

GAUTENG PROVINCE
ROADS AND TRANSPORT
REPUBLIC OF SOUTH AFRICA

**g-Fleet MANAGEMENT 2019/20 FINANCIAL YEAR SECOND QUARTER PERFORMANCE REPORT
(01 JULY – 30 SEPTEMBER 2019)**

Supported by:


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Date: 15/10/2019

Authorized by:



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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 2019/20 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-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.

The implementation of the 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 because of the utilization of g-Fleet'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. This was due to the withdrawal of vehicles no longer fit for purpose.

The Entity achieved 88% against the 80% of the planned target for percentage of vehicles auctioned. The publishing of the auction and word of mouth is gradually yielding results as the public is now becoming more aware of the Entity's auction.

The Entity tracked 82.9% of in-service vehicles against the planned target of 90%. This is due to the finalization of the SLA with the newly appointed service provider being in progress.

The average turnaround time for accident repairs was not achieved, this was due to vehicles awaiting parts on back order. The Entity is working closely with the RT46 service provider to monitor and manage merchant's turnaround times on back order.

The planned target for number of days for vehicle preparation is 20 business days, due to consistent efforts to keep fitment turnaround time led to the achievement of the target.

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

The Entity did not achieve the percentage of maintenance expenditure during the quarter under review. This was due to high withdrawal of older vehicles earmarked for auction and replacement of older vehicles with new vehicles that are under warranty.

The Entity surpassed the 20% target in decreasing average debtor days, this was contributed to the implementation of the debtor's management policy.

Delays in the issuing and activation of vendor numbers of third party claims has resulted in the entity paying 95.81% of undisputed invoices within 30 days. The Entity will enter into a service agreement with vendor management unit to have vendor numbers issued and activated within three days from request.

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 75% (206) 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	213	77%
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	206	75%
Number of positions filled by contract staff	7	3%
Number of vacant positions excluding contract workers	69	25%
Number of vacant positions including contract workers	69+7 = (76)	28%

1.4.5 Summary of Disciplinary Procedures

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

2. FINANCIAL PERFORMANCE

2.1 ANNUAL BUDGET: FUNDING

2 ND QUARTER PERFORMANCE REPORT FOR THE 2019/20 FY	TOTAL BUDGET YEAR TO DATE REPORT					QUARTER 2 APP REPORT				
	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT		
ANNUAL APPROVED BUDGET	R 898,789,043	R 407,289,009	R 491,500,034	45%	R 146,887,028	R 195,719,253	-R 48,832,225	133%		
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. Makhukhu Mampuru									

2.2 REVENUE INVOICING: BILLING

APP REPORT 2019/20 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 850,000,000	R 435,185,767	R 414,814,233	51%	R 212,500,000	R 224,792,472	-R 12,292,472	106%		
GRAND TOTAL	R 850,000,000	R 435,185,767	R 414,814,233	51%	R 212,500,000	R 224,792,472	-R 12,292,472	106%		

2.3 REVENUE COLLECTIONS: RECEIPTS

APP REPORT 2019/20 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 850,000,000	R 420,170,902	R 429,829,098	49%	R 212,500,000	R 278,576,818	-R 66,076,818	131%	
REVENUE – NON- EXCHANGE	R 72,000,000	R 30,930,693	R 41,069,307	43%	R 18,000,000	R 15,212,861	R 2,787,139	85%	
TRANSPORT FEES	R 1,700,000	R 945,369	R 754,631	56%	R 425,000	R 485,418	-R 60,418	114%	
AUCTION FEES	R 70,000,000	R 68,301,608	R 1,698,392	98%	R 17,500,000	R 67,022,143	-R 49,522,143	383%	
GRAND TOTAL	R 993,700,000	R 520,348,572	R 473,351,428	52%	R 248,425,000	R 361,297,240	-R 112,872,240	145%	

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
2019/20 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 3,656,695	R 1,555,396	R 2,101,299	43%	R 907,128	R 845,698	R 61,430	93%
OFFICE OF THE CFO	R 9,198,823	R 3,797,767	R 5,401,056	41%	R 1,821,759	R 2,347,534	-R 525,775	129%
FINANCIAL ACCOUNTING	R 19,093,935	R 8,232,536	R 10,861,399	43%	R 4,511,331	R 4,494,184	R 17,147	100%
OPERATIONS AND CORPORATE SERVICES	R 866,839,590	R 393,703,311	R 473,136,279	45%	R 139,646,810	R 188,031,838	-R 48,385,028	135%
GRAND TOTAL	R 898,789,043	R 407,289,009	R 491,500,034	45%	R 146,887,028	R 195,719,253	-R 48,832,225	133%

2.5 EXPENDITURE: PER BUSINESS UNIT

APP REPORT 2019/20 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 3,656,695	R 1,555,396	R 2,101,299	43%	R 907,128	R 845,698	R 61,430	93%	
OFFICE OF THE COO	R 1,677,419	R 182,111	R 1,495,308	11%	R 435,951	R 91,058	R 344,893	21%	
OFFICE OF THE CFO	R 9,198,823	R 3,797,767	R 5,401,056	41%	R 1,821,759	R 2,347,534	-R 525,775	129%	
FINANCIAL ACCOUNTING	R 19,093,935	R 8,232,536	R 10,861,399	43%	R 4,511,331	R 4,494,184	R 17,147	100%	
CORPORATE SERVICES	R 49,966,530	R 20,849,535	R 29,116,995	42%	R 17,783,945	R 16,024,409	R 1,759,536	90%	
MARKETING & COMMUNICATION	R 11,886,481	R 5,416,150	R 6,470,331	46%	R 3,238,924	R 2,602,469	R 636,455	80%	
MAINTENANCE SERVICES	R 169,737,029	R 61,096,284	R 108,640,745	36%	R 42,196,471	R 50,448,842	-R 8,252,371	120%	
TRANSPORT SUPPORT SERVICES	R 252,733,487	R 122,853,513	R 129,879,974	49%	R 63,278,869	R 99,297,464	-R 36,018,595	157%	
PERMANENT SERVICES	R 359,417,551	R 174,260,894	R 185,156,657	48%	R 7,532,770	R 14,864,435	-R 7,331,665	197%	
VIP POOL SERVICES	R 21,421,093	R 9,044,824	R 12,376,269	42%	R 5,179,880	R 4,703,161	R 476,719	91%	
GRAND TOTAL	R 898,789,043	R 407,289,009	R 491,500,034	45%	R 146,887,028	R 195,719,253	-R 48,832,225	133%	

3. NON-FINANCIAL PERFORMANCE

3.1 OVERVIEW OF PROGRAMME STRUCTURE

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

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

3.2 SERVICE DELIVERY PERFORMANCE

3.2.1 OPERATIONAL MANAGEMENT SERVICES

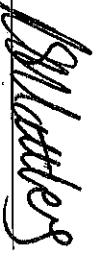
STRATEGIC OUTCOME ORIENTATED GOAL 1: Provide fleet management services that are effective, efficient and client-focused

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

Performance Indicator	Audited Baseline	2019/20 Annual Target	Quarter 1		Quarter 2		Deviation from Target Unit	Deviation from Target %	Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Planned				
Average age of fleet	3.6 years	≤4 Years	3.4 years	≤4 Years	3.6 years	≤4 Years	0.4	+10%	The withdrawal of vehicles no longer fit for purpose had a positive effect on the overall fleet age.	n/a
Percentage of vehicles auctioned.	80%	80%	95%	80%	88%	80%	39	+8%	The entity's auction is widely known and popular to the public.	n/a

SIGNED OFF:

Director: Permanent Fleet



Acting Director: Finance



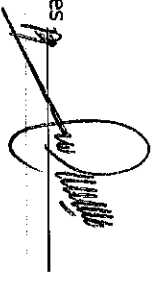
3.2.2 OPERATIONAL MANAGEMENT SERVICES

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.

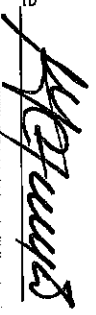
Performance Indicator	Audited Baseline	2019/20 Annual Target	Quarter 1		Quarter 2		Deviation from Target	Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Unit			
Percentage of in-service vehicles tracked.	93%	93%	92.8% (6361)	90%	82.9% (5426)	-65	7.1%	Total current fleet = 6745 less the exempt vehicles of 199 = 6546 100% In-Service Vehicles = 6546 Exempt Vehicles Prosecuting Authority 81 Justice 103 Premier 7 Mineral Resources 8 Total = 199	To finalise the SLA with the New Service Provider appointed in order to install all vehicles with tracking.
Average turnaround time for accident repairs	20 days	30 days	49 Days	30 Days	51 Days	-21 Days	70%	Vehicles awaiting parts on back order. High number of updates on repairs.	Working close with the RT46 service provider to monitor and manage merchants turnaround time on back order. Encourage strip & quote on accident repairs for proper assessment prior repairs.
Average turnaround time for mechanical repairs	20 days	15 days	12 Days	15 Days	9 Days	+ 6 Days	40%	Close monitoring of the of the mechanical process, and improved staff capacity (intern)	Continuous close monitoring of the mechanical repairs process.

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		Quarter 2		Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Planned	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	19 business days	20 business days	20 business days	0	0%	Consistent effort to keep to firmment turn-around times led the achievement of target.	n/a	
Average percentage of rental days utilised for VIP self-drive vehicles	Average rental utilisation of 67%	Average rental utilisation of 50%	59.51%	Average rental utilisation of 50%	55.90%	-	+5.90%	Slight increase in client demand	n/a	
Average percentage of rental days utilised for Pool vehicles	Average rental utilisation of 67%	Average rental utilisation of 69%	73.59%	Average rental utilisation of 69%	84.36%	-	+15.36%	Increase in 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 Implementation of Phase 2 of the Sustainability Model								
Percentage decrease in average debtor days	20%	20% (Excluding amounts owed by clients that have submitted written payment arrangements)	21%	20% (Excluding amounts owed by clients that have submitted written payment arrangements)	27%	8 days	+7%	Implementation of debtor's management policy.	n/a	

SIGNED OFF:

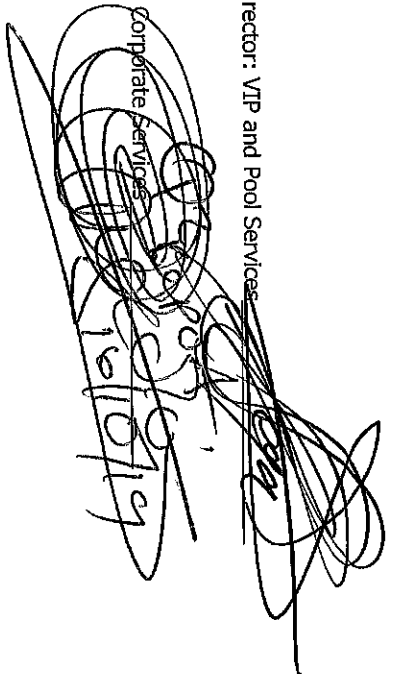
Director: Permanent Fleet



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**

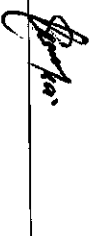
Performance Indicator	Audited Baseline	2019/20 Annual Target	Quarter 1		Quarter 2		Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Planned	Unit	%		
Percentage of undisputed invoices paid within 30 days from receipt of invoice.	100%	100%	91%	100%	95.81%	100%	8	-4.19%	1. Delays in the issuing and activation of vendor numbers of third party claims. 2. Delays in approval of invoices	1. Enter into a service agreement with vendor management unit to have vendor numbers issued and activated within three days from request.
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%	2.2%	5%	3% (R882 295.75)	5%	R588 197.16	-2%	High withdrawal of older vehicles earmarked for auction. Replacement of older vehicles with new vehicles that are under warranty.	Review vehicle warranty period policy and guidelines.

SIGNED OFF:

Acting Director: Finance



Deputy Director: Information and Communication Technologies



Acting Director: Fleet Maintenance

