9
	Male	24	-	-	4	4
Service and sales workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers	Female	-	-	-	-	-
	Male	12	-	-	-	-
Plant and machine operators and assemblers	Female	-	-	-	-	-
	Male	7	-	-	-	-
Elementary occupations	Female	1	-	-	-	-
	Male	10	-	-	-	-
Sub Total	Female	37	-	4	11	15
	Male	65	-	6	6	12
Total		102	-	10	17	27
Employees with disabilities	Female	-	-	-	-	-
	Male	3	-	-	-	-

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Table 4.14.2: Training provided, 1 April 2010 to 31 March 2011

Occupational Categories	Gender	Number of employees as at 31 March 2011	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	-	-	-	-	-
	Male	1	-	-	-	-
Professionals	Female	1	-	2	-	2
	Male	-	-	-	-	-
Technicians and associate professionals	Female	5	-	-	2	2
	Male	10	-	-	4	4
Clerks	Female	30	-	-	9	9
	Male	26	-	-	5	5
Service and sales workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers	Female	-	-	-	-	-
	Male	12	-	-	-	-
Plant and machine operators and assemblers	Female	-	-	-	-	-
	Male	7	-	-	-	-
Elementary occupations	Female	1	-	-	-	-
	Male	9	-	-	-	-
Sub Total	Female	37	-	2	11	13
	Male	65	-	-	9	9
Total		102	-	2	20	22
Employees with disabilities	Female	-	-	-	-	-
	Male	3	-	-	-	-

Note: The above excludes in-service training

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

4.15 Injury on duty

The following tables provide basic information on injury on duty.

Table 4.15.1: Injury on duty, 1 April 2010 to 31 March 2011

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	100
Temporary Total Disablement	-	-
Permanent Disablement	-	-
Fatal	-	-
Total	2	100

4.16 Utilisation of external resources/consultants

GMT utilised the services of external/outsourced computer system development resources to assist with the upkeep and enhancement of FleetMan. The provincial Centre for e-Innovation could not supply these resources. FleetMan is an Oracle based system to support GMT's core business activities namely vehicle procurement, fleet management, fleet logistics, fleet finance and fleet risk management. It assists GMT in providing cost-effective quality transport services to the provincial and national client departments and improving service delivery. To further assist with the prevention of unauthorised fuel transactions an electronically based fuel purchasing technology facility (eFuel) was further enhanced. The latter's transaction data was integrated with FleetMan. Further development during the year under review focused on enhancing GMT's service delivery to client departments.

The FleetMan system configuration is set depicted in Table 4.16.1 below:

Table 4.16.1: System configuration

Facility	Quantum as at 31 March 2009	Quantum as at 31 March 2010	Quantum as at 31 March 2011
Screens	272	278	285
Reports	302	341	351
Tables	674	704	776
Records	82 948 489	140 055 919	146 231 168
Space utilized	17 Gb	23 Gb	37 Gb
Database	24 Gb	35 Gb	48 Gb

The expert knowledge and skill of chartered accountants were contracted in to assist with the following assignments:

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT) (continued)

Preparation of the Annual Financial Statements.

Conversion from Modified Cash based accounting to GAAP.

GMT obtained approval from National Treasury in terms of Treasury Regulation 17.3.1 to procure a GAAP compliant accounting system. A migration plan was compiled and implementation has commenced. The resources also assisted with these actions.

A summary of the outsourced resources utilised during the past year is depicted in Table 4.16.2 below:

Table 4.16.2: Report on consultant appointments using appropriated funds, 1 April 2010 to 31 March 2011

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Fleet management system (FleetMan) development and maintenance:			
Business Analysis (contractors)	2	3 654	R 1 964 564
System Development (contractors)	5	11 625	R 5 382 997
Business Consulting (contractors)	3	6 278	R 4 137 206
Financial management improvement:			
Chartered accountants (consultants)	3	1 359	R1 484 840
GAAP accounting system Configuration and implementation:			
Business consulting (contractors)	9	4 703	R 4 679 479
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
2	22	19 357	R11 491 583

Table 4.16.3: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs), 1 April 2010 to 31 March 2011

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Fleet management system / 3 rd Quarter Technologies	100	100	6
Financial management improvement / Ducharme Consulting	50	40	1
GAAP financial system / Global Bits Thuta	100	100	4
GAAP financial system / 3 rd Quarter Technologies	100	100	3

Report on consultant appointments using Donor Funds

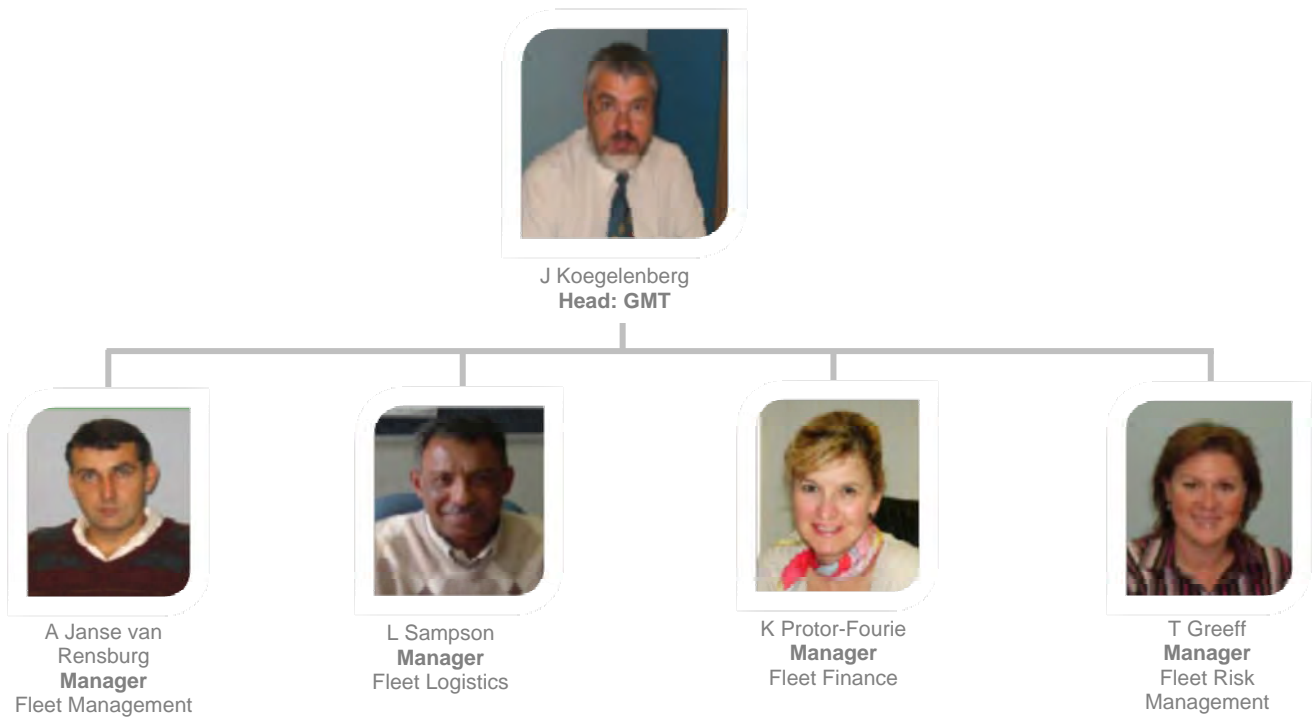
No Donor Funds were utilised.

PART 4: HUMAN RESOURCE MANAGEMENT (OVERSIGHT REPORT)(continued)

4.17 Organogram

The organogram indicating the macro structure of GMT as at 31 March 2011 is depicted in Figure 4.18.1 below:

Figure 4.18.1: GMT Organogram (management)



Other INFORMATION



PART 5

PART 5: OTHER INFORMATION

5.1 Publication data

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5.2 Abbreviations

AARTO	Administrative Adjudication Road Traffic Offences Act, 1998 (Act 46 of 1998)
ABET	Adult Basic Education and Training
AFS	Annual Financial Statements
BAS	Basic Accounting System
BEE	Black Economic Empowerment
CFO	Chief Financial Officer
CR	Creditor
DPSA	Department of Public Service and Administration
DR	Debtor
EAP	Employee Assistance Programme
e-Billing	Electronic Billing
eFuel	Electronic Fuel Purchasing System
ERP	Enterprise Resources Planning
FIU	Forensic Investigation Unit
FAR	Fixed Asset Register
fifo	First-in-first-out
FleetMan	Fleet Management System
GAAP	Generally Accepted Accounting Practice
Gb	Giga byte
GMT	Government Motor Transport
GoFin	GMT Financial System
HIV/Aids	Human immunodeficiency virus/acquired immune-deficiency syndrome
IDP	Individual Development Plan
IMLC	Institutional Management Labour Committee
MIB	Management Information Bureau
Mil	Million
Oracle	Computer programme language
PERMU	Provincial Enterprise Risk Management Unit
PERSAL	Personnel and Salary System
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999 as amended)
PGWC	Provincial Government Western Cape
PID	Project Identification Document
PPA	Public Audit Act, 2004 (Act 25 of 2004)
PPE	Property, Plant and Equipment
S & T	Subsistence and Travel
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
VCT	Voluntary Counselling and Testing

PART 5: OTHER INFORMATION (continued)

5.3 Apology

We fully acknowledge the Province's language policy and endeavour to implement it. It has been our experience that the English version is in the greatest demand. Consequently, the document will be available in the other two official languages of the Western Cape as soon as possible. In the event of any discrepancy between the different translations of this document, the English text shall prevail.

Verskoning

Ons gee volle erkenning aan die Provinsie se taalbeleid en streef daarna om dit toe te pas. Praktyk het egter geleer dat die Engelse weergawe van die dokument in aanvraag is. Die dokument sal gevolglik so gou as moontlik in die ander twee amptelike tale van die Wes-Kaap beskikbaar wees. In die geval van enige teenstrydigheid tussen die verskillende vertalings van hierdie dokument, sal die Engelse teks heers.

Isingxengxozo

Siyawuqonda umgaqo-nkqubo weelwimi wePhondo kwaye siyazama ukuwufezekisa. Kambe ke sayiqwalasela yeyokuba lulwimi lwesiNgesi ekufuneka lusetyenzisiwe kolu xwebhu. Iyakufumanekana ngezinye iilwimi ezimbini ezisemthethweni zaseNtshonaKoloni kwakamsinya.

5.4 Additional copies

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To support the Department's drive for a paperless environment and improved electronic content management, minimum hard copies of this Report will be available. Nevertheless, to obtain additional copies of this document, please contact: Mr Leslie Sampson.

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Addendum to the Report of the Accounting Officer for the year ending 31 March 2011 as referred to in paragraph 3.15 of that report

REPLY TO THE REPORT OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS DATED 24 JUNE 2011 FOR THE FINANCIAL YEAR ENDING 31 MARCH 2010

PART C: GOVERNMENT MOTOR TRANSPORT		
SUBJECT	RESOLUTION	REPLY
A suggestion was made to the Committee that the Audit Committee also prepare a separate briefing document that will show additional points (similar to the AG's briefing report), apart from the Audit Report.	The Committee resolved that the Audit Committee prepare a briefing document and present it at the briefing sessions.	The requirement was referred to the Chairperson of the Audit Committee in writing (via e-mail) on 25 July 2011.
The Committee raised a concern around the capacity issues especially in the Internal Audit department.	The Committee requested that the Internal Audit department be fully capacitated by 2011/2012 financial year.	The Internal Audit function is vested in the Corporate service Centre of the Department of the Premier. The matter was referred to the acting Chief Audit Executive in writing (via e-mail) on 25 July 2011.

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Afrikaans and isiXhosa versions of this publication are available on request.



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