

---

**g-Fleet MANAGEMENT 2019/20 FINANCIAL YEAR FIRST QUARTER PERFORMANCE REPORT  
(01 APRIL 2019 – 30 JUNE 2019)**

---

Supported by:

Mr. Mbasa Ngumla

Acting Chief Financial Officer

g-Fleet Management

Date: 30/07/2019

Authorized by:

Ms. Noxolo Maninjwa

Chief Executive Officer

g-Fleet Management

Date: 30/07/2019

Approved by:

Mr. Makhukhu Mampuru

Acting Head of Department

Gauteng Department of Roads and Transport

Date: 20/07/2019

**TABLE OF CONTENTS**

<b>1.</b>	<b>TRADING ENTITY PERFORMANCE.....</b>	<b>3</b>
<b>1.1</b>	<b>OVERVIEW BY CHIEF EXECUTIVE OFFICER.....</b>	<b>3-4</b>
<b>1.2</b>	<b>REVISIONS TO LEGISLATIVE, POLICY AND OTHER MANDATES.....</b>	<b>5</b>
<b>1.3</b>	<b>UPDATED SITUATIONAL ANALYSIS .....</b>	<b>6</b>
<b>1.4</b>	<b>OVERVIEW OF ORGANISATIONAL ENVIRONMENT .....</b>	<b>7-8</b>
<b>2.</b>	<b>FINANCIAL PERFORMANCE.....</b>	<b>9</b>
<b>2.1</b>	<b>ANNUAL BUDGET: FUNDING .....</b>	<b>9</b>
<b>2.2</b>	<b>REVENUE INVOICING: BILLING.....</b>	<b>9</b>
<b>2.3</b>	<b>REVENUE COLLECTIONS: RECEIPTS.....</b>	<b>10</b>
<b>2.4</b>	<b>EXPENDITURE: PER PROGRAMME.....</b>	<b>10-11</b>
<b>2.5</b>	<b>EXPENDITURE: PER BUSINESS UNIT.....</b>	<b>12</b>
<b>3.</b>	<b>NON-FINANCIAL PERFORMANCE.....</b>	<b>13</b>
<b>3.1</b>	<b>OVERVIEW OF PROGRAMME STRUCTURE.....</b>	<b>13</b>
<b>3.2</b>	<b>SERVICE DELIVERY PERFORMANCE.....</b>	<b>14-20</b>

## **1. TRADING ENTITY PERFORMANCE**

### **1.1 OVERVIEW BY CHIEF EXECUTIVE OFFICER**

#### **a. Background**

g-Fleet was formally known as the Government Garage and also as Gauteng Government Motor Transport (GGMT), following the devolution of the Fleet Management function previously carried out at the National Sphere of Government to the Provincial Administrations in terms of the Cabinet decision taken on 25 May 1988.

The entity has been operating as a trading Entity of the former Gauteng Department of Public Transport, Roads and Works (GDPTRW), since 2001. The Department is now the Gauteng Department of Roads and Transport (GDRT) following the re-configuration of Government Departments within the Gauteng Province, which resulted in the GDPTRW being split into the GDRT and the Gauteng Department of Infrastructure Development (GDID).

#### **b. Vision**

We keep Government Service Delivery on the move.

#### **c. Mission**

We will achieve our vision by:

- Providing effective, competitive and efficient fleet services to government.
- Focusing on providing reliable fleet to meet client needs.
- Building and maintaining sustainable stakeholder relations.

**d. Values**

The values that guide the work of the staff and contractors working on behalf of the Entity are the following:

**(i) Good Governance**

We pledge to uphold sound principles of institutional management, efficient systems and processes in service delivery and implement necessary governance structures.

**(ii) Responsiveness**

Our staff and contractors shall be approachable, receptive, open and will be quick to respond to needs of clients and Gauteng citizens as well as carrying out their responsibilities.

**(iii) Innovative**

We commit to be original, inventive and novel in the execution of our mandate and activities.

**(iv) Accountability**

We pledge to be answerable to clients and citizens of Gauteng about our service delivery responsibilities.

**(v) Passion**

We undertake to deliver services with passion, excitement and enthusiasm.

**(vi) Professionalism**

We commit to show competence and an attitude of excellence at all times.

**(vii) Ethical**

We commit to be principled, fair and just in our conduct and in service to the people of Gauteng.

**(viii) Commitment**

We commit to be devoted, faithful and loyal to the citizens and clients.

## **1.2 REVISIONS TO LEGISLATIVE, POLICY AND OTHER MANDATES**

### **1.2.1 Legislative Mandates**

The Entity is operating in line with the following legislative mandates during the 2018/19 financial year:

- a. Public Finance Management Act (PFMA)
- b. Treasury Regulations
- c. Treasury practice notes
- d. Public Service Act
- e. Public Service Regulations
- f. Cabinet Memo of 1988
- g. Transport Circular 4 of 2000
- h. National Road Traffic Act of 1996
- i. Administrative Adjudication of Road Traffic Offences (AARTO)

The implementation of AARTO is creating a huge challenge for g-FleetT in that some client department's drivers do not pay their traffic fines which results in g-FleetT not being able to timeously renew the vehicles licence disks. This has led to the Entity deciding to pay these fines and bill the affected client departments' respectively.

### **1.2.2 Policy & Other Mandates**

The Entity's operations are largely regulated by the National Transport Circular No. 4 of 2000, which governs all matters relating to the utilization of government-owned transport and related transport functions. The effect of the above-mentioned circular has resulted in the withdrawal of Transport Circular No. 1 of 1975.

In response to Government that the implementation of the Gauteng Highway Improvement Project (GFIP), which was rolled-out by South African National Roads Agency Ltd (SANRAL) is almost finalised. The implementation of the new e-tolling system on identified Gauteng Provincial roads has led to slight changes to the Entity's operations. These changes included adapting systems to facilitate the management and billing of the new tolls incurred as a result of the utilization of g-FleetT's vehicles by clients'.

## **1.3 UPDATED SITUATIONAL ANALYSIS**

### **1.3.1 Improvement of Performance in 2019/20 Financial Year**

All efforts will be directed in ensuring that an Unqualified Audit Opinion is issued by the Auditor General (SA). Interventions will also be aimed at addressing operational challenges thereby demonstrating significant and systematic improvement of operations and customer satisfaction. Ongoing surveys and engagements with all key stakeholders throughout the current financial year will further provide an opportunity to determine whether planned and implemented initiatives have the desired effect on fleet management operations which will result in high levels of client satisfaction thereby meeting stakeholder expectations.

### **1.3.2 Service Delivery Environment**

The Entity kept the average age of fleet at less than 4 years during the quarter under review due to the procurement of new vehicles.

The Entity achieved 95% against the 80% of the planned target for percentage of vehicles auctioned. The Entity is selling vehicles that are of good condition and this makes the auction to be popular in the public.

The Entity tracked 92.8% of in-service vehicles against the planned target of 75%.

The average turnaround time for accident repairs was not achieved, this was due to the slow migration of merchants from Standard Bank to ABSA bank which resulted in the shortage of merchants to perform accident repairs.

The planned target for number of days for vehicle preparation is 20 business days, due to concerted efforts and interventions, the Entity achieved this target by preparing vehicles within 20 days.

The Entity managed to achieve the average percentage of rental days for both VIP and Pool fleet. This was due to an increase in client demand.

The Entity failed to achieve the percentage of maintenance expenditure during the quarter under review. This was also due to the slow migration of merchants from Standard Bank to ABSA Bank.

## **1.4 OVERVIEW OF ORGANISATIONAL ENVIRONMENT**

### **1.4.1 Overview of Functions & Services**

g-Fleet Management is the Trading Entity of the Gauteng Department of Roads and Transport (GDRT). The main aim of the Entity is to provide motor transportation services to all government departments at provincial, municipal and national levels.

The trading activities of g-Fleet focus primarily on the provision of state vehicles to enable client departments to carry out their day-to-day service delivery activities efficiently and effectively. Vehicles are procured by g-Fleet in line with client requests and through Service Level Agreements entered into. g-Fleet also procures vehicles to replace previously allocated vehicles that have become obsolete and must be withdrawn. The National Treasury RT57 contract guides the procurement of vehicles.

The fleet of vehicles is allocated to client departments for a period stipulated by the client (on Full Maintenance Lease contracts).

In return g-Fleet charges a daily, monthly or a kilometer tariff (user tariff charges) on the vehicles to cover the capital, running and overhead costs of the entity.

The Fleet Maintenance functions focus mainly on the maintenance and repair of vehicles using Transit Solutions merchants, in line with the National Treasury RT46 Contract. The RT46 contract has since been awarded to Transit Solutions with effect from 01 April 2014. Fleet management support services are also provided to clients via the management and/or administration of fuel cards, traffic fines. Any obsolete vehicles and those that cannot be repaired are sold through a public auction.

### **1.4.2 Overview of Service Network**

g-Fleet operates from Bedfordview, where the Head Office is based, with offices at 45 Commissioner Street, Johannesburg Central Business District, offices in Koedoespoort, Pretoria and a kiosk at the OR Tambo International Airport, Kempton Park.

The Entity has three (03) functional regional offices namely in Kwa-Zulu Natal, Eastern Cape, Western Cape. These mainly service regional and district offices of Gauteng-based National Departments and Municipalities who are key clients of g-Fleet. As part of the Turnaround Plan, more emphasis will be directed at ensuring that the Entity and Regional Offices have adequate capacity and fleet, to meet all client needs at the various regions/districts.

### 1.4.3 Overview Staff Complement

An analysis of the current profile of employees indicate that 76% (209) of g-Fleet employees are permanent employees, whilst 3% or (7) are employed on a contract basis. The recruitment process will continue as the moratorium on vacant posts has been lifted.

### 1.4.4 Summary of Posts and Vacancies

Staff Categories	Number		Percentage Q1
	Q1		
Total posts on approved structure	275		100%
Total staff complement	219		80%
Number of professional and managerial posts	8		3%
Number of professional and managerial posts filled	5		2%
Number of excess staff	0		0%
Number of positions filled by permanent staff	212		77%
Number of positions filled by contract staff	7		3%
Number of vacant positions excluding contract workers	63		23%
Number of vacant positions including contract workers	63+7= (70)		25%

### 1.4.5 Summary of Disciplinary Procedures

Status	Discipline	Appeals	Conciliation	Arbitration	Grievances	Disputes
Number Lodged	3	Nil	2	1	1	5
Number Concluded	1	Nil	2	1	1	1
Number Outstanding	2	Nil	0	1	0	4



## 2. FINANCIAL PERFORMANCE

### 2.1 ANNUAL BUDGET: FUNDING

1 <sup>ST</sup> H QUARTER PERFORMANCE REPORT FOR THE 2019/20 FY	TOTAL BUDGET YEAR TO DATE REPORT				QUARTER 1 APP REPORT			
	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT
ANNUAL APPROVED BUDGET	R 898,789,043	R 254,133,674	R 644,655,369	28%	R 183,810,277	R 254,133,674	-R 70,323,396	138%
RESPONSIBLE MEC	MEC Roads and Transport – Mr. Jacob Mamabolo							
ADMINISTERING DEPARTMENT	Provincial Department of Roads and Transport							
ACCOUNTING OFFICER	Acting HOD Roads and Transport – Mr. Makhuku Mampuru							

### 2.2 REVENUE INVOICING: BILLING

APP REPORT 2019/20 FY	TOTAL BUDGET YEAR TO DATE REPORT				QUARTER 1 APP REPORT			
	ANNUAL BUDGET	ACTUAL BILLING	TOTAL VARIANCE	% ACTUAL	BUDGET BILLING	ACTUAL BILLED	TOTAL VARIANCE	% ACTUAL
LEASING OF VEHICLES								
REVENUE - EXCHANGE	R 850,000,000	R 210,393,295	R 639,606,705	25%	R 212,500,000	R 210,393,295	R 2,106,705	99%
GRAND TOTAL	R 850,000,000	R 210,393,295	R 639,606,705	25%	R 212,500,000	R 210,393,295	R 2,106,705	99%

### 2.3 REVENUE COLLECTIONS: RECEIPTS

APP REPORT 2019/20 FY	TOTAL BUDGET YEAR TO DATE REPORT				QUARTER 1 APP REPORT			
	ANNUAL BUDGET	ACTUAL COLLECTIONS	TOTAL VARIANCE	% ACTUAL	BUDGETED COLLECTIONS	ACTUAL COLLECTIONS	TOTAL VARIANCE	% ACTUAL
REVENUE - EXCHANGE	R 850,000,000	R 141,594,084	R 708,405,916	17%	R 212,500,000	R 141,594,084	R 70,905,916	67%
REVENUE – NON- EXCHANGE	R 72,000,000	R 15,727,232	R 56,272,768	22%	R 18,000,000	R 15,727,232	R 2,272,768	87%
TRANSPORT FEES	R 1,700,000	R 459,951	R 1,240,049	27%	R 425,000	R 459,951	-R 34,951	108%
AUCTION FEES	R 70,000,000	R 38,828,930	R 31,171,070	55%	R 17,500,000	R 38,828,930	-R 21,328,930	222%
<b>GRAND TOTAL</b>	<b>R 993,700,000</b>	<b>R 196,610,197</b>	<b>R 797,089,803</b>	<b>20%</b>	<b>R 248,425,000</b>	<b>R 196,610,197</b>	<b>R 51,814,803</b>	<b>79%</b>

### 2.4 EXPENDITURE: PER PROGRAMME

The table below classifies the first quarter's expenditure incurred for each Sub-Programme which also includes the following costs: -

- Payments for Capital Assets.
- Payments for Current Goods and Services which includes:
  - o Compensation for Employees.
  - o Current Year Goods and Services.

**APP REPORT 2019/20 FY**      **YEAR TO DATE RESULTS**      **QUARTER 1 RESULTS**

PER PROGRAMME	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	QUARTERLY BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT
OFFICE OF THE CEO	R 3,656,695	R 709,699	R 2,946,996	19%	R 759,795	R 709,699	R 50,096	93%
OFFICE OF THE CFO	R 9,198,823	R 1,450,233	R 7,748,590	16%	R 3,521,759	R 1,450,233	R 2,071,526	41%
FINANCIAL ACCOUNTING	R 19,093,935	R 3,739,722	R 15,354,213	20%	R 5,153,919	R 3,739,722	R 1,414,197	73%
OPERATIONS AND CORPORATE SERVICES	R 866,839,590	R 248,234,020	R 618,605,570	29%	R 174,374,805	R 248,234,020	-R 73,859,215	142%
GRAND TOTAL	R 898,789,043	R 254,133,674	R 644,655,369	28%	R 183,810,277	R 254,133,674	-R 70,323,396	138%

2.5 EXPENDITURE: PER BUSINESS UNIT

APP REPORT 2019/20 FY	YEAR TO DATE RESULTS					QUARTER 1 RESULTS				
	PER BUSINESS UNIT	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	QUARTERLY BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	
OFFICE OF THE CEO	R 3,656,695	R 709,699	R 2,946,996	19%	R 759,795	R 709,699	R 50,096	93%		
OFFICE OF THE COO	R 1,677,419	R 91,054	R 1,586,365	5%	R 413,823	R 91,054	R 322,768	22%		
OFFICE OF THE CFO	R 9,198,823	R 1,450,233	R 7,748,590	16%	R 3,521,759	R 1,450,233	R 2,071,526	41%		
FINANCIAL ACCOUNTING	R 19,093,935	R 3,739,722	R 15,354,213	20%	R 5,153,919	R 3,739,722	R 1,414,197	73%		
CORPORATE SERVICES	R 49,966,530	R 3,692,655	R 46,273,875	7%	R 8,465,383	R 3,692,655	R 4,772,728	44%		
MARKETING & COMMUNICATION	R 11,886,481	R 3,075,200	R 8,811,281	26%	R 2,759,540	R 3,075,200	-R 315,661	111%		
MAINTENANCE SERVICES	R 169,737,029	R 25,546,543	R 144,190,486	15%	R 42,356,996	R 25,546,543	R 16,810,454	60%		
TRANSPORT SUPPORT SERVICES	R 252,733,487	R 52,037,322	R 200,696,165	21%	R 63,078,867	R 52,037,322	R 11,041,545	82%		
PERMANENT SERVICES	R 359,417,551	R 159,396,459	R 200,021,092	44%	R 52,308,259	R 159,396,459	-R 107,088,200	305%		
VIP POOL SERVICES	R 21,421,093	R 4,394,787	R 17,026,306	21%	R 4,991,938	R 4,394,787	R 597,151	88%		
GRAND TOTAL	R 898,789,043	R 254,133,674	R 644,655,369	28%	R 183,810,277	R 254,133,674	-R 70,323,396	138%		

### 3. NON-FINANCIAL PERFORMANCE

#### 3.1 OVERVIEW OF PROGRAMME STRUCTURE

The performance activities of g-FleetT are reported under the following programmes:

SERVICE DELIVERY PROGRAMME	PROGRAMME STRUCTURE
<b>1. OPERATIONAL MANAGEMENT SERVICES</b>	PERMANENT FLEET SERVICES VIP / POOL SERVICES FLEET MAINTENANCE TRANSPORT SUPPORT SERVICES INFORMATION AND COMMUNICATION TECHNOLOGIES
<b>2. FINANCIAL MANAGEMENT</b>	FINANCE

3.2 SERVICE DELIVERY PERFORMANCE

3.2.1 OPERATIONAL MANAGEMENT SERVICES

STRATEGIC OUTCOME ORIENTATED GOAL 1: Provide fleet management services that are effective, efficient and client-focused

STRATEGIC OBJECTIVE 1: Provide clients with reliable and cost effective fleet.

Performance Indicator	Audited Baseline	2019/20 Annual Target	Quarter-1		Deviation from Target		Reason for Deviation	Proposed Intervention
			Planned	Actual	Unit	%		
Average age of fleet	3.6 years	≤4 Years	≤4 Years	3,4 years	0,6 year	-	New vehicles procured had a positive effect on the overall age of the fleet.	n/a
Percentage of vehicles auctioned.	80%	80%	80%	95%	-	+15%	The Entity is selling vehicles that are of good condition and this makes the auction to be popular in the public.	n/a

SIGNED OFF:

Director: Permanent Fleet



Acting Director: Finance



3.2.2 OPERATIONAL MANAGEMENT SERVICES

STRATEGIC OBJECTIVE 2: To provide quality and value-added client service by monitoring vehicle location and maintaining turn-around times for accident and mechanical repairs.

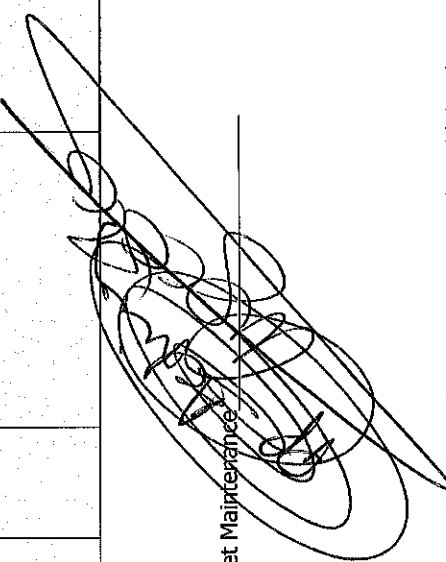
Performance Indicator	Audited Baseline	2019/20 Annual Target	Quarter 1		Deviation from Target		Reason for Deviation	Proposed Intervention
			Planned	Actual	Unit	%		
Percentage of in-service vehicles tracked.	93%	93%	75% (5137)	92.8% (6361)	-	+17%	Total Current Fleet 7076 less the exempt vehicles of 226 = 6850 100% In-Service Vehicles = 6850 Exempt Vehicles NPA (Prosecuting Authority) 113 Justice 103 Premier 7 Mineral Resources 3 Total = 226	The Entity is at the final stages of awarding the tender that was advertised for Comprehensive Vehicle Tracking System.
Average turnaround time for accident repairs	20 days	30 days	30 days	49 Days	-19 days	-	The deviation is due to delays in the migration of merchants from Standard bank to ABSA. This resulted in the shortage of merchants who could perform accident repairs timeously. N/A	The Entity will constantly work closely with the RT46 service provider in speeding up merchant registration with ABSA (migration processes).
Average turnaround time for mechanical repairs	20 days	15 days	15 days	12 Days	+3 days	-	N/A	N/A

SIGNED OFF:

Director: Transport Support Services



Acting Director: Fleet Maintenance



**STRATEGIC OUTCOME ORIENTATED GOAL 2: Sustainable and well-governed organisation**

**STRATEGIC OBJECTIVE 1: Optimise return on investment.**

**Optimal use of the Entity's assets in delivery of services that is cost effective and yield return to ensure sustainability.**

Performance Indicator	Audited Baseline	2019/20 Annual Target	Quarter 1		Deviation from Target		Reason for Deviation	Proposed Intervention
			Planned	Actual	Unit	%		
Average number of business days from delivery of vehicle to active vehicle contract with client (lease vehicles only from Permanent Unit)	20 business days	20 business days	20 Business days	20 business days	0 day	-	Concerted effort led to the achievement of the target.	N/A
Average percentage of rental days utilised for VIP self-drive vehicles	Average rental utilisation of 67%	Average rental utilisation of 50%	Average rental utilisation of 50%	59.51%	-	+9.51%	Increased client demand	N/A
Average percentage of rental days utilised for Pool vehicles	Average rental utilisation of 67%	Average rental utilisation of 69%	Average rental utilisation of 69%	73.59%	-	+4.59	Increased client demand	N/A
Annual Tariff structure for 2020/21 submitted to Treasury for approval	Submission of reviewed annual tariff structure for 2019/20 financial year submission to Provincial Treasury for approval	Annual Tariff structure for 2020/21 submitted to Provincial Treasury for approval.						
Implementation of sustainability model	Phase 2 Implementation of Sustainability Model	Completion of Phase 2 of the Sustainability Model						



Performance Indicator	Audited Baseline	2019/20 Annual Target	Quarter 1		Deviation from Target		Reason for Deviation	Proposed Intervention
			Planned	Actual	Unit	%		
Percentage decrease in average debtor days	20%	20% (Excluding amounts owed by clients that have submitted written payment arrangements)	20% (Excluding amounts owed by clients that have submitted written payment arrangements)	21%	-	+1%	The Gauteng Department of Health was excluded from the calculations as they owe the Entity about R125 million and had made payment arrangements.	N/A

**SIGNED OFF:**

Director: Permanent Fleet

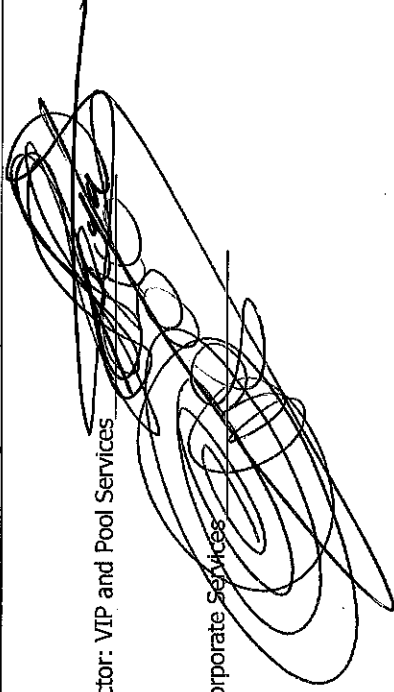


Acting Director: Finance



Acting Director: VIP and Pool Services

Director: Corporate Services



**STRATEGIC OBJECTIVE 2: 1. Engender organisational and culture change. 2. To build and maintain a healthy organisation with effective operations**

Performance Indicator	Audited Baseline	2019/20 Annual Target	Quarter 1		Deviation from Target		Reason for Deviation	Proposed Intervention
			Planned	Actual	Unit	%		
Percentage of undisputed invoices paid within 30 days from receipt of invoice.	100%	100%	100%	91%	-	-9%	Late approval of invoices for payment by project managers (and no reasons provided)	The Finance Unit to monitor the invoice register on a weekly basis, follow up where necessary and escalate (to SMT) cases where no responses are received.
Audit Report from the Auditor General of South Africa	Unqualified audit for the 2017/18 financial year	Unqualified audit report for the 2018/19 financial year						
Implementation of ICT Strategy/Plan	Phase 2 Implementation of the ICT Strategy	2019/20 ICT Plan Implemented						
Percentage of maintenance expenditure on Gauteng township businesses (automotive)	4%	5%	5%	2.2%	-	-2.8%	The deviation is due to delays in migration of merchants from Standard bank to ABSA. This resulted in fewer Township Businesses work allocation.	The Entity will constantly work closely with the RT46 service provider in speeding up merchant registration with ABSA (migration processes).

**SIGNED OFF:**

Acting Director: Finance



Acting Director: Fleet Maintenance

Deputy Director: Information and Communication Technologies

