

**GAUTENG PROVINCE**  
ROADS AND TRANSPORT  
REPUBLIC OF SOUTH AFRICA

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**g-Fleet MANAGEMENT 2018/19 FINANCIAL YEAR SECOND QUARTER PERFORMANCE REPORT  
(01 JULY – 30 SEPTEMBER 2018)**

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**Supported by:**

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**Acting Chief Financial Officer**

**Date: 17/10/2018**

**Authorised by:**

**Ms. Noxolo Maninjwa**

**Acting Chief Executive Officer**

**Approved by:**

**Mr. Ronald Swartz**

**Head of Department: DRT**

**Date: 18/10/2018**

**Date: 23/10/18**

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## **1. TRADING ENTITY PERFORMANCE**

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

#### **a. Background**

g-FleetT 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 2017/18 financial year: <sup>18/19</sup>

- 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-Fleet in that some client department's drivers do not pay their traffic fines which results in g-Fleet 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-Fleet's vehicles by clients'.

### **1.3 UPDATED SITUATIONAL ANALYSIS**

#### **1.3.1 Improvement of Performance in 2018/19 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 managed to keep the average age of fleet at less than 4 years during the quarter under review. This was due to procurement of new vehicles and the disposal of redundant vehicles.

The planned target for percentage of vehicles auctioned was 80%. The over-achievement of 90% was because there was no auction held during the 1<sup>st</sup> quarter which resulted in more vehicles being sold during the second quarter.

The entity tracked 89.3% of in-service vehicles. This was due to the single sourcing contract which was awarded in March 2018. Install tracking devices on all vehicles at User Departments not fitted on the old contract. All vehicles that were identified for auction were de-installed in September 2018.

The target for turnaround times for accidents and mechanical repairs was not achieved, due to the misalignment of accident repairs process with the service provider. Review of the realignment of the accident repairs process was done, but the problem still persists. The entity will continue to engage with RT46 service provider.

The planned target for number of days for vehicle preparation is 20 business days. The entity managed 26 days, this was due to the method of calculation which was changed to be inclusive of all new vehicles received from 1<sup>st</sup> April 2018 to 30<sup>th</sup> September 2018. The 20% improvement from 30 days as reported in the 1<sup>st</sup> quarter, to 26 days is testament to the intervention of having some of the vehicles registered by manufacturers before delivery to g-Fleet.

The targets for average rental of VIP self-drive was not achieved, this was due to a decrease in client demand due to age, condition and model of vehicles. The entity is currently procuring new vehicles. The entity managed to achieve 90.32% of rental utilization for Pool vehicles, this was attributed to increased demand in clients.

The target for percentage of maintenance expenditure on Gauteng township business (automotive) experienced a slight decline attributed to the reduced number of older vehicles due to the withdrawal and disposal in line with the vehicle replacement policy.

## **1.4 OVERVIEW OF ORGANISATIONAL ENVIRONMENT**

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

g-Fleet Management is the Trading Entity of the Department of Roads and Transport (DRT). 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 ABSA building in the CBD, offices in Koedoespoort and a kiosk at OR Tambo International.

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 81% (220) 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
	Q2	Q2
Total posts on approved structure	275	100%
Total staff complement	227	83%
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	220	81%
Number of positions filled by contract staff	7	3%
Number of vacant positions excluding contract workers	55	19%
Number of vacant positions including contract workers	55+7= (62)	22%

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### 1.4.5 Summary of Disciplinary Procedures

Status	Discipline	Appeals	Conciliation	Arbitration	Grievances	Disputes
Number Lodged	4	1	NIL	NIL	NIL	1
Number Concluded	1	1	NIL	NIL	NIL	0
Number Outstanding	3	0	NIL	NIL	NIL	1



**2. FINANCIAL PERFORMANCE**

**2.1 ANNUAL BUDGET: FUNDING**

2 <sup>ND</sup> QUARTER PERFORMANCE REPORT FOR THE 2018-19 FY	TOTAL BUDGET YEAR TO DATE REPORT					QUARTER 2 APP REPORT				
	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT		% SPENT
ANNUAL APPROVED BUDGET	✓ R 944,620,218	✓ R 368,933,582	R 575,686,636	✓ 39%	R 229,642,732	✓ R 174,977,241	R 54,665,491	76%		
RESPONSIBLE MEC	MEC Roads and Transport – Dr. Ismail Vadi									
ADMINISTERING DEPARTMENT	Provincial Department of Roads and Transport									
ACCOUNTING OFFICER	HOD Roads and Transport – Mr. Ronald Swartz									

**2.2 REVENUE INVOICING: BILLING**

APP REPORT 2018-19 FY	TOTAL BUDGET YEAR TO DATE REPORT				QUARTER 2 APP REPORT			
LEASING OF VEHICLES	ANNUAL BUDGET	ACTUAL BILLING	TOTAL VARIANCE	% ACTUAL	BUDGET BILLING	ACTUAL BILLED	TOTAL VARIANCE	% ACTUAL
REVENUE - EXCHANGE	✓ R 836,000,000	✓ R 423,465,655	✓ R 412,534,345	✓ 51%	✓ R 209,000,000	✓ R 214,764,357	✓ -R 5,764,357	✓ 103%
GRAND TOTAL	R 836,000,000	R 423,465,655	R 412,534,345	51%	R 209,000,000	R 214,764,357	-R 5,764,357	103%

## 2.3 REVENUE COLLECTIONS: RECEIPTS

APP REPORT 2018-19 FY		TOTAL BUDGET YEAR TO DATE REPORT				QUARTER 2 APP REPORT			
LEASING OF VEHICLES	ANNUAL BUDGET	ACTUAL COLLECTIONS	TOTAL VARIANCE	% ACTUAL	BUDGETED COLLECTIONS	ACTUAL COLLECTIONS	TOTAL VARIANCE	% ACTUAL	
REVENUE - EXCHANGE	R 836,000,000	R 404,408,783	R 431,591,217	48%	R 209,000,000	R 198,680,184	R 10,319,816	95%	
REVENUE – NON- EXCHANGE	R 42,000,000	R 26,517,474	R 15,482,526	63%	R 10,500,000	R 14,967,739	-R 4,467,739	143%	
TRANSPORT FEES	R 1,500,000	R 994,800	R 505,200	66%	R 375,000	R 513,800	-R 138,800	137%	
AUCTION FEES	R 63,945,000	R 21,789,642	R 42,155,358	34%	R 15,986,250	-R 21,149,778	R 37,136,028	-132%	
GRAND TOTAL	R 943,445,000	R 453,710,700	R 489,734,300	48%	R 235,861,250	R 193,011,945	R 42,849,305	82%	

## 2.4 EXPENDITURE: PER PROGRAMME

The table below classifies the second 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 2018-19 FY		YEAR TO DATE RESULTS					QUARTER 2 RESULTS				
PER PROGRAMME	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	QUARTERLY BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT			
OFFICE OF THE CEO	R 3,370,861	R 1,457,209	R 1,913,652	43%	^ R 842,715	R 611,092	R 231,623	73%			
OFFICE OF THE CFO	R 8,891,043	R 4,518,972	R 4,372,071	51%	^ R 3,030,165	R 1,920,521	R 1,109,644	63%			
FINANCIAL ACCOUNTING	R 20,613,775	R 7,284,447	R 13,329,328	35%	^ R 5,050,942	R 3,873,310	R 1,177,631	77%			
OPERATIONS AND CORPORATE SERVICES	R 911,744,540	R 355,672,954	R 556,071,586	39%	^ R 220,718,910	R 168,572,318	R 52,146,592	76%			
<b>GRAND TOTAL</b>	<b>R 944,620,218</b>	<b>R 368,933,582</b>	<b>R 575,686,636</b>	<b>39%</b>	<b>^ R 229,642,732</b>	<b>R 174,977,241</b>	<b>R 54,665,491</b>	<b>76%</b>			

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2.5 EXPENDITURE: PER BUSINESS UNIT

APP REPORT 2018-19 FY		YEAR TO DATE RESULTS					QUARTER 2 RESULTS				
PER BUSINESS UNIT	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	QUARTERLY BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT			
OFFICE OF THE CEO	R 3,370,861	R 1,457,209	R 1,913,652	43%	R 842,715	R 611,092	R 231,623	73%			
OFFICE OF THE COO	R 1,770,034	R 204,325	R 1,565,709	12%	R 404,281	R 107,077	R 297,204	26%			
OFFICE OF THE CFO	R 8,891,043	R 4,518,972	R 4,372,071	51%	R 3,030,165	R 1,920,521	R 1,109,644	63%			
FINANCIAL ACCOUNTING	R 20,613,775	R 7,284,447	R 13,329,328	35%	R 5,050,942	R 3,873,310	R 1,177,631	77%			
CORPORATE SERVICES	R 141,242,416	R 14,333,928	R 126,908,488	10%	R 27,784,250	R 5,542,415	R 22,241,835	20%			
MARKETING & COMMUNICATION	R 12,256,752	R 5,168,789	R 7,087,963	42%	R 3,106,865	R 2,308,307	R 798,558	74%			
MAINTENANCE SERVICES	R 157,492,239	R 73,611,643	R 83,880,597	47%	R 41,777,227	R 52,055,932	-R 10,278,705	125%			
TRANSPORT SUPPORT SERVICES	R 236,785,702	R 120,591,310	R 116,194,392	51%	R 57,348,879	R 51,690,018	R 5,658,860	90%			
PERMANENT SERVICES	R 341,239,233	R 132,997,582	R 208,241,651	39%	R 85,093,501	R 52,248,786	R 32,844,715	61%			
VIP POOL SERVICES	R 20,958,163	R 8,765,377	R 12,192,786	42%	R 5,203,907	R 4,619,783	R 584,123	89%			
GRAND TOTAL	R 944,620,218	R 368,933,582	R 575,686,636	39%	R 229,642,732	R 174,977,241	R 54,665,491	76%			

**3. NON-FINANCIAL PERFORMANCE**

**3.1 OVERVIEW OF PROGRAMME STRUCTURE**

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

<b>SERVICE DELIVERY PROGRAMME</b>	<b>PROGRAMME STRUCTURE</b>
<b>1. OPERATIONAL MANAGEMENT SERVICES</b>	PERMANENT FLEET SERVICES VIP / POOL MAINTENANCE TRANSPORT SUPPORT SERVICES ICT
<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	2018/19 Annual Target	Quarter 1		Quarter 2		Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Planned	Unit	%		
Average age of allocated fleet	≤4 Years	≤4 Years	3.5 Years	≤4 Years	3.7 Years	0.3	7.5%		The procurement of new vehicles and the disposal of the redundant vehicles has a positive outcome on the fleet of the entity.	N/a
Percentage of vehicles auctioned	New KPI	80%	0	80%	90%	44	+10%		The over-achievement was due to the fact that there was no auction held in quarter 1 which resulted in more vehicles sold.	N/a

SIGNED OFF:

Director: Permanent Fleet



Director: Finance

(Act) 



### 3.2.2 OPERATIONAL MANAGEMENT SERVICES

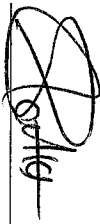
**STRATEGIC OBJECTIVE 2: To provide quality and value-added client service by monitoring vehicle location and maintaining turn-around times of 20 days and achieving client satisfaction of 70%.**

Performance Indicator	Audited Baseline	2018/19 Annual Target	Quarter 1		Quarter 2		Deviation from Target Unit	Deviation from Target %	Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual					
Percentage of in-service vehicles tracked.	93%	93%	90.8% (6207)	90% (6326)	89.3% (6280)	46	-0.7%	The single source continuation contract was awarded 31 March 2018 Total Current Fleet = 7347 less the exempt vehicles of 318 = 7029 100% In-Service Vehicles = 7029 Exempt Vehicles Prosecuting Authority 118 Justice 171 Premier 19 Mineral Resources 10 Total = 318	To install tracking system on all vehicles at User Departments not fitted on the old contract. All vehicles identified for auction fitted with tracking were de-installed in September.	
Average turnaround time for accidents and mechanical repairs	20 Days	20 Days	35 Days	20 days	38 days	-18 days	90%	Accident repairs contribute to the extended turnaround. This is due to a misalignment of accident repairs process with the service provider, and the failure by the service provider to efficiently manage accident repairs process.	g-Fleet has updated the mandate with the service provider to manage the process internally in the interim to address the backlog, and for better control and efficiency.	

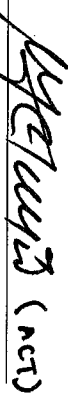
Performance Indicator	Audited Baseline	2018/19 Annual Target	Quarter 1		Quarter 2		Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Planned	Unit	%		
Percentage of client satisfaction level for all of Fleet's client departments.	89%	70%								

**SIGNED OFF:**

Director: Transport Support Services



Director: Fleet Maintenance



Director: Corporate Services:





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

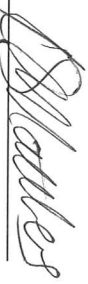
**STRATEGIC OBJECTIVE 1: Optimise return on investment.  
Optimal use of the entity's assets in delivery of services that is cost effective and yield return to ensure sustainability.**

Performance Indicator	Audited Baseline	2018/19 Annual Target	Quarter 1		Quarter 2		Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Unit	Target	%		
Average number of business days from delivery of vehicle to active vehicle contract (permanent vehicles only)	20 business days	20 business days	30 Days	20 Business Days	26 Days	-6 days	30%	The method of calculation has changed to be inclusive of all new vehicles received from 1 April 2018 to 30 September 2018. Thus, giving a true reflection of the actual turn-around times despite operational challenges still experienced.	Continue to have vehicles registered by manufacturers before delivery to g-Fleet.  To explore the option of having tracker installed at the dealership before delivery.	
Average rental utilisation of available VIP self-drive	Average rental utilisation of 67%	Average rental utilisation of 67%	-	Average rental utilisation of 67%	41.67%	-	-25.33%	Decrease in client demand due to age, condition and model of vehicles.	Currently procuring new vehicles	
Average rental utilisation of Pool fleet.	Average rental utilisation of 67%	Average rental utilisation of 67%	-	Average rental utilisation of 67%	90.32%	-	+23.32%	Increased demand in client requests.	-	
Annual Tariff structure submitted to Treasury for approval	Reviewed Tariff submitted to Treasury for approval	Implementation of the approved tariff.								
Implementation of sustainability model	Phase 1 implementation of	Phase 2 implementation of sustainability model								

Performance Indicator	Audited Baseline	2018/19 Annual Target	Quarter 1		Quarter 2		Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Planned	Unit	%		
Percentage decrease in average debtor days	sustainability model. 20%	20%	7%	20%	4.68%	20%	18	-15.32%	<p>1. Gauteng Department of Health (GDH) is owing R114 million as at 30 September 2018 which constitutes about 42% of total debtor's book (R268 million).</p> <p>2. GDH did not pay August invoice although they have committed to pay current charges.</p>	<p>1. Non-renewal of petrol cards of some vehicles leased to GDH, especially those that are not used for essential services.</p> <p>Without Gauteng Department of Health, the entity would have achieved its target thereby reducing average collection days by 26%</p>

**SIGNED OFF:**

Director: Permanent Fleet



Director: VIP and Pool Services



(A2) Director: Finance



Director: Corporate Services



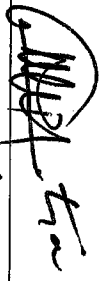


**STRATEGIC OBJECTIVE 2: Engender organisational and culture change.**  
**To build and maintain a healthy organisation with effective operations**

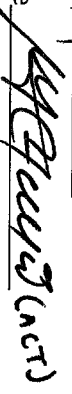
Performance Indicator	Audited Baseline	2018/19 Annual Target	Quarter 1		Quarter 2		Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Planned	Unit	%		
Percentage of undisputed invoices paid within 30 days from receipt of invoice.	100%	100%	84%	100%	95%	14 invoices	-5%	The process to correct incorrectly confirmed invoices in the system took longer than necessary. (by an intern)	This responsibility has been given to a senior official who has a better understanding of the process. The entity will continue to monitor payments and implement innovative mechanisms to continuously circuit procure pay cycle.	
Audit outcome (Auditor-General)	Unqualified audit opinion	Unqualified audit for 17/18		Unqualified audit opinion for 17/18	Unqualified audit opinion for 17/18					
Implementation of ICT Strategy / Plan	Phase 1 implementation of ICT Strategy	Phase 2 implementation of ICT Strategy								
Percentage of maintenance expenditure on Gauteng township businesses (automotive)	4%	4%	6% (R951 810.07)	4%	3.6%	R93 199.95	-0.4%	Slight decline on the KPI is attributed to the reduced number of older vehicles due to the withdrawal and disposal in line with the vehicle replacement policy.	Continuous monitoring of the engagement mandate as reviewed implemented. Engagement mandate ensures that work is prioritized in terms of allocation with emphasis on black owned, women owned and youth owned businesses.	

**SIGNED OFF:**

Director: Finance



Director: Fleet Maintenance



Deputy Director: ICT

