

# Vote 9 Annual Report 2018/19 Financial Year

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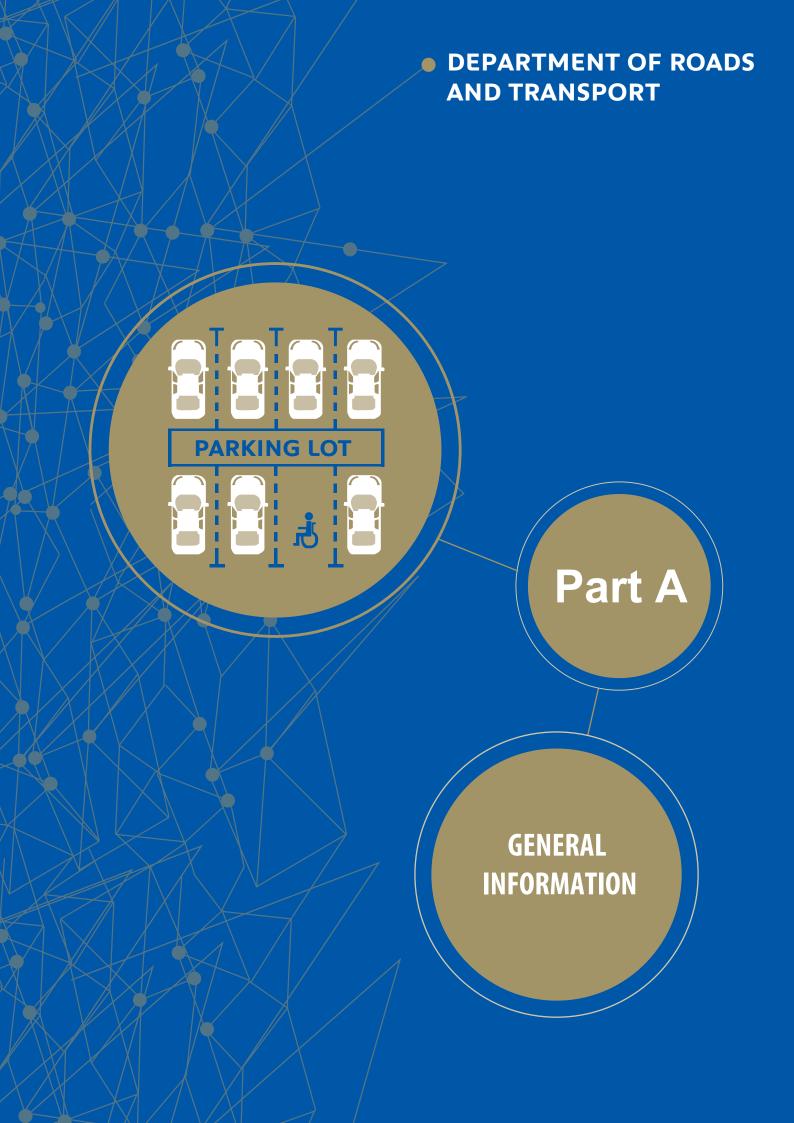
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#### 1. DEPARTMENT GENERAL INFORMATION

PHYSICAL ADDRESS: 45 Commissioner Street

Life Centre Building

Johannesburg

2000

**POSTAL ADDRESS:** Private Bag X83

Marshalltown

2107

**TELEPHONE NUMBER:** +27 11 355 7332 **FAX NUMBER:** +27 11 355 7305

**EMAIL ADDRESS:** <u>GPRoads.Transport@gauteng.gov.za</u>

**WEBSITE ADDRESS:** www.gauteng.gov.za

TWITTER:www.twitter.com/GPDRTFACEBOOK:www.facebook.com/GPDRTINSTAGRAM:www.instagram.com/GPDRT

#### 2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA Auditor-General of South Africa

AO Accounting Officer

**BAS** Basic Accounting System

**B-BBEE** Broad-Based Black Economic Empowerment

**BRT** Bus Rapid Transit

CFO Chief Executive Officer
Chief Financial Officer

CIDB Construction Industry Development Board

CIP Compulsory Induction Programme

**CLLT** Computerised Learners Licence Testing

**CoJ** City of Johannesburg

**CoT** City of Tshwane

**CS** Corporate Services

**CSIR** Council of Scientific and Industrial Research

**DDG** Deputy Director-General

**DEA** Department of Environmental Affairs

**DLTC** Driver Learner Testing Centres

**DoH** Department of Health

**DoRA** Division of Revenue Act

**DPSA** Department of Public Service and Administration

**EAFCU** Ethics, Anti-fraud and Corruption Unit

**ECSA** Engineering Council of South Africa

**e-DRMS** electronic Document Record Management Solution

**EIA** Environmental Impact Assessment

**EME** Emerging Micro Enterprises

**e-NaTIS** Electronic National Traffic Information System

**EPWP** Expanded Public Works Programme

**EXCO** Executive Council

**ESS** Employee Self Service

Fleet Information System

GCRA Gauteng City Region Academy

GDARD Gauteng Department of Agriculture and Rural Development

GDE Gauteng Department of Education

GDID Gauteng Department of Infrastructure Development

**GDF** Gauteng Department of Finance

GDP Gross Domestic Product

GDRT Gauteng Department of Roads and Transport

GIAMA Government Immovable Asset Management Act

**GEYODI** Gender Youth and People with Disabilities

**GFIP** Gauteng Freeway Improvement Plan

**GPG** Gauteng Provincial Government

GTIA Gauteng Transport Infrastructure Act

HAST HIV, AIDS, STI and Tuberculosis

**HDI** Historically Disadvantaged Individuals

HIV/AIDS Human Immune Deficiency Virus/Acquired Immune Deficiency Syndrome

**HoD** Head of Department

HR Human Resource

ICT Information Communication Technology

**IFM** Integrated Fare Management

**IDMS** Infrastructure Delivery Management System

IGR Inter-Governmental Relations

IPTN Integrated Public Transport Network

IRPTN Integrated Rapid Public Transport Network

IT Information Technology

**ITMP25** 25-Year Integrated Transport Master Plan

ITP Integrated Transport Plans

JRA Johannesburg Roads Agency

M&E Monitoring and Evaluation

MEC Member of Executive Council

MMC Member of the Mayoral Committee

MoA Memorandum of Agreement

MoU Memorandum of Understanding

MTEF Medium-Term Expenditure Framework

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MTSF Medium-Term Strategic Framework

MVRA Motor Vehicle Registration Authority

MVR&L Motor Vehicle Registration and Licensing

NANDUWE Nancefield Dube West Taxi Association

**NDoT** National Department of Transport

NDP National Development Plan

**NLTA** National Land Transport Act

NLTIS National Land Transport Information System

NMT Non-Motorised Transport

NRTA National Road Traffic Act

NYS National Youth Services

Occupational Health and Safety Act

**OLAS** Operating Licence Administration System

ORTIA O.R. Tambo International Airport

**PAJA** Promotion of Administrative Justice Act

**PCF** Premier's Coordinating Forum

**PDI** Previously Disadvantaged Individuals

**PDLTCs** Provincial Driver Learner Testing Centres

**PERSAL** Personnel Salaries

**PFMA** Public Finance Management Act

**PGDS** Provincial Growth and Development Strategy

PMDS Performance Management Development System

**PRASA** Passenger Rail Agency of South Africa

**PrDP** Professional Drivers Licence Permits

**PRMG** Provincial Roads Management Grant

**PPP** Public-Private Partnership

**PSC** Public Service Commission

PTOG Public Transport Operations Grant

**QSE** Qualifying Small Enterprises

**RAMS** Road Asset Management System

RISFSA Road Infrastructure Strategic Framework of South Africa

**RMPTs** Road Maintenance Professional Teams

**RNMS** Road Network Management System

**RTMC** Road Traffic Management Corporation

SANRAL South African National Roads Agency Limited

**SCM** Supply Chain Management

SED Socio-Economic Development

**SLA** Service Level Agreement

**SMF** Supervisory Monitoring Firms

SMS Senior Management System

SRN Strategic Road Network

SPTN Strategic Public Transport Network

**SMME** Small, Medium and Micro Enterprises

**TDM** Transportation Demand Management

**TMR** Transformation, Modernisation and Re-industrialisation

**TOLABs** Transport Operating Licence Administrative Bodies

**ToR** Terms of References

**U-AMP** User Asset Management Plan

VTC Vehicle Testing Centre

**WATA** Witwatersrand African Taxi Owners Association





MR JACOB MAMABOLO

# MEMBER OF THE EXECUTIVE COUNCIL

#### 3. FOREWORD BY THE MEC

The Gauteng Department of Roads and Transport and its entities continues to be at the centre of a rapidly growing population of the Province. Our road network is under immense pressure to provide links between the five corridors of development to enhance economic activity in the Gauteng City Region.

Transport as the life blood of any economy, has never been as crucial as it has been in recent years, especially with the slow levels of economic growth in our province and the country broadly. This calls for the Department, as a major player in the movement of people, goods and services in South Africa's economic hub, to reimagine our operations and the culture of doing things.

Thanks to cutting edge new technologies, the process of reimagining our operations is not a farfetched one. Breakthroughs in technology present many opportunities so that government is not reduced to only being spectators of the Fourth Industrial Revolution, but leads the pack in leveraging smart solutions to improve our service delivery

models. If we remain complacent, however, we risk being followers and reactors to the changing world of the internet of things and big data that is fast transforming the transport sector around us. The advent of e-hailing services such as Uber, Taxify and others has had a disruptive effect on the way people move around in the province, compelling our Department to think out of the box and prepare itself for other new technologies and developments that are lurking on the horizon.

This Annual Report is a snapshot of the road we have traversed over the past financial year. This path is laden with many successes and challenges. Over the period under review, we have rehabilitated close to 643 687.20 m² of the provincial surfaced roads and this improved accessibility of our road network and importantly, it has made the movement of people and goods much easier.

However, our projects are still plagued by stoppages that hinder our service delivery efforts. Issues of project abandonment need to be attended to by all role players without any delay in the upcoming financial year. This phenomenon continues to waste time, and significantly

## **MEC** FOREWORD

delays the delivery process, which negatively impacts our limited resources. It is for this reason that the pipelining of our project portfolio will be critical in making our delivery processes more transparent and manageable. Gaps in the organisational structure also hinder the Department from performing optimally. It is for this reason that we will pay much-needed attention to the filling of vacant critical posts with properly qualified and skilled professionals. This will provide our Department with the requisite agility and skills base to stand ready to deliver an integrated transport network as envisioned in the province's 25-Year Integrated Transport Master Plan (ITMP25). This will also assist us in achieving better audit outcomes throughout the value chain of the Department and its entities.

One of our good stories has been the Gautrain Rapid Rail System. Dubbed by the World Bank as being amongst the best examples of Public Private Partnerships. The Rapid Rail System carries, on average, 60 000 passengers per day and runs 6,800 safe and reliable train trips a month. According to another study, by consultancy firm Hatch, the Gautrain has fundamentally changed how people in our province travel. On the economic front, it has also developed industries along its tracks, with businesses setting up shop closer to the Gautrain network.

Moving forward, we should look at ways that the Gautrain Management Agency can be of assistance to the Passenger

Rail Agency of South Africa in relation to operational know-how and best practices. This will be a great stride towards the move to making rail the backbone of the Gauteng economy.

In line with the ITMP25, we are moving closer to the establishment of a fully-fledged Gauteng Transport Authority. The entity will help facilitate integrated planning and co-ordination of public transport across all spheres of government in the province.

The operationalisation of the Gauteng Transport Authority, which includes the setting up the facility and operations has commenced and will continue into the 2019/20 financial year.

Agrico

Mr. J. Mamabolo

MEC: Department of Roads and Transport

**Date: 31 July 2019** 



# MR MAKHUKHU MAMPURU ACTING ACCOUNTING OFFICER

## 4. REPORT OF THE ACTING ACCOUNTING OFFICER

#### Overview of the operations of the Department

The 2018/19 financial year is the final year of the 2014 - 2019 five-year term. Hence the Gauteng Department of Roads and Transport focused not only on consolidating its 2018/19 Annual Performance Plan, but also on five-year Strategic Plan achievements. The year was one of successes and challenges for the Department, as it contributed to the Transformation, Modernisation and Re-industrialisation (TMR) Programme of the Gauteng Provincial Government (GPG) and its own service delivery mandate.

The Department's modernisation of transport infrastructure objective has yielded various levels of success. The aim of this modernised integrated approach was to ensure improved road safety and riding quality, reduction in travel costs and time, and seamless mobility for citizens and goods across the transport network. The Department successfully executed its Transport Infrastructure Modernisation Programme, which yielded the achievements articulated below:

#### Strategic transport infrastructure upgrades

The economic impacts of a road upgrade/rehabilitation are the effects of a policy and projects has on the Gauteng economy, measured in terms of the change in business sales, jobs, value-added, income as well as tax revenue within the project area. The Department's Transport Modernisation Strategy sought to promote these outcomes in the communities where infrastructure upgrades were undertaken. Fundamental to the modernisation strategy was the upgrading of the gravel network into surfaced network improved in 2018/19 with the launch of the D1944, a 11.35 km road, which was upgraded from a gravel to a surface road. The upgrading of D1944 has enabled easy access to areas such as the Rust der Winter Nature Reserve and the Allemansdrif Dam thereby, supporting tourism and economic development in these areas. This project is the first phase of the Gravel Upgrading Programme through which additional identified gravel roads will be upgraded to surface roads in the next five years thereby improving transport infrastructure and increasing user accessibility and affordability to socio-economic opportunities.

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## **ACTING ACCOUNTING OFFICER** REPORT

#### **Provincial Road Maintenance Programme**

During the year under review, 643, 687.23m<sup>2</sup> of the provincial surfaced roads were rehabilitated, ensuring improved accessibility, enhanced road quality and travel safety for citizens traversing these roads. The strategic transport nodes rehabilitated were as listed herunder:

- Road P88/1 (R28) is a major arterial that serves as a North-South-West Corridor linking Vereeniging, Vanderbijlpark and Krugersdorp in the West Rand. The rehabilitation has improved the riding quality and access has been made easier and safer to the nearby communities, such as Poortjie, Sedibeng, Evaton, Orange Farm Seperuperu, Lenasia, Lawley, Fochville and neighbouring farms such as Jacthfontein.
- The upgraded 18km **R511** road North-West of Johannesburg was officially opened to traffic. The road, is a major freight route undertaken at a cost of R146 million, link Midrand to the North-West Province. It is now a high-quality paved road. The upgraded R511, which was completed within time and budget, will serve as a catalyst to equalise the distribution of wealth in the region, by stimulating economic activities and triggering economic development between Gauteng and North-West province.
- The rehabilitation of approximately 6.68km Road D1884, between Road D478 and P243/1 in Heidelberg West, serves as the only access road to the existing grain silos used for storage of farm produce from the Heidelberg West agricultural area. Rehabilitation of the road ensured improved accessibility and mobility, which is expected to boost agricultural and economic activities in the area. The project also provided a platform for the High Vehicle System testing on new road-based nanotechnology, aimed at cost reduction of pavement construction.

- The P243 Section 2 (P243-2) is in the Midvaal Local Municipality in the Sedibeng District Municipality. The partial reconstruction of this road has enabled road users to utilise the infrastructure with adequate speed, safety and comfort for the next 20 years. The upgrade of the link between Vereeniging and Balfour will also seek to sustain current economic development in the greater area.
- The rehabilitated **P249/1** now offers improved access between the Gauteng and North West Provinces which in turn has benefitted various industries and services in the surrounding communities. Farmers are better able to get their produce to market and the reduced transport costs have also benefitted vendors who now have improved access to their suppliers. Tourism, has also benefitted the local community with enhanced access to hiking trails, game farms and water sports. The South African Police Services has increased access to crime 'hot-spots' in the surrounding areas which creates additional work opportunities within the various industries.

Another major achievement in improving road safety was the **repairing of the sinkhole on R55** in Laudium, which had been identified by the departmental team on 23 March 2018, before it could become a road safety hazard. The Department repaired the sinkhole from August 2018 until December 2018, when the road was reopened to the public.

The **Tolwane Bridge** in Mabopane, had been washed away during heavy rains in 2013, leaving the surrounding communities of Ga'Tsebe, Soshanguve and Winterveld with limited access to regional roads and economic amenities. The project was implemented within a period of two years from design to construction, in collaboration with the Department of Agriculture and Rural Development. The newly-constructed bridge, designed with a flood line of 1 in 500 return periods, has resulted in increased capacity during flooding and improved safety and accessibility to surrounding communities.

#### Investing in transport infrastructure capacity

The Road Maintenance Programme has been up-scaled with an increased Provincial Road Maintenance Grant investment, technical skills and a Contractor Development Programme. This has contributed towards a safe and reliable road infrastructure, which continues to grow in asset value for the province.

The success achieved in previous years with the Contractor Development Programme, implemented in partnership with the Construction Industry Development Board (CIDB), has lead to the Department upscaling this Programme. The Programme's objectives are to upgrade the skills and capacity of small, emerging contractors, create local job opportunities and provide skilled construction contractors within the transport construction industry. The Programme commenced in June 2018 with 36 learner contractors appointed as level 1 CIDB, such as first-time contractors within the infrastructure sector. All 36 learner contractors will exit the programme in June 2021, with a minimum CIDB level 4 rating.

#### **Gauteng Transport Authority (GTA)**

The Department's 25-year Integrated Transport Master Plan (ITMP25) identifies as critical institutional arrangements in the province to strengthen public transport services. Consequently, the Department undertook steps to establish a fully-fledged transport authority for Gauteng. The policy framework for a single transport authority and enabling legislation were introduced in the Gauteng Provincial Legislature and subsequently adopted. The purpose of the Transport Authority Act is to provide for the establishment of the GTA, which will facilitate integrated planning and co-ordination of public transport across all spheres of government in the province. The operationalisation of the transport authority (which includes setting up the facility and operations) has commenced.

#### Freight transport management

The Department continued to lead establishment of the Tambo Springs Freight and Logistics Hub, a National Development Plan (NDP) strategic infrastructure initiative, which has gained traction with the completion of the detailed designs for the K148/N3 interchange, an important road link to the Freight Hub. The construction of the K148/N3 interchange is anticipated to commence in the third quarter of 2019/20. Furthermore, Transnet has appointed a concessionaire, to design, construct, fund and operate the Tambo Springs Terminal for a period of 20 years, renewable for another ten years.

#### **Green freight logistics**

The GLI-X Indicator System project continues the successful partnership between the Department and the German Federal Government in the implementation of the second phase of the Green Freight Logistics Project. Data collection for the GLI-X indicators is in progress with the relevant freight and logistics related organisations. The data sourcing will then culminate in the integration of indicators into decision-making and administrative processes for the improvement of freight in the province.

## **Township Economic Revitalisation (TER) Programme**

Contributions to the Township Economic Revitalisation (TER) Programme was further upscaled with the formal establishment of the Department's Tshepo 1Million and Gauteng@Work interdepartmental team, led by the Office of the Premier. The basis of the Programme is underpinned by the GPG policy agenda of the fifth Administration, namely; the TMR Programme and the NDP Chapter on Transport. Determination of pilot project opportunities, which can be township based, were completed in respect of road infrastructure; the Shovakalula Bicycle Programme, g-FleeT, the taxi and bus industries and for Gautrain and Gibela Trains.

Community outreach Programmes were also concluded with GPG departments [the Gauteng Department of Economic Development (DED), the Gauteng Department of Agriculture and Rural Development (GDARD), the Gauteng City Region Academy (GCRA), the Gauteng Department of Finance (GDF) (Treasury), and the National Youth Development Agency (NYDA)] during the Women's Month and October Transport Month campaigns. Project visits to the paint and protective clothing plants for youth and women from Lawley/Ennerdale, Kwa-Thema/Duduza/Tsakane and Cullinan were undertaken. The institutionalisation and mainstreaming of the TER, Tshepo 1Million/YES and Gauteng@Work programmes in the Department's supply chain management processes (procurement and tendering processes), were also undertaken.

#### Online renewal of driver and vehicle licences

The Department, in partnership with Road Traffic Management Corporation (RTMC), launched the online driver and vehicle renewal services to all Gauteng Driver Learner Testing Centres (DLTCs). The customer-centric system allows for real time booking services for renewal of driver and motor vehicle licences and bookings for learner licence. The successful adoption of this innovative system by Gauteng citizens has resulted in reduced queues,

waiting and turnaround times at DLTCs and improved customer satisfaction levels with services received. Building on this successful initiative, the Department will continue to modernise services at DLTCs over the next five years.

#### **Challenges impacting service delivery**

While there have been successes, there have also been concomitant challenges which the Department had to address during the year under review. Poor contract performance, community protests and delays in stakeholder consultation processes have resulted in many of the infrastructure projects being delayed.

The continued taxi violence has resulted in the Department unfortunately, having to close certain routes in respect of the Witwatersrand African Taxi Owners Association (WATA) and the Nancefield Dube West Taxi Association (NANDUWE).

These areas had been characterised by violence, unrest and instability, and the measures were intended to help normalise the situation. The extraordinary measures will also apply to any joint venture arrangement/s entered into the affected associations. The Department continues to engage with the taxi industry to reduce conflict and help transform the industry towards economic empowerment.

Further challenges faced during the year related to the increasing transport infrastructure capacity required to meet the growing population needs in the province; improving the integration and reliability of the transport network; and providing an innovative, modernised, customer-centric transport network which meets the needs and expectations of its citizens in the era of the fourth industrial revolution. This includes introducing intelligent and efficient transport networks and systems, which address the growing climate change challenges being experienced. The Department has embraced these challenges and is consistently working with all stakeholders within the transport sector and beyond to identify and implement mitigation strategies to continue to improve the transport infrastructure and systems in Gauteng. In this way, the GDRT will contribute to improment of the living of the people of Gauteng in particular and Southern Africa in general.

#### **OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT:**

#### **Departmental receipts**

	2018/19		2017/18					
Departmental receipts	Estimate	Actual amount collected	(Over)/under collection	Estimate	Actual amount collected	(Over)/under collection		
		R'000						
Tax receipts	-	-	-	-	-	-		
Casino taxes	-	-	-	-	-	-		
Horse racing taxes	-	-	-	-	-	-		
Liquor licences	-	-	-	-	-	-		
Motor vehicle licences	3, 811, 724	3, 961, 563	(149, 839)	3, 606, 173	3, 717, 041	(110, 868)		
Sale of goods and services other than capital assets	79, 537	58, 464	21, 073	75, 176	54, 029	21, 147		
Transfers received	-	-	-	-	-	-		
Fines penalties and forfeits	-	-	-	-	-	-		
Interest dividends and rent on land	63	14	49	60	13	47		
Sale of capital assets	-	-	-	-	7, 245	(7, 245)		
Financial transactions in assets and liabilities	1, 587	22, 187	(20, 600)	1, 500	5, 496	(3, 996)		
Total	3, 892, 911	4, 042,228	(149, 317)	3, 682, 909	3 ,783, 824	(100, 915)		

#### **Programme expenditure**

		2018/19			2017/18		
Programme name	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure	
	R'000						
1. Administration	332, 154	285, 736	46, 418	302, 509	293, 658	8,8 51	
2. Transport,Infrastructure	2, 825, 907	2, 740, 989	84, 918	2, 262, 165	2, 246, 184	15, 981	
3. Transport Operations	2, 537, 507	2, 311, 691	225, 816	2,3 79, 451	2, 113, 499	265, 952	
4. Transport Regulation	294, 077	291, 626	2, 451	304, 521	299, 925	4, 596	
5. Gautrain	1, 945, 268	1, 945, 268	-	1, 833, 694	1, 833, 694	-	
Total	7, 934, 913	7,575,310	359,603	7, 082, 340	6, 786, 960	295, 380	

The table above indicates the Department's expenditure against the allocated budget for the 2017/18 and 2018/20 financial years. The underspending has increased over the two financial years – from R295 million to R360 million. The main causes of the current financial year underspending were:

- The bus subsidies budget was not fully utilised because of the Did Not Operate (DNOs) subsidised busses and the new contracts that were advertised during the year proved to be more expensive than the available resources.
- The infrastructure projects within the Construction Unit that were planned for appointment earlier in the financial year were only appointed in the fourth quarter, and therefore did not have adequate time to spend the allocated budget.
- The compensation of employees budget was underspent because several critical posts could not be filled within all the programmes.

#### Virements/roll-overs

The Department received roll-overs for the Public Transport Operations Grant (PTOG) of R69.123 million during the financial year. This was for invoices that were not paid in time during the 2017/18 financial year.

The year-end shifts and virements to clear over/under expenditure within the programmes, projects and items, were all approved as requested.

#### **Unauthorised expenditure**

The Department efficiently monitored and controlled its spending patterns to ensure the anticipation of unauthorised expenditure, and therefore, ensured that there was no unauthorised expenditure at the end of the financial year.

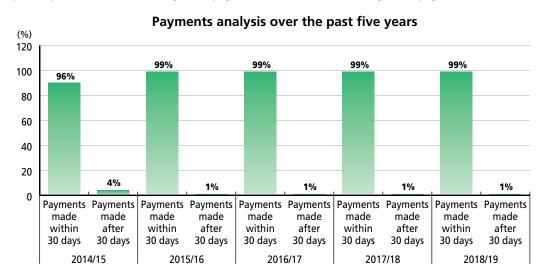
#### Related party disclosure

The Gauteng Department of Infrastructure Development (GDID) has provided accommodation and paid monthly rental on behalf of the Department for office space at 11 Diagonal Street which accommodates Operating Licensing directorate and the head office at 45 Commissioner Street, Life Centre Building.

#### Payment statistics for the past five years

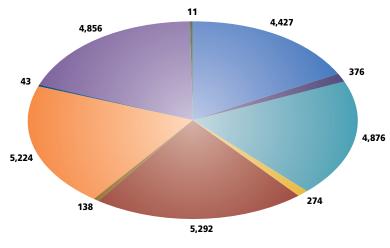
The Department's endeavour to ensure absolute compliance with laws and to build public confidence, has ensured a continuous improvement in the payment cycle over the past five financial years. This is critical in ensuring efficiency in the delivery of projects and sustainability of SMMEs in line with the TMR strategy of the province. During the year under review, the Department paid 99% of authentic claims within the prescribed 30-days' period.

Below is a graphical presentation and analysis of payments made within 30 days and payments made outside 30 days:



As depicted in the below table, payments paid outside 30 days are sharply declining. In terms of the count, over the last five years the Department received 25,517 invoices of which only 842 were paid outside 30 days. This is an indication of the Department's commitment to fast-track service delivery to the citizens of Gauteng.

#### Payments analysis over the past five (5) years – per count



- 2014/15 payments made within 30 days
- 2015/16 payments made within 30 days
- 2016/17 payments made within 30 days
- 2017/18 payments made within 30 days
- 2018/19 payments made within 30 days
- 2014/15 payments made after 30 days
- 2015/16 payments made after 30 days
- 2016/17 payments made after 30 days
- 2017/18 payments made after 30 days
- 2018/19 payments made after 30 days

#### **Future plans of the Department**

The development of an inter-municipal Bus Rapid Transit corridor between the City of Johannesburg and City of Ekurhuleni is a key plan for the future.

#### **Public-Private Partnerships (PPPs)**

The Department did not enter into Public Private Partnerships (PPPs) during the year under review. The only existing PPP is the Gautrain Rapid Link Project with the Bombela Consortium.

## Discontinued activities/activities to be discontinued

None.

#### New or proposed activities

None.

#### **Supply Chain Management (SCM)**

The Department has updated its SCM policy and tender charters in line with the Preferential Procurement Regulations and other Treasury practice notes. The updates in our policy framework and practices sought to accelerate socio-economic transformation. In terms of the Department's procurement, more than 99% occurs through the advertised competitive tender process and where possible, tenders make provision for the promotion of designated groups.

During the financial year, various challenges were experienced on the award of tenders. These related to the interpretation of the pre-qualification regulations contained in the Preferential Procurement Regulations and subcontracted parties as per Construction Industry Development Board (CIDB) standards. Clarity was sought and provided from the Gauteng Provincial Treasury, CIDB and the Department of Trade and Industry. These engagements have contributed substantially to the value chain of the tender process in all organs of the State.

The Department did not participate in any unsolicited bid proposals for the financial year under review. The incurrence of irregular expenditure relating to our bus subsidy contracts continued to pose a challenge. The Department remains engaged with Treasury on the matter to find solutions. During the financial year, the Department

pursued an advertised competitive tender process for eight (8) of the bus subsidy routes. The conclusions were that the market costs far exceed the current budgets and resulted in the tenders being cancelled. On a successful note, the security contracts which had been recorded as irregular expenditure over several financial years have received interim consideration from the Gauteng Provincial Treasury. The expenditure is no longer recorded as irregular due to the procurement deviation which was approved by Treasury.

#### Gifts and donations received in kind from nonrelated parties

Made in kind	Nature of gift, donation	2018/19
Name of Organisation	or sponsorship	R'000
Carlamani Conference and Events	Sponsorship for the UATP/I transport conference and exhibition made to the Intelligent Transport Society South Africa	750
Growing champion, Masomelezane Foundation, Nkateko ya Ntsako Home Base Care, St Thomas Anglican Church and Regatammogo Sports Development	Donation of computer equipment (58) and office furniture (8)	532
Total		1,282

Received in kind	Nature of gift, donation	2018/19	
Name of Organisation	or sponsorship	R'000	
Old Mutual Limited	Old Mutual hamper (diary, pen, mug, small fan, cooler bag and lunch)	1	
Gauteng Provincial Legislature	Picnic packs	2	
Total		3	

## Exemptions and deviations received from the Provincial and/or National Treasury

The Department applied to the Gauteng Provincial Treasury (GPT) to deviate from procurement processes in the appointment of security services at various regional and office sites. GPT approved the application based on its merits. The cost of these services amounted to R11.9 million and were awarded to various service providers for the following regions:

No.	Regional Sites & Offices	Guards	Grade
1	Heidelberg Construction	4	4XD
2	Heidelberg Maintenance	3	3XD
3	Meyerton Weighbridge	4	4XD
4	Kliptown DLTC	4	4XD
5	Sage Life	6	2XC-8XD
6	Koedespoort Laboratory	10	2XC-8XD
7	ABSA	8	1XC-7XD
8	Command Centre	5	5XD
9	Bronkhorstpruit	6	1XC-5XD
10	DF Malan	6	1XC armed 5XD
11	Benoni Roads	6	1XC-5XD
12	Derdepoort Road Camp	5	5XD
13	Zwartkop	5	5XD
14	Polly Street	3	3XD
15	Hammanskraal Road Camp	3	3XD
16	Vereeniging Roads	5	5XD
17	Germiston Base	7	7XD
18	Temba DLTC	10	4XD armed 3XD unarmed
19	Mabopane DLTC	12	2XC armed 6XD unarmed
20	Temba Workshop	5	5XD
21	Pinehaven Weighbridge	4	4XD
22	Xavier DLTC	5	5XD
23	Krugersdorp	5	5XD
24	Bapsfontein Weighbridge	4	4XD
25	Kagiso DLTC	6	6XD
26	Garankuwa Roads	4	4XD
27	Koedespoort g-Fleet	4	4XD
28	Bedfordview g-Fleet	19	2XD 17XD 1XDog 4XFirearm
29	Mabopane g-Fleet	4	4XD
	Total	172	

#### **Events after the reporting date**

None.

#### Other

None.

#### Acknowledgement/s or appreciation

I wish to convey my sincere thanks and appreciation to the Transport fraternity in their continued support and engagement with the Department, with the common agenda of improving the safety, reliability and affordability of transport for all citizens of Gauteng. A special note of appreciation to the staff of the Department, for their continued commitment and dedication towards achieving the Department's mandate.

#### Approval and sign-off



Acting Accounting Officer of Roads and Transport

**Date: 31 July 2019** 

## 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the Annual Report are consistent.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2019.

Yours faithfully

Mr. M. Mampuru

Acting Accounting Officer of Roads and Transport

**Date: 31 July 2019** 

#### 6. STRATEGIC OVERVIEW

#### 6.1 Vision

A modern, integrated, efficient and sustainable transport and road infrastructure system in Gauteng.

#### 6.2 Mission

To facilitate and provide an integrated transport system that:

- Is reliable, accessible, safe and affordable;
- Promotes seamless mobility and social inclusion;
- Is environmentally sustainable; and
- Supports industrialisation and radical socio-economic transformation.

#### 6.3 Values

The Department of Roads and Transport is guided by the following values:

Core Values/Principles			
Innovative	Continuously exploring new and creative methods to improve and fast-track service delivery.		
Good governance	Facilitate an inclusive government that ensures integrity, transparency, accountability, and trustworthiness.		
Teamwork	Promote consultation, accessibility and cooperation in our activities.		
Professionalism	Ensure high level of competence, efficiency, and good work ethic in executing our duties.		
Commitment	To remain dedicated in rendering high quality services to the citizens.		
Ethical	We commit to be principled, fair and just in our conduct and in service to the people of Gauteng.		
Responsiveness	Our staff will be proactive, approachable, receptive, and be quick to respond to needs of the citizens.		

#### 7. LEGISLATIVE AND OTHER MANDATES

The Republic of South Africas' Constitution (1996) grants all provinces with concurrent competencies. The Department's mandate is derived by the following list of national and provincial laws and policies.

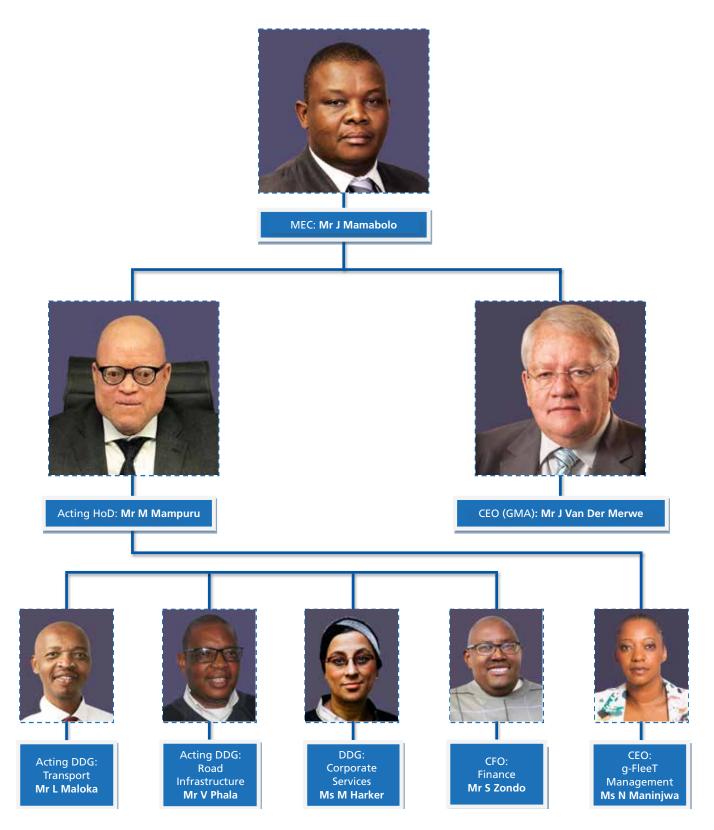
#### **National policy and legislative mandates**

Legislation	Act/Policy
Administrative Adjudication of Road Traffic Offences Act	Act 46 of 1998
Advertising on Roads and Ribbon Development Act	Act 21 of 1940
Construction Industry Development Board Act	Act 38 or 2000
Cross-Border Road Transport Act	Act 4 of 1998
Deeds Registration Act	Act 47 of 1937
Division of Revenue Act	Act 1 of 2010
Environmental Conservation Act	Act 73 of 1989
Government Immoveable Assets Management Act	Act 19 of 2007
Inter-Governmental Relations Act	Act 97 of 1997
National Land Transport Act	Act 5 of 2009
National Land Transport Strategic Framework	Section 21 of Act 22 of 2000
National Road Traffic Act	Act 93 of 1996
National Road Traffic Safety Act	Act 12 of 1972
Public Finance Management Act	Act 1 of 1999

#### **Provincial policy and legislative mandates**

Legislation	Act/Policy	
Gauteng Planning and Development Act	Act 3 of 2003	
Gauteng Road Infrastructure Act	Act 8 of 2001	
Gauteng Transport Framework Revision Act	Act 8 of 2002	
Gauteng Transport Infrastructure Act	Act 8 of 2001	
Gautrain Management Agency Act	Act 5 of 2006	
Provincial Road Traffic Act	Act 10 of 1997	
Provincial Road Traffic Act	Act 10 of 1997	

#### 8. ORGANISATIONAL STRUCTURE



#### 9. ENTITIES REPORTING TO THE MEC

#### **Gautrain Management Agency (GMA)**

The GMA is a schedule 3C public entity that is under the oversight of the MEC for Roads and Transport. The MEC is the Executive Authority of the GMA and the GMA Board is the Accounting Authority as contemplated in the Public Finance Management Act (PFMA, Act 1 of 1999). The GMA Board is appointed by the MEC.

Name of entity	Legislative mandate	Financial relationship	Nature of operations
Gautrain Management Agency	The GMA has been established in terms of the GMA Act (2007) and listed under Schedule 3 (c) of the PFMA (1999) as a provincial public entity.	The GMA receives its MTEF funds through the Department's vote.	The main objective of the GMA is to manage, co-ordinate and oversee the Gautrain Rapid Rail Link Project.
	National policy and legislative mandates:		
	Public Finance Management Act (PFMA, Act 1 of 1999).		
	• Environmental Conservation Act (Act 73 of 1989).		
	National Railway Safety Regulator Act (Act 16 of 2002).		
	National Treasury Regulations.		
	Division of Revenue Act (Act 1 of 2018).		
	Consumer Protection Act (Act 68 of 2008).		
	Provincial policy and legislative mandates:		
	Gauteng White Paper on Transport Policy.		
	Gauteng Transport Framework Revision Act (Act 8 of 2002).		
	Gauteng legislation on Development Planning.		
	Gautrain Management Agency Amendment Act (Act 6 of 2008).		
	Provincial Growth and Development Strategy (PGDS).     Contact Social Development		
	Gauteng Spatial Development Perspective.		

#### **GMA Integrated Annual Report – 2018**

#### Strategic performance overview for financial year 2018/19

The GMA strategy promotes alignment to the outcomes-based approach of the Gauteng Medium-Term Strategic Framework (MTSF) as well as at a national sector level. The strategy also promotes the Gauteng Premier's initiative to bring about transformation, modernisation and re-industrialisation of Gauteng.

To give effect to these strategic provincial initiatives and to continue in its mandated role related to the current Gautrain Concession, the strategy of the GMA is to continue managing, co-ordinating and overseeing the operation and maintenance of the Gautrain project and to plan and implement the extension of the system to accommodate future demand and new services as identified in the Integrated Transport Master Plan 25 (ITMP25) for Gauteng.

The GMA Board completed the first year of its term and continued to provide governance oversight to the Agency. The GMA continued to move towards an outcome-based approach in terms of application of King IV principles. The GMA Board is committed to ensuring that the Gautrain operates in a sustainable manner with clear commitment to governance and in support of the Provincial Government's economic and social imperatives.

The GMA made good progress in the 2018/19 financial year in several areas. In terms of oversight of the Concessionaire, the GMA ensured high levels of operational efficiency, backed by good personal- and property safety and security within the system. Low levels of fare evasion were also maintained. Safety and security targets for passengers and for the system were met and all incidents that occurred during the reporting period have been mitigated through the security enhancement plans developed by the Concessionaire. The GMA and the Concessionaire conducted rail reserve inspections to identify external factors that might impact on the protection of the railway alignment given the ongoing cable theft experienced in various industries and sectors across the country. Fare evasion was well below the required level and never exceeded 0,04% in any month in the year under review.

The assurance of asset management systems by the Concessionaire was boosted by the completion of a system asset audit by independent auditors.

The planning of network extensions continued with the commencement of route determination for Phase 1 of the extensions while engaging with the National Treasury and National Department of Transport on the approval of the feasibility study completed in 2016.

The GMA also concluded a wide-ranging agreement with the Concessionaire to settle various disputes and disagreements that arose during the operating period by means of a Memorandum of Agreement. While the final settlement is contingent on the preparation, approval and signature of a formal Settlement Agreement by the Province and the Concessionaire the GMA has obtained independent verification that signing of the Settlement Agreement does provide value for money in that the cost and risk of lengthy arbitration is avoided and, at the end of the financial year, was in the process of obtaining the requisite approvals for the conclusion of the settlement.

The external environment impacted negatively on the Gautrain in terms of passenger demand. In particular, lengthy strikes by bus drivers in May and operator staff in July and August meant that targets for bus and train passengers could not be met. Combined with continued slow growth in the economy and jobs in Gauteng, these factors resulted in an overall drop in train passengers of 7% from the previous financial year and a 17,1% drop in bus passengers.

Table 01: Passenger trips per financial year on the airport service, the general passenger service and the buses.

Rail				Bus
Service type	Airport	General passenger	Total	Bus total
FY 17/18	1, 604, 974	13, 418, 338	15, 023, 312	4, 803, 061
FY 18/19	1, 450,967	12, 515, 515	13, 966, 482	3, 982, 971
% change	-9, 6%	-6, 7%	-7, 0%	-17, 1%

The GMA has engaged with the Concessionaire to implement a strategy to attract passengers to use the Gautrain services. This strategy is a combination of improved serve offerings and marketing and is expected to bear fruit in the 2019/20 financial year.

Numerous communication and marketing initiatives targeted at potential and current users of the Gautrain were undertaken and will increase as part of the endeavour to attract passengers.

Socio-Economic Development (SED) targets were met and exceeded as the Gautrain continued to contribute positively to the Gauteng economy. SED directly demonstrates the benefits of the Gautrain in terms of shareholding by black persons and black women, procurement, sub-contracting and employment equity elements. From a GMA expenditure perspective, the target for expenditure through Emerging Micro Enterprises (EME) and broad-based black economic entities spend were met and exceeded while expenditure through women owned entities and Qualifying Small Enterprises (QSE) were narrowly missed, albeit a significant improvement on achieving expenditure targets in previous years.

The GMA's Social Investment Programme contributed to the achievement of social development objectives in education and community care disbursing approximately R6 million to 37 beneficiaries including not for gain organisations and academic institutions.

The GMA also reached levels of maturity with low turnover of staff and good performance in terms of its mandates under the GMA Act (2006). In terms of human capital, the GMA Board approved a new organisational structure that better reflects its increased mandate. The GMA currently has 94 filled positions out of 100 available posts.

Policies and frameworks were developed and implemented including the continued roll-out of the Enterprise-Wide Risk Management System.

At the Marlboro, Sandton, Centurion and Hatfield stations, the Gautrain has midi-bus operations that carried approximately 20,0000 passengers per month in the financial year, which is an increase of 25% per month on the previous year. These services are provided by local taxi associations and expand the use of the Gautrain in a way that benefits both public transport users and the taxi associations. Contracts for services at Rhodesfield and Rosebank stations were in preparation at the end of the financial year and services are expected to commence soon. Partnerships with commercial companies have yielded benefits such as dedicated shuttle bus services operated by these third parties, expanding the reach of the Gautrain.

The GMA continued to commit significant resources to planning and implementing extensions and expansions to the current Gautrain network especially insofar as these related to increasing capacity in key areas impacting on passenger demand. The key project for the acquisition of train, depot and signalling assets reached an end when no acceptable bids were received from pre-qualified bidders. Alternative strategies to supplement rail service capacity are being explored. The completion of the Centurion parking extensions and the roll-out of the changes to the automated fare collection system to accept debit and credit cards at the various fare gates in stations and on buses are in their final stages.

The Concessionaire commenced with the replacement of the current bus fleet in terms of its contractual obligations and, in so doing, provided a significant stimulus to the local bus manufacturing industry.

All Information and Communications Technology (ICT) strategic initiatives planned for the 2018/19 financial year were completed. The ICT Unit continued to support the GMA to function in a seamless, secure and reliable manner, while allowing for organisational knowledge to be preserved and shared.

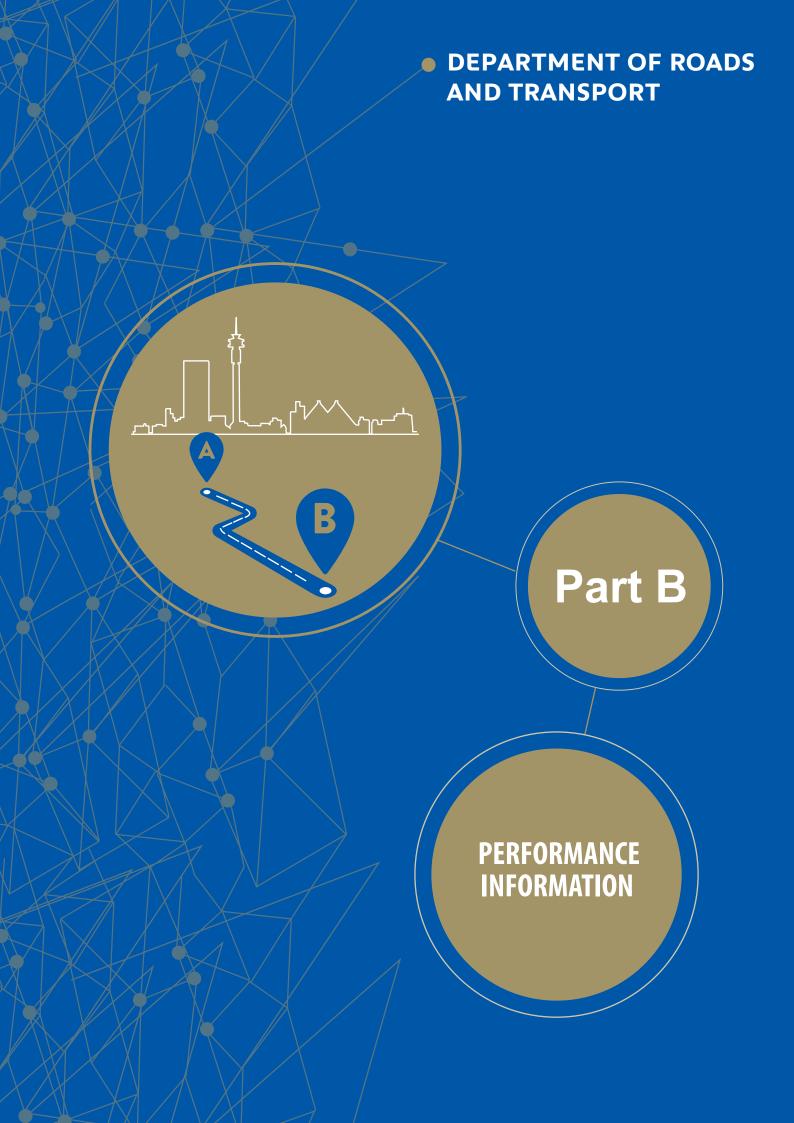
The GMA Knowledge Management Unit, responsible for document control, records management, and the GMA Central Registry and Knowledge Management Unit, published a comprehensive set of case studies on the Gautrain and is now partnering with academic institutions in using these in applied research and teaching programmes. The full GMA Intergrated Annual report for 2018/19 is available to the public and stakeholders.

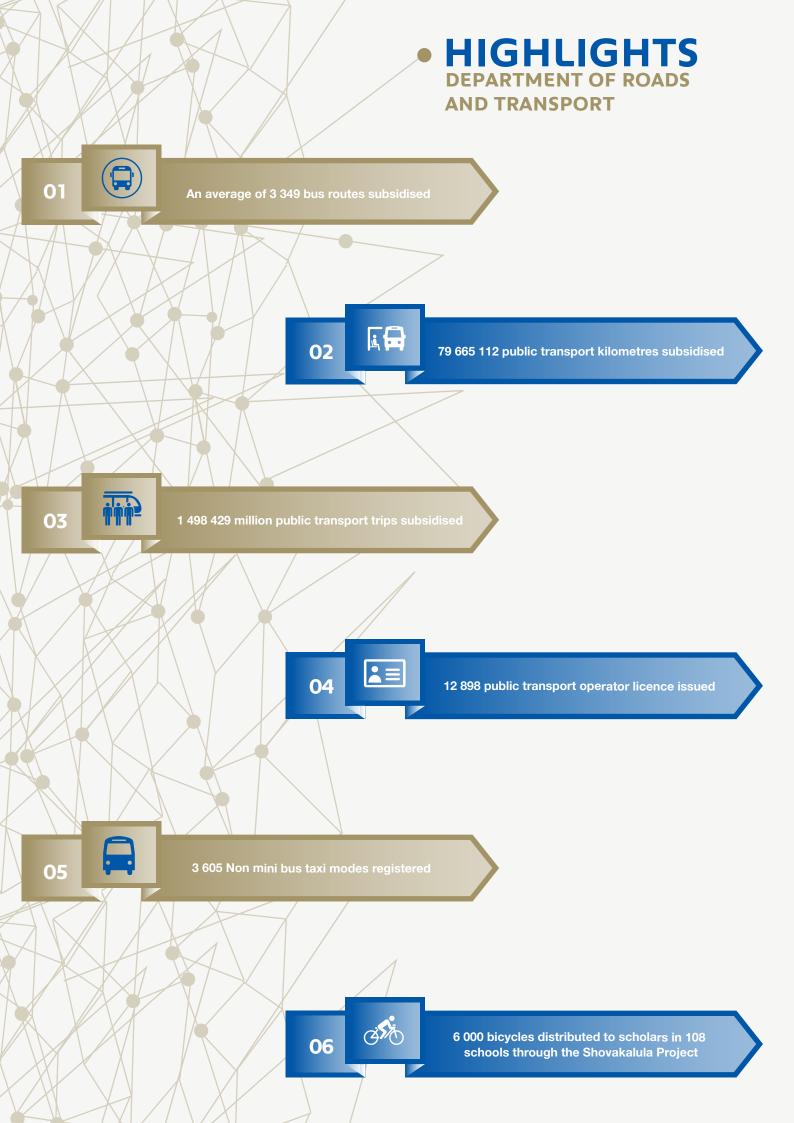
#### g-FleeT Management

g-FleeT management is a trading entity of the Gauteng Department of Roads and Transport (GDRT) and is under the oversight of the Head of Department (HOD). The entity is managed by the Chief Executive Officer.

Name of entity	Legislative mandate	Financial relationship	Nature of operations
g-FleeT Management	<ul> <li>PFMA (1999)</li> <li>Treasury Regulations</li> <li>Treasury Practice Notes</li> <li>Public Service Act (Act 103 of 1994)</li> <li>Public Service Regulations</li> <li>Cabinet Memo of 1988</li> <li>Transport Circular 4 of 2000</li> <li>National Road Traffic Act (1996)</li> </ul>	g-FleeT Management is a trading entity of the Department and it's formally known as the Government Motor-Vehicle Unit.	The entity's operations are largely regulated by the National Transport Circular No. 4 of 2000, which governs all matters relating to the utilisation of government-owned transport and related transport.

The Annual Report for g-FleeT Management is included on **page 236** of this report.





#### 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page **152** to **155** of the Report of the Auditor-General, published as Part E: Financial Information.

#### 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

#### 2.1 Service Delivery Environment

Gauteng, as the economic hub, has a large and diverse transport network and system that is supported by a diverse transport sector which has its own share of successes and challenges. The Department has therefore, strategically positioned itself towards achieving its vision of a modern integrated, efficient and sustainable transport network and systems in Gauteng. Its goal of a strategic economic transport infrastructure that stimulates socio-economic growth contributes to the Provincial Government's Transformation, Re-industrialisation and Modernisation (TMR) programme and the National Development Plan (NDP). It manages and maintains a provincial road network consisting of 5, 638km of roads (4, 248.44km surfaced and 1, 389.10km gravel roads) with an asset value of R 40 billion.

The Department's modernisation of transport infrastructure has yielded various levels of success. The main focal area has been the major investment into its Transport Infrastructure Programme. This investment has been a major success as it has achieved a 71% of surfaced roads (which is 77% of the existing road network) in a good condition due to the sustained rehabilitation and reconstruction and preventative maintenance programmes. Its Road Infrastructure Modernisation Strategy has seen the integration of a complete roads system with the provision of non-motorised transport (walkways and cycle ways) and public transport infrastructure (bus and taxi lay byes and street furniture) facilities.

#### **Provincial road maintenance**

In the year under review, the Department successfully executed its Transport Infrastructure Programme which has yielded the following achievements. 643, 687.23m<sup>2</sup> of the provincial surfaced roads were rehabilitated ensuring improved socio-economic accessibility, road quality and travel safety of residents traversing these roads. It has also contributed to enhancing accessibility to economic hubs, supporting the tourism industry, increased accessibility to market and provided employment opportunities to local communities. These roads also serve as alternate routes to the e-tolled roads.

The Department performed its routine road maintenance functions to preserve the status of existing roads infrastructure in the various departmental regions (Benoni, Bronkhorstspruit, Krugersdorp, Pretoria and Vereeniging) where the following projects were executed:

- 351, 775.62m<sup>2</sup> resealed
- 137.79km roads re-gravelled
- 182, 724.34m<sup>2</sup> of potholes patched
- 2, 075.09km gravel road bladed.

#### Job creation/training programmes

The Department's progress on the creation of job opportunities has improved through the number of infrastructure projects implemented across the province. All job opportunities created through the Expanded Public Works Programme (EPWP) are created through the Transport Infrastructure Programme. During the financial year 2018/19, a total of 3, 951 job opportunities were created, thereby exceeding the planned target for the year. The Department's Job Creation Programme not only provides employment opportunities to the most vulnerable of the unemployed in the province; it also ensures that they gain various skills in the transport construction sector that enables them to become employable in the job market.

#### **Customer-centric transport service centres**

Improving accessibility and affordability for previously disadvantaged customers to transport service centres remains a key priority for the Department. It is also an attempt to rectify the injustices of the apartheid spatial planning, where people did not have access to services in their communities. To achieve the above, the Department undertook the operationalising of the new Kagiso Drive Licence Testing Centre (DLTC) during the year under review. Local employment opportunities were created, with staff recruited and employed from Kagiso. The centre was officially launched and opened to the public in April 2019.

Building on these successes in the next five years, the Department envisages the launch of the new Sebokeng DLTC which is currently under construction. The commencement of the construction for the new Sebokeng Transport Operating Licensing Administration Board (TOLAB) is also planned for 2019/20. These transport service centres will improve accessibility and reduce travelling cost and time to customers in the Sebokeng and surrounding districts by bringing services closer to previously disadvantaged communities.

#### Online driver/learner licence booking system

In line with the modernisation of transport strategy, the Department, in partnership with the Road Traffic Management Corporation (RTMC), introduced and launch on the 30 August 2018 the online service for:

- Learner license
- Driver license
- Renewal of driving license
- Professional Drivers Licence Permits (PrDPs) applications.

The launching ceremony was held at the Centurion Driving Licence Testing Centre (DLTC). The services were thereafter, rolled out to other DLTCs from 01st September 2018. Since August 2018 to March 2019 a total of 360 801 (68%) customers have utilised the online booking system deeming it an efficient method to book and receive timeous services. Due to the efficiency of the system walk-in's have reduced to 32% thereby, reducing the long ques and waiting periods. The system has been well received by Gauteng citizens and continues to grow in usage.

Some of the positive comments from satisfied online customers were:

- "Driving licence renewal: I know there have been a few posts recently about the new online booking system and process for driver's licence renewals, but I am so impressed I just have to share my good experience. I booked online for a 10:40 appointment at Langlaagte this morning, I arrived 10 minutes early, was seen after a 2-minute wait, and at 10:45 I walked out of there, renewal application complete and temporary licence in hand" customer 31 October 2018.
- I went to renew my driver's license today at the Randburg Municipality it was reasonably efficient with the new online booking system. What struck me is that the staff seemed friendlier with at least 2 of them saying goodbye and wishing me a nice afternoon. Not sure where or how one can give this feedback" customer 08 November 2018.

While the system has been successful the mainly negative comments received were due to the non-availability of slots especially on the renewal of driving license service as the driving license holder's population grows. This is an indication that the demand is higher than the supply. The Department, RTMC officials and technical team members, as well as DLTC officials continue to cooperate in improving the efficiency of the system and enhancing the customer centric approach to services.

#### **Vehicle Testing Stations (VTSs) compliance regulation**

The safety of drivers and commuters on Gauteng roads is a priority to the Department. Thus, Vehicle testing Stations are viewed by the Department as an essential service in achieving driver and vehicle safety. The registration and monitoring of VTS is prescribed by the National Road Traffic Act and Regulations. The administrative process to monitor and act on recommendations from the National Inspectorate is a legislative requirement and the responsibility of this Department. During the financial year under review, the Department suspended a total of 26 Vehicle Testing Stations for non-compliance with the Schedule 4 requirements of the wheel mass meter and/or play detector installation (4 public VTSs remain suspended, others reinstated due to compliance). Four (4) private vehicle testing stations registration were cancelled due to fraud and corruption in line with the procedures relating to the National Road Traffic Act, 1996 and the Promotion of Administrative Justice Act, 2000. The Department remains committed to ensuring the safety and reliability of vehicles on Gauteng roads and will continue to execute its mandated responsibility in respect of monitoring VTSs.



### e-Cargo bike pilot

Green transport is a key priority of the ITMP25 towards the introduction of environmentally sustainable transport which supports the reduction of the Province's carbon foot print. The e-Cargo bike pilot project was launched on the 25<sup>th</sup> February 2019 in Sharpeville. The project participants are working with the Council for Scientific and Industrial Research (CSIR) on data capturing relating to the performance of the e-cargo bike compared to the traditional trolley puller. The electric-powered e-Cargo bike moves goods whilst providing a cost-effective, safer and greener solution in the freight distribution system. It is expected to provide new possibilities in reducing congestion on provincial roads. It will also enhance freight movement as well as logistical systems, giving opportunities to reduce carbon footprint. The bike represents technological innovation which will empower the Gauteng citizen with job opportunities as the bike will be manufactured locally.

### 2.2 Service Delivery Improvement Plan (SDIP)

The Department has implemented its 2018/20 SDIP. The Plan considers two key services which were identified to be requiring improvement attention. These services are to increase the number of operating licences/ permits issued, permits converted into operating licences and to increase and monitor public transport operators. In identifying these key services, inputs from management structures, problem analysis and routine monitoring systems were considered. The tables below highlight the SDIP and the achievements for the year under review.

### Main services and standards

Key service 1: To increase the number of operating/ permits issued and permits converted into operating licences.

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
The number of operating licences/permits issued	Public transport operators	9, 500	9, 200	12, 273
The number of permits converted into operating Licences	Public transport operators	5, 000	6, 500	798

### Key service 2: To increase and monitor the number of registered public transport operators.

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Full registration of mini- bus taxi associations	Public transport operators	10	10	17
Registration and legalisation of non- minibus taxi modes	Public transport operators	600	600	3, 586

# Batho Pele arrangements with beneficiaries (Consultation, access, etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Forums	Establishment of committees	Held consultations through the Gauteng Freight Forum, Gauteng Rail Committee, the Integrated Transport Plan Committee and the Transport Technical Working Committee (TTWC) to address transport needs in Gauteng.
Social facilitation	Stakeholder consultation	Informed customers, community members and other staff members through stakeholder consultation
Stakeholder consultation	Informed customers, community members and other staff members	Improved image and informed public
Media networking sessions	Informed public	Improved image and informed public
Publications including newsletters	Informed public	Informed internal and external stakeholders
Infrastructure planning	Informed infrastructure planners	Providing updated and accurate provincial traffic data

### **Service delivery information tool**

Current/actual information tools	Desired information tools	Actual achievements	
Monthly, quarterly and annual reports	Intranet, website and database	Informed internal and external stakeholders	
Brochures, posters, newsletters and leaflets	Intranet, website and database	Informed internal and external stakeholders	

### **Complaints mechanism**

Current/actual complaints mechanism Desired complaints mechanism		Actual achievements
Telephone	All complaints received to be handled.	All complaints received were handled
e-mail	All complaints received to be handled.	All complaints received were handled
Letters	All complaints received to be handled.	All complaints received were handled
Walk-in	All complaints received to be handled.	All complaints received were handled
Meetings	100% satisfied clients	100% satisfied clients
Social media	All complaints received to be handled	All complaints received were handled

### 2.3 Organisational environment

One of the key priorities for the organisation was the building of internal technical capacity to enhance project planning, design and implementation. During the year under review, the Department employed chief engineers, technicians and transport economists to improve its technical competencies across the core departmental programmes.

The Department is proud to announce the appointment of the Acting Head of Department, Mr Makhukhu Mampuru, to the Department. Mr Mampuru joined the Department in March 2019. The Department takes this opportunity to welcome Mr Mampuru and looks forward to his stewardship of the Department as its Accounting Officer.

### **Department of Roads and Transport programme structure**

The Department's programme structure is defined by the National Treasury. The programme structure encompasses four programmes together with its respective Sub-Programmes. The table below provides the description of the programme structure.

Programme	Sub-programme
Administration	Office of the MEC
	Management of the Department
	Corporate Support
	Departmental Strategy
Transport Infrastructure	Infrastructure Planning
	Infrastructure Design
	Construction
	Maintenance
	Programme Support Infrastructure
Transport Operation	Public Transport Services
	Programme Support Operations
Transport Regulation	Transport Administration and Licensing
	Operator Licence and Permits

### 2.4 Key policy developments and legislative changes

The Department developed the following transport Bills and Regulations during the year under review, to guide the implementation and regulation of transport in the province.

### **Gautrain Transport Authority (GTA) Bill**

The Bill provides for the establishment of the GTA which will facilitate integrated planning and co-ordination of public transport in the province. The Bill was adopted by the Gauteng Provincial Legislature on 29 March 2019.

### The Gauteng Transport Infrastructure Amendment Bill

The amendments of the Gauteng Transport Infrastructure Bill are aimed at consolidating the laws relating to roads and other types of transport infrastructure in the province. The Department finalised the amendments of the Bill and anticipate to commence with stakeholder consultations during the financial year 2019/20.

### **Regulations drafted**

Gauteng outdoor advertising regulations

The objective of the regulations is to define the procedures to be followed in dealing with advertising on or visible from provincial roads. The regulations have been submitted to the Gauteng Provincial Legislature for approval.

### **Reviewed regulations**

Regulations on the adjustment of the motor vehicle licence fees

In line with the Treasury Regulations and Section 25 of the Gauteng Road Traffic Act (1997), motor vehicles licence fees increased annually. The draft amendments to the Gauteng Provincial Road Traffic Regulations (2001) for implementation during financial year 2019/20, was pre-certified by the State Law Advisor and published in the provincial gazette calling for public comments.

#### Motor vehicle licence fee review

The National Road Traffic Act (1996, as amended) states that the MEC for Roads and Transport is inter alia responsible for the registration, testing and licencing of motor vehicles and drivers. It further stipulates that the fees payable in respect of any application or request made, or document issued in terms of this Act, or any other matter referred to in the Act, shall be determined by the MEC of each province.

In addition, the Gauteng Road Traffic Act (1997), states that the MEC responsible for Road Traffic Regulation is empowered to make regulations on the fees they may be charged in respect of the registering and licencing of motor vehicles (Section 25).

While Treasury Regulations Section 7.3.1 requires that: "The accounting officer of an institution must review at least annually when finalising the budget, all fees, charges or the rates, scales or tariffs of fees and charges that are not or cannot be fixed by any law and that relate to revenue fund. The accounting officer must obtain approval from the relevant treasury for the proposed tariff structure." These fees are therefore reviewed on an annual basis, and the Department consults with Provincial Treasury for approval.

Provincial Treasury thus, recommended an average fee adjustment of 7.7 percent (i.e. CPI + 2%) for implementation for 2018/19 fiscal year aligned to the National Treasury Guidelines for the 2018 MTEF.

### **Policies developed**

The following policies were developed during the financial year 2018/19:

#### **Driver Licence Policy**

The purpose of the Policy is to develop guiding principles by which the driver licencing service is provided in all DLTCs within the Gauteng province. The Policy seeks to enhance the provisions of the National Road Traffic Act (1996) and to provide uniformity in how the service is provided in all provincial DLTCs. A draft policy has been completed.

### Vehicle Testing Stations (VTSs) Policy

The VTS Policy seeks to provide for the requirements to be met when applying to become a proprietor, and subsequent procedures and responsibilities thereafter. It is intended to assist an applicant with the application process when applying to operate a testing station within the province by providing information on how to commence a new application, to apply for a variation to an existing approval to operate a testing station, and the requirements to be met by a proprietor. A draft policy has been completed.

### Taxi Empowerment Policy

The purpose of the Policy is to serve as an operation tool to assist with integration and inclusion of small business operators into main stream public transport. The Policy will provide the Gauteng Provincial Department of Transport with an empowering mandate to assist the taxi industry with formalisation and matters of empowerment. This Policy will strive to provide government and the taxi industry with guidelines and direction in respect of regulation and compliance matters within the industry. The Department has a draft policy completed.

### Gauteng Street Renaming Policy

The Policy seeks to provide the Department with an internal mechanism to coordinate the process of identifying which roads will be named and renamed in consultation with the communities. An inter-governmental structure will be established to manage the process of street naming as required by the South African Geographical Name Changes Council. A draft policy was completed.

### 3. STRATEGIC OUTCOME-ORIENTED GOALS

The Department has developed the following outcome-oriented goals to drive its strategic vision.

Strategic Outcome-Oriented Goal 1	A modern, integrated public transport system that provides customer-centric transport services.			
Goal statement	To provide a public transport system that meet commuter expectation of accessibility, reliability, safety, affordability and sustainability.			
Justification	To enhance the competitiveness of the Global City Region.			
Links	NDP, PGDS, Gauteng 2055 vision.			
Sub-outcome	Integrated and regulated public transport and freight service.			
Key priorities	<ul> <li>Establishing the GTA.</li> <li>Province-wide integrated ticketing.</li> <li>Integrated passenger information and communication.</li> <li>Integration with the commuter rail corridor modernisation project of the Passenger Rail Agency of South Africa (PRASA).</li> <li>Restructuring of subsidised road based public transport.</li> <li>Corporatisation of the taxi industry.</li> <li>Access to major freight nodes.</li> <li>Regulation and enforcement of public transport and freight.</li> </ul>			

Strategic Outcome-Oriented Goal 2	Strategic economic transport infrastructure that stimulate socio-economic growth.
Goal statement	A sustainable, well maintained, balanced road infrastructure that contributes to increased socio- economic growth and accessibility for communities.
Justification	To promote economic growth, development and land use.
Links	Spatial Development Plan, Provincial Infrastructure Master Plan, Municipal Industrial Development Plans (IDPs).
Sub-outcomes	Optimum utilisation of existing and new transport infrastructure.
Key priorities	<ul> <li>Travel demand management, less congestion and shorter travel time.</li> <li>Non-motorised transport providing pedestrian paths and cycle ways.</li> <li>Continued provincial-wide mobility.</li> <li>Effective management of existing transport infrastructure.</li> <li>Intelligent transport system – use of technology to enhance travel management.</li> </ul>

Strategic Outcome-Oriented Goal 3	A modern, accountable and development-oriented Department.			
Goal statement	A customer centric organisation that is service oriented.  Accountable to stakeholders, compliant with regulatory frameworks and competent socially conscious human capital.			
Justification	An effective governance and management environment that ensures accountability to stakeholders.			
Links	PFMA (1999), PSA (1994), BCA (2007), SDA (1998), LRA (1995), PAJA (2000), PAIA (2000), Chapter 9 institutions.			
Sub-outcome	An organisation complying with all its financial, administrative and regulatory responsibilities.			
Key priorities	<ul> <li>Institutionalise good governance systems.</li> <li>Enhance the performance managements systems to deliver effective services.</li> <li>Automation of business process towards efficiencies.</li> <li>Establishment of a departmental training and developmental centre (Zwartkop).</li> <li>Develop a knowledge portal that ensures sustainability of institutional memory.</li> <li>Establish a comprehensive human resource management system.</li> <li>Enhance the contract management system.</li> <li>Creating an external and internal regulatory environment.</li> </ul>			

### 4. PERFORMANCE INFORMATION BY PROGRAMME

This section of the report outlines the progress by the Department in the achievement of its strategic objectives as outlined in its 2018/19 Annual Performance Plan. It also includes information on significant community and stakeholder projects which were undertaken during the year under review.

### 4.1 Programme 1: Administration

#### **Purpose**

The purpose of the Programme is to conduct the overall management and administrative support function to the Office of the MEC and the Department.

### **Objectives of the programme**

To provide advisory, secretarial, administrative and office support service to the MEC, and to render strategic support to the Department in the areas of finance, human resources, procurement, information and communication systems and policy development. It comprises of the following Sub-Programmes:

### **List of Sub-Programmes:**

- Office of the MEC.
- Management of the Department.
- Corporate Support.
- Departmental Strategy.

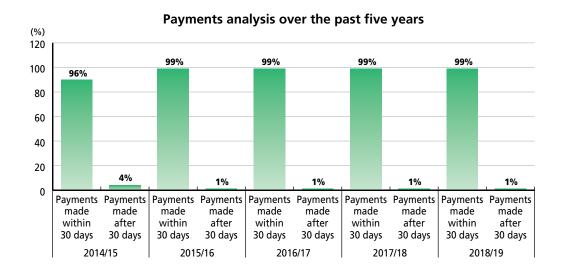
### Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objective 1: To achieve good governance and accountability in the management of State resources.

To demonstrate good stewardship of the resources entrusted to the Department, the following activities were executed:

### 30-day payment of invoices

In the financial year (2018/19), the Department paid 99% of authentic claims within the prescribed 30-day period. Below is a graphical representation and analysis of payments made within 30 days and payments made outside 30 days:



### **Supply Chain Management**

The statistics noted below are extracted from a GPT system that is still in its developmental stage. The vast difference between the 2 financial years is attributable to the different systems that were used by GPT in its measurement. Procurement from designated groups were as follows:

Performance Indicator	Annual Target	Actual Achieved 2017/18	Actual Achieved 2018/19
The acquisition of goods & services from BBBEE providers	80.00%	109.42%	44.39%
The acquisition of goods & services from WOMEN owned businesses	30.00%	14.89%	13.67%
The acquisition of goods & services from YOUTH owned businesses	10.00%	4.40%	10.07%
The acquisition of goods & services from PEOPLE WITH DISABILITIES	5.00%	0.37%	0.18%

The tenders awarded for the Department in the financial year 2018/19 are as follows:

Tender no.	Project description	Service provider	Bid amount	Date of award	Business unit
DRT 44/11/2017 BILL A: Benoni region	Supply and installation of manhole grids for a period of three years (3): all five regions in Gauteng province	Balandzi and Vurhonga projects	R1 821 715.00	16 August 2018	Transport Infrastructure Maintenance
DRT 44/11/2017 BILL B: Bronkhorstspruit region	Supply and installation of manhole grids for a period of three years: all five regions in Gauteng province	Balandzi and Vurhonga Projects	R1 821 715.00	16 August 2018	Transport Infrastructure Maintenance
DRT 44/11/2017 BILL C: Krugersdorp region	Supply and installation of manhole grids for a period of three years : all five regions in Gauteng province	Kabo Events	R1 982 600.00	16 August 2018	Transport Infrastructure Maintenance
DRT 44/11/2017 BILL D: Pretoria region	Supply and installation of manhole grids for a period of three years: all five regions in Gauteng province	Kabo Events	R1 982 600.00	16 August 2018	Transport Infrastructure Maintenance
DRT 44/11/2017 BILL E: Vereeniging region	Supply and installation of manhole grids for a period of three years: all five regions in Gauteng province	On the Mix	R2 299 540.00	16 August 2018	Transport Infrastructure- Maintenance

Tender no.	Project description	Service provider	Bid amount	Date of award	Business unit
DRT 28/05/2017	The rehabilitation of road P175/1 from km 0.00 (P156-3-R42) to km 14.20 (North West province border approximately 14.2km)	Jodan Construction (Pty) Ltd	R162 203 95.90	18 October 2018	Transport Infrastructure Construction
DRT 19/07/2017	The rehabilitation of Provincial Road P39/1 between KM 30.90 and KM 45.35 near Muldersdrift and the improvement of P39/1 and Cedar Road (K33) intersection	Jodan Construction (Pty) Ltd	R141 513 202.45	24 January 2019	Transport Infrastructure - Construction
DRT 14/07/2017	Upgrading and rehabilitation of road K69 from R104 (Bronkhorstspruit Road) to road K54 Mamelodi-Phase 1 (Approximately 9.00KM)	Umso Construction (Pty) Ltd	R282 958 394.24	28 March 2019	Transport Infrastructure - Construction

The following tenders were cancelled after presentation to the bid adjudication committee:

Tender Number	Description	Estimated Value	Reason for Cancellation
DRT 09/06/2016	Grass cutting, tree felling and litter picking for a period three year: Five regions in Gauteng Province	R201 000 000	Material irregularities presented in the Probity Audit report
DRT 18/10/2016	Construction of road P1-1 (R82) (57) Phase 3 from D1073 (Walkerville) to K164 (De Deur, Approximately 11.3 KM) and road K164 between road D904 and road 905 (Approximately 4.1KM)	om D1073 (Walkerville) to Deur, Approximately 11.3 oad K164 between road gradings for subcontractors	
DRT 119/02/2017	Construction of new K73 (1.381) between K58 (Allandale Road) and K71 (Woodmead Drive), the upgrading of sections of K58 (2.784km) and K71 (0.962km) and Rehabilitation of K58 (0.65km) and Rehabilitation of K58 (0.65km) between Maple drive and K71	R191 000 000	Specifications included the use of geo-Nano technology without the necessary testing being conducted
DRT 43/11/2017	The visual assessment of roads bridges, major culverts and pavement surveillance measurements	R30 000 000	None of the bidders were responsive to the tender criteria
DRT 34A/08/2017	Public Transport Operations Grant - 8 bus subsidy contracts	R93 000 000	Budget insufficient for award

The following tender outcomes are still pending:

Tender Number	Description	Estimated Value	Reason
DRT 39/07/2017	Professional Engineering Services for the Preliminary Design Review & Detail Design of PWV15 from R21 to N3, approximately 35.4km & supervision for N3 to N17, approximately 15.5km (Phase 1)	R6 000 000	Legal dispute – HOD decision still pending
DRT 18/07/2017	Construction phase: K175 (R568): Rehabilitation of Road K175 (R568) (Tshwane) (12 months)	R55 000 000	Forensic investigation
DRT 116/02/2017	Rehabilitation of road P122/1 (R57) from km8.4 to P36/1 (R10) (Solomon Mahlangu Drive) approximately 9.3km	R180 000 000	Forensic investigation

### **Strategic objectives**

		Programm	ne: Administration		
Strategic objectives indicator	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
			Finance		
		Provin	cial indicators		
Clean audit report	0	1 clean audit report 2017/18	0	1	Continuous challenges on Audit of Pre-Determined Objectives (AOPO) have adversely impacted on non-achievement of clean audit.
Material underspending of the budget	4% underspending (R292 407. 000) of the total allocated budget of R7 082. 340 000	Tolerable underexpenditure of 3% (R240 725 000) of the allocated budget	5% underspending (R359 606 248.41) spending of the allocated budget to date	118 881 248.41	The main contributors to the 3% target not being reached is due to the bus subsidies programme (both PTOG and NW Star) which were not fully exhausted for the year due to the bus DNOs and the new contracts which were not appointed.

<sup>\*</sup>The amount was based on the original budget in April 2018, not the final appropriation at the end of the year. The 3% actual target based on the final appropriation was therefore R238,047,390.00. The final figures reported above are based on the final appropriation.

### Strategy to overcome areas of underperformance

Indicator	Proposed intervention
Clean audit report	The Auditor-General's recommendations were considered and action plans implemented to ensure non-recurrence of similar findings.
Material underspending of the budget  Tolerable under-expenditure of *3% (R231 415 000) of the allocated budget	The Department will ensure that the new bus subsidy contracts are implemented in the financial year 2019/20.

### Strategic objective 2: To capacitate the organisation with the required competencies.

To enable the Department to deliver on its mandate the following projects were executed:

### **Human Resource Development**

### Human capital development

To develop and capacitate departmental employees with identified skills in various training programmes, 2,522 employees were trained. The various training programmes conducted related to transport roads and administration capacity building programmes.

### Performance Management and Development Systems (PMDS) training

The Gauteng Provincial Government's (GPG's) Policy on a new PMDS for employees on levels 1 to 12 was approved by the Office of the Premier on 8 March 2019. Training on the policy was held over a three-day period for 71 PMDS coordinators.

Furthermore, Senior Management Service (SMS) members were trained on PMDS in March 2019. The PMDS training programme was facilitated by the National School of Government and 44 SMS members attended the training programme.

### **Employee and organisational wellness**

The Department developed initiatives for improving health and wellbeing of its employees to ensure productivity and service delivery. The following initiatives were implemented during the financial year 2018/19.

### Health screening

To promote employee wellbeing, by making it possible for employees to access basic health care which enables employees to know their health status, the Department conducted health screening sessions in 14 regional offices and reached 600 employees.

### Occupational Health and Safety (OHS)

A total of 994 employees attended the OHS induction at the Temba DLTC, head office, g-FleeT and Bronkhorstspruit, Heidelberg, Vereeniging, Derdepoort, Benoni, Vereeniging, Heidelberg, Koedoespoort and Krugersdorp regional offices.

The HOD appointed managers in all departmental offices in terms of Section 16.2 of the OHS Act (Act 181 of 1993) and 30 managers attended 10 days' OHS training.

447 employees (road workers, operators, cleaning personnel, etc) attended medical examinations. OHS audits were conducted at g-Fleet Management's East London, Cape Town, Durban and OR Tambo regional offices.

Furthermore, 34 Safety, Health and Environment (SHE) representatives, 11 firefighters, 60 first aiders and 23 evacuation marshals were nominated within the departmental regional offices and Transport Operating Licence Administrative Bodies (TOLABs).

### Financial management workshop

Financial literacy workshops were conducted at the following regional offices (Vereeniging, Derdepoort, Benoni, Heidelberg and Bronkhorstspruit) and 150 employees attended.

### Change management workshop

A change management workshop for senior managers was conducted by the National School of Government and 32 senior officials attended. The aim of the workshop was to equip and support managers to adopt change and initiate organisational success and outcomes.

### **Facilities management**

### Upgrades at departmental facilities

The Department conducted maintenance on departmental facilities through plumbing, structural and electrical programmes. The departmental facilities maintained included regional offices (Derdepoort, Koedoespoort and Benoni), TOLABs (Germiston and Tshwane), DLTCs (Kagiso and Mabopane) and buildings (Derek Masoek, 11 Diagonal and Sage Life).

### Records management

e-DRMS: Phase 2 is 95% complete. However, Phase 3 was halted due to the relocation of the departmental records from 45 Commissioner Street. Phase 3 will continue in the financial year 2019/20.

### User Asset Management Plan (U-AMP)

The U-AMP is developed in compliance to the Government Immovable Asset Management Act (GIAMA, Act 19 of 2007), to ensure effective and efficiency immovable asset management planning and co-ordination of the user immovable assets with the service delivery objectives of the Department. The 2020/21 U-AMP, in line with the completion of the 2019/20 U-AMP, which entails the reprioritisation of facilities, is in the process of being compiled.

# Strategic objectives

		Programme: A	Administration		
Strategic objectives indicator	Actual achievement 2017/18	Planned target Actual achievement 2018/19 2018/19		Deviation from planned target to actual achievement for 2018/19	Comment on deviations
		Corporat	e Services		
		Provincial	indicators		
Approved departmental Human Resource Development (HRD) Implementation Plan submitted to DPSA annually	Approved Departmental HRD Implementation Plan to DPSA annually	Approved Departmental HRD Implementation Plan to DPSA annually	Approved HRD Implementation Plan submitted to DPSA	-	-
Job Access Strategic Framework Implementation Plan submitted to DPSA annually	Approved Job Access Strategic Framework Implementation Plan submitted to DPSA annually	Job Access Strategic Framework Implementation Plan submitted to DPSA annually	0	1	
Gender, Youth and People with Disabilities (GEYODI) Equality Strategic Framework Implementation Plan submitted to DPSA annually	Approved Gender Equality Strategic Framework Implementation Plan submitted to DPSA annually	Gender Equality Strategic Framework Implementation Plan submitted to DPSA annually	0	1	Lack of capacity resulted in target no being achieved.
Approved Annual Human Resource Planning Implementation Report submitted to DPSA annually	Approved Annual Human Resource Planning Implementation Report submitted to DPSA annually	Approved Annual Human Resource Planning Implementation Report submitted to DPSA annually	Approved Annual Human Resources Planning and Implementation report submitted to DPSA	-	-

#### **Performance indicators**

	Programme: Administration							
Performance indicator	achievement		erformance Planned target achievement		Deviation from planned target to actual achievement for 2018/19	Comment on deviations		
		Corporate	e Support					
		Provincial	indicators					
Number of employees in designated categories that have undergone compulsory training programme	958	800	2, 552	+1, 752	The additional training of 1,752 employees were due to the Office of the Premier mandated training (Introduction to OHS and Evacuation Management Services).			
Number of interns and learners	95	100	121	+21	Additional interns were recruited to gain work place experience at the Mabopane DLTC.			

### Strategy to overcome areas of underperformance

Indicator	Proposed intervention
Job Access Strategic Framework Implementation Plan submitted to DPSA annually	The Department has allocated a resource for GEYODI and the drafting of the Implementation Plans has commenced for financial year
GEYODI Equality Strategic Framework Implementation Plan submitted to DPSA annually	2019/20.

### Strategic objective 3: To achieve an 80% customer satisfaction level by 2019.

To transform and modernise the Department, the following initiatives were executed regarding Information Communication Technology (ICT):

#### Automation of business process towards efficiencies

### Automation of processes electronic-Document and Records Management System (e-DRMS)

The Department has prioritised the automation of the e-DRMS to promote a paperless environment, for the financial year 2018/19. The Department developed 25 scanning processes and will go live in the 2019/20 financial year.

### • Short Messaging System (SMS)

A SMS service is a text messaging service component of most telephone, internet and mobile-device systems. The SMS system was deployed in g-FleeT (VIP and Pool, Permanent Section, Customer Management Services) and the Revenue and e-Natis units to enhance and improve communication with the public.

### Abnormal Vehicle Booking System

The Department has developed an abnormal vehicle booking system which will enable the public to apply online and book their vehicles to be inspected. Development and testing of the system has been completed and the system will go live in the financial year 2019/20.

### • e-Compliance

To improve the internal controls and adequacy in the DLTCs, the Department developed an e-compliance system which will enable the audited information to be stored centrally. The system was deployed in the year under review.

### • Stakeholder Database System

The Department developed an automated database system for capturing stakeholder information. The database will ensure easy access of stakeholder's information.

#### **Donations**

As part of the corporate social responsibility, the Department has donated ICT functional equipment i.e. 67 desktops, 7 laptops and 3 printers to non-profit organisations.

#### **Communication and Media Liaison**

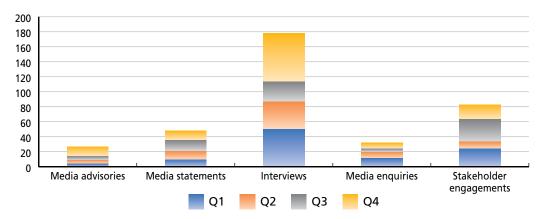
To promote and create public awareness of departmental projects to communities, the Department has initiated the following projects:

### Media Liaison

The Department has executed the following media activities in the financial year 2018/19:

Media activities	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Media advisories	4	5	6	12
Media statements	11	11	15	11
Interviews	52	36	28	65
Media enquiries	13	7	5	7
Events/stakeholder engagement	26	8	31	19

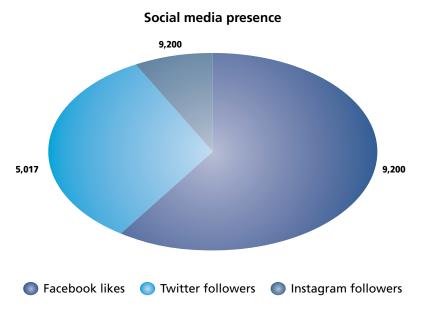
#### Media activities 2018/19



### Digital and online communication

The Department continues to use digital and online media to promote the public image and reputation of the organisation. This is undertaken through provision of relevant and consistent messaging, harnessing working relations with the media (national, regional and local) and creating maximum exposure/publicity.

### The Department is also active on the following social media platforms:



#### External communication

The objective is to promote and facilitate sound and effective two-way communication between the Department and citizens. This is achieved through:

- Profiling the work of the Department by informing and educating citizens through tailored messages addressed to targeted segments of the public;
- Communicating the ways in which the Department is changing the lives of Gauteng motorists and residents; and
- Ensuring that stakeholders are consulted and that they can see the impact of feedback they have provided.

### • GPG citizen engagement - common platform (provincial web portal\*)

The GPG is embarking on a Provincial Citizen Engagement (Common) Platform aimed at ensuring that citizens utilise e-services across all available channels. The platform provides easy access to several services offered by the Gauteng Government to citizens. The platform is an online "one-stop-shop" for citizens, businesses and visitors engaging with the Gauteng Government. It is envisaged that the common platform will be established in 2019/20.

The following events were launched during the financial year 2018/19:

- Last mile solution: e-Cargo bike unveiled in Sharpeville.
- R55 road reopened after a 30-metre sinkhole repaired.
- The Department donated 100 bicycles to Eldorado Park learners.
- Tsamaya Road to undergo multi-million upgrades.
- R511: Major upgraded freight route officially opened.

### Gauteng launched 2018 October Transport Month (OTM) campaign

The annual provincial OTM campaign was launched at the Walter Sisulu Square Community Hall. The OTM campaign sought to create awareness on the importance of transport as a driver and an enabler for economic growth. The major activities for the campaign were as follows:

- The launch of the Gibela Train manufacturing plant in Nigel;
- Inspection of the R558 in the South of Johannesburg to assess the road maintenance and road safety programme;
- Distribution of bicycles to learners from Fine-town, Ennerdale and surrounding communities;
- Opening of a modern DLTC in Kagiso, West Rand;
- Launch of the driving licence online booking service on 30 August 2018 in Tshwane; and
- The outreach programme in Orange Farm.

#### Internal communication

Internal communication is the sharing of information within an organisation for the promotion of social cohesion which helps improve work performance. The following issues were highlighted through the Department's internal communication networks:

- Road safety campaigns.
- Development measures in the public transport sector.
- Commemorative days.
- Combating fraud and corruption.
- Internal road shows.
- Human Resource Development (HRD) information.
- Promotion of sound financial measures.
- Good governance.

### To ensure robust public relations, the Department undertook the following initiatives:

#### Stakeholder Perception Survey

The Stakeholder Perception Survey is a research report which presents the concerns of Department's stakeholders with recommendations on how to improve stakeholder engagement and relations. The Stakeholder Perception Survey was completed during the 2018/19 financial year and the Department is integrating the findings and recommendations within its programmes to improve stakeholder perceptions.

#### Social facilitation

The Department's Social Facilitation Strategy is aimed at promoting consultation and communication with all the affected stakeholders during the implementation of infrastructure projects. This participatory methodology has been very successful in delivering infrastructure projects in communities with minimum disruption and strengthening democratic and good governance processes.

Social facilitation in communities were conducted during financial year 2018/19 for the following road infrastructure projects:

- RISFSA Class 1&2;
- P249, N14 Phase 2;
- D1944;
- P88/1;
- D670;
- P175/1;
- P243/1;
- Sebokeng DLTC and Vereeniging Intermodal facility; and
- Tolwane Bridge reconstruction.

### Service Delivery, Job Creation and Economic Programme (Outreach Programme):

The Department conducted community outreach programmes which focused on disseminating information on the available employment and economic opportunities within the GPG's programmes. The outreach programmes, aimed at empowering women, youth, people with disabilities and military veterans, were held in the following areas:

- Westonaria;
- Finetown;
- Lenasia South;
- Orange Farm; and
- Ennerdale.

### **Strategic Objectives**

Programme: Administration						
Strategic objectives indicator	achievement Planned target achiev		Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations	
		Corporat	e Services			
		Provincial	indicators			
Stakeholder 0 1 1 Perception Survey conducted						
% of customer satisfaction level by 2019	-	80%	0	80%	Delays in the tendering process	
*New indicator		1	1		l.	

### **Performance indicators**

		Programn	ne: Administration		
Performance indicator	Actual achievement 2017/2018	Planned target 2018/2019	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
		Corpo	orate Services		
		Provir	icial indicators		
Fully automated identified business processes and records management by 2019	Mapping, system design, systems development 1 (45%) completed  1. Electronic Document and Records Management System Phase 1	Mapping, system design, systems development 3 (100%)  1. Electronic Document and Records Management System Phase 1 (60%)	25 e-DRMS scanning processes developed	20	-
	2. Way leave (5%)	2. Test and go live of Queue Management System in two sites (phase 2) (20%)	Test and go live for Queue Management System (1 site completed; Kagiso DLTC)		Theft of equipment (amplifier for Germiston TOLAB) delayed the completion of the project.
		3. SMS system (20%) in 4 sites	Developing Short Messaging Service completed on four sites - (g-FleeT: VIP and Pool, Permanent Section Customer Management Services; and Revenue and e-Natis.)		-

### Strategy to overcome areas of underperformance

Indicator	Proposed intervention
% of customer satisfaction level by 2019	The Customer Satisfaction Survey will be completed in the financial year 2019/20.
Fully automated identified business processes and records management by 2019	The Department will procure the relplacement for the stolen equipment (amplifier) in the financial year 2019/20.
Mapping, system design, systems development (100%)	
1. Test and go live for queue management (2 site completed).	

# Changes to planned targets

None.

### Linking performance with budgets

### **Programme expenditure**

		2018/19		2017/18		
Administration	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000					
Office of the MEC	9, 690	7, 755	1, 935	8, 760	7, 141	1, 619
Management of the Department	18, 509	15, 830	2, 679	17, 456	15, 863	1, 593
Corporate Support	300, 620	259, 247	41, 373	273, 020	267, 931	5, 089
Departmental Strategy	3, 335	2, 904	431	3, 273	2, 723	550
Totals	332, 154	285, 736	46, 418	302, 509	293, 658	8, 851

The Sub-Programmes within this Programme are administrative in nature. Therefore, the allocations are funded from the equitable share portion of the departmental allocation. The underspending, which has drastically increased from the previous financial year, was due to delays in the filling of vacant posts as well as the cost containment measures that were rigorously applied to reduce spending within operational expenditure.

### 4.2 Programme 2: Transport Infrastructure

### **Purpose**

The purpose of the Programme is to provide a balanced equitable road network in the province by promoting accessibility that is sustainable, integrated and environmentally sensitive, which support economic growth and social empowerment.

The Programme is aimed at determining the needs for the development of infrastructure, implementing maintenance and construction programmes and providing access to communities to unlock economic potential, as well as promoting community development. The Programme consists of four Sub-Programmes namely:

### **List of Sub-Programmes:**

- Infrastructure Planning.
- Infrastructure Design.
- Construction.
- Maintenance.

### Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objective 1: To integrate province wide transport sector planning and multi-modalism that supports decisive spatial transformation.

### **Gauteng Household Travel Survey (GHTS)**

The Gauteng Household Travel Survey (GHTS) provides insight and travel experiences of residents within the province. The survey indicates travel patterns, opinions about public transport and other modes of transport. It also provides critical data for future transport planning and highlights the efficiency of public transport system including areas of improvement.

The 2019 GHTS was officially launched in March 2019 in collaboration with the CSIR. The Pilot projects for Field Surveys and Public campaign commenced in Johannesburg during March 2019. Survey Teams were appointed to conduct the survey and the detailed project plan is 90% complete.

### **Gauteng Transport Modelling Centre**

The Department has identified a tool that is being utilised to meet the growing set of functional requirements needed for transportation system modelling called the Transport Modelling Centre. This tool provides transport evidence-based decision making capabilities which are required to improve the mobility of goods and people within the province. The transport model requires updating annually which include new transport links, traffic information, land use information, demographics and economic data.

The data preparation for buildings and economic projections for modelling households has been completed.

The process of uploading the following standardized data format on google maps is ongoing:

- Public transport data in Gauteng.
- The collection and conversion of Gauteng municipal bus service data to the General Transit Feed Specification (GTFS).

All City of Tshwane Bus Services and City of Joburg's VayaMoja routes, are live on Google Maps and data conversion is 50% complete. The bus surveys for Ekurhuleni will be uploaded in the 2019/20 financial year.

#### **Route determinations**

The Gauteng road network remains one of the most important infrastructure assets in the province that support local economic growth resulting in job opportunities within the identified corridors (inclusive of freight corridors supporting freight hubs) and nodes. It is crucial that the Gauteng province develop and maintain an integrated road network.

Therefore, route determination focuses on refining and amending routes for the province ensuring alignment to the Gauteng Spatial Development Framework. The Department has identified 28 routes that are currently in process of being refined. Furthermore, 29 routes will be amended to include support for road freight hubs over the MTEF. These routes will provide future support to land use development, including the establishment of mega settlements, such as the Aerotropolis and Freight Hubs.

The progress of the following route determination projects are as follows:

- Project A (K14 at K177; K203 at K177; K16 between K169 and PWV19; PWV6 at N4) is at 80%.
- **Projects B** (K106 at K175; K109 at K68; K163 between N17 and K136; K175 with quarter link to K173 & K179) is at 55%.
- **Project C** (K156 Extension Westwards; K176 Extension Westwards; K178 Extension Westwards and K213 Extension Southwards) is at 65%.
- Project D (K9 between K156 and K11; PWV 16 between K211 and K5; PWV8 between K13 and PWV1) is at 53%.
- **Project E** (K17 btween K24 and K26; K24, West of K76; K26 between K76 and K17, K76 at and North-West of K197) is at 54%.
- **Project F** (K96 between K197 and K76; K102 between K140 and PWV1); K140 extension west of K102; (K211 between P89-1 and K228) is at 65%.
- **Project G** (K228, West of K76; PWV12A with the extension West of K5 to the provincial border) is at 54%.
- **Project H** (K83 extension eastwards; K77 realignment of K77) is at 65%.

### Integrated Transport Plan (ITP) support/evaluation

An ITP is a legal requirement for all planning authorities as stipulated in Chapter 4, Section 36 of the NLTA (2009). It is also the primary transport planning document that outlines all the transport projects that are required to accomplish the mandate of a municipality. The plan forms an integral component of the Integrated Development Plan (IDP).

Every five years the metropolitan and district municipalities are obliged to prepare and submit Comprehensive Integrated Transport Plans (CITPs) for Metros and District Integrated Transport Plans (DITP). The CITPs for City of Tshwane and Ekurhuleni have been approved. The City of Johannesburg has submitted its CITP which is under review.

Draft DITP reports were completed for both West Rand and Sedibeng district municipalities and submitted for consideration. The public participation process for the West Rand DITP has commenced.

### Master Plan for transport services centres in Gauteng Province

The Department embarked on a project to develop a Master Plan for Integrated Transport Services Centres (DLTCs, TOLABs, and VTSs) in the 2017/18 financial year. The Master Plan will address challenges in the planning, construction and management of the transport services centres. The Plan recommended design and functional principles for ITSCs. The financial year 2018/2019 focused on Phase 2, which entailed conducting a feasibility study at a pilot site and carrying out detailed designs for approval.

A Phase 2 report was completed indicating the findings and recommendations of the feasibility study in support of the design and establishment of a comprehensive Integrated Transport Customer Service Centre on Portion 159 of the farm Diepkloof 319IQ.

The following investigations were completed on site with full reports:

- a) Topographical survey was completed. This investigation was necessary to identify and map the contours of the existing features of the ground at the proposed site.
- b) Environmental Impact Assessment (EIA) screening conducted internally and report completed. Based on the findings of a high-level initial environmental screening of the site, no environmental fatal flaws are expected.

c) A Traffic Impact Assessment (TIA) was undertaken. The conclusion was that majority of the intersections in the study area have sufficient capacity to accommodate the traffic that will be generated by the proposed Comprehensive ITCSC and with intersection improvements.

Geotechnical investigation on the preliminary and detailed reports was completed. The preliminary and detailed geotechnical investigation indicates that the site is suitable for development, subject to recommendations pertaining to the proposed site included in the geotechnical report.

### Mapping of minibus taxi routes in Gauteng Province

The Department, in collaboration with the CSIR, is in the process of collecting geo-referenced data pertaining to minibus taxi routes in the Gauteng Province which will be consolidated into a geo-database linked map for the routes. The consolidated map will enhance the integrated planning process as well as the provincial regulatory function within the province. The mapping will assist in obtaining accurate data and reliable records of minibus taxi routes in the province. The geo-coded database will be of importance in the design of an Integrated Public Transport Network (IPTN) with a defined hierarchy that includes the minibus industry.

Part of the project includes conducting route surveys for purposes of collecting on-board minibus taxi data to facilitate transport planning in the province. Route survey execution has commenced and the status of survey executions are as follows:

- Tshwane 94%
- West Rand 100%
- Ekurhuleni 100%
- Sedibeng 100%
- Johannesburg 0%

The outstanding survey planning for the Johannesburg region will be expedited through continuous engagements with the taxi associations to give permission to survey Johannesburg. The outstanding data capturing, consolidation and data validation will be completed in the next financial year.

### **Prioritised freight databank**

The databank provides a clear understanding on the current and future movement of freight flows into and around Gauteng to enable better planning. It also serves to gather current modal distribution of inter- and intra-provincial freight movement, and industry trends. The databank collates stores and enables users to retrieve freight information pertinent to their needs and is updated annually. The tri- annual improved data intelligence provides effective freight transport planning, policy and decision-making. The project is hosted by e-Government and is complete.

### **Prioritised freight hubs**

The modernisation of freight transport in Gauteng comprises the movement of freight from road to rail, which includes the development of major rail based freight and logistics hubs located in the Gauteng City Region (GCR) urban core. Key interventions identified in the road to rail strategy includes the establishment of priority freight logistics hubs as part of the broader Durban-Free State-Gauteng (DFSG) Logistics and Freight Corridor Development which is part of the Strategic Infrastructure Projects 2 (SIP2) process. The Department focused on detailed planning of transport infrastructure required for the prioritised freight and logistics hubs, such as Tambo Springs and City Deep.

### • Tambo Springs

In support of the Tambo Springs Logistics Gateway, the Department conducted a study on the surrounding road network. The outcome of the study indicated the existing and future roads which require re-alignment, design, EIA and construction at different phases of the logistics gateway development.

The primary link to the proposed Tambo Springs Logistics Gateway from the N3 included the planned K148/N3 Interchange. Designs for K148/N3 interchange are complete and the construction will commence in 2019/20 financial year.

### **SUB-PROGRAMME: INFRASTRUCTURE DESIGN**

### Road designs to be completed over the MTEF

Road description	Corridor	Progress
Bridge Management System (BMS) Phase 3 (10 bridges)	Eastern/Southern Corridor	The project is at tendering stage.
PWV15	Eastern Corridor	The awarding for professional services is on hold due to litigations which are on-going.
K16 between Watloo and Mamelodi	Northern Corridor	Designs are completed. The Water Use Licence Authorisation (WULA) application and EIA is on-going.
K97 (P1-3) R101: Phase 2: upgrading of K97 from N4 Southwards to Wonderboom (K14) (Pyramid Freight Hub)	Northern Corridor	K97 – designs are completed. WULA and EIA are issued. Project was completed.
K105 upgrading of dual carriageway from K60 Tembisa to Kempton Park	Northern Corridor	Overall progress is at 20% complete due to delays experienced from GDARD for approval of mitigation design for Wetlands. Extension of time has been issued for consultants to finalise the investigations.
K122 (Eldorado Park) from Klip Valley Road (Walter Sisulu Square) to P1-1 (R82)	Southern Corridor	Overall progress is at 90% complete due to delays in receipt of approval to tunnel under the NI from SANRAL. Extension of time has been issued for consultants to finalise the investigations.
K170: interchange, N1 and Golden Highway: Access to Evaton and Sebokeng	Southern Corridor	The Professional Service Provider (PSP) contract has been terminated due to non-performance and failure to adhere to project timelines.  Penalties were issued to the consultants. Black listing process has been initiated.
P1-1 (R82) from De Deur to Vereeniging: upgrading of road to a dual carriageway	Southern Corridor	The designs and EIA were completed. The WULA is in progress.
K11 Construction of Randfontein bypass Mogale City to Western area from K198 to Mohlakeng	Southern Corridor	Project is on hold due to mining cavities inside the road reserve. The project was extensively delayed and the duration expired for consultants.

### **Strategic Objectives Indicators**

		Programme: Tran	sport Infrastructure			
Strategic objectives indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement 2018/19	Comment on deviations	
	Provincial indicator					
	SUB-PROGRAMME: INFRASTRUCTURE PLANNING					
1 Gauteng Household Travel Survey completed by 2019.	-	-	-	-	-	

### **Performance indicators**

		Programme: Trans	sport Infrastructure		
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on deviations
		SUB-PROGRA	AMME: DESIGN		
		Provincia	al indicator		
Number of designs completed	9	9	0	9	The designs completion was delayed due to the following reasons:  PWV15 - due to litigation filed by one of the bidders the next stage of design contract awarding could not proceed.  K170 - poor performance from consultants resulted in termination of the contract.  K11 - delays were due to the consultant not adhering to the project timelines.  K16 - delay in the receipt of wayleave approval from PRASA/ Transnet.  K105 - delay experienced from GDARD for approval of mitigation design for wetlands.  K122 - receipt of approval of approval to tunnel under the N1 was delayed from SANRAL.  K60 - experienced delays due to GDARD requested, relocation plan for informal settlement.  K97 and P1-1 completed ahead of schedule.

Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on deviations
	SU	B-PROGRAMME: INF	RASTRUCTURE PLANI	NING	
Minibus taxi routes in Gauteng province mapped	0	Mapping of minibus taxi routes in Gauteng province completed	0	1	The project was delayed due to lack of commitment from the Johannesburg region to survey the routes.  Route survey progress is
					as follows:  Tshwane - 94%  West Rand -100%  Ekurhuleni - 100%  Sedibeng - 100%
Master Plan for Transport Services Centres in Gauteng province completed	Master Plan for Integrated Transport Customer Services Centres in Gauteng completed	Feasibility study on the establishment of an integrated Transport Service Centre (DLTCs, TOLABS) at a selected priority area	Feasibility study on establishment of an integrated Transport Services Centre (DLTC, TOLAB) at a selected priority area has been completed	-	-
Number of kilometres of surfaced roads visually assessed as per the applicable TMH manual	4, 408km	4, 571km	0	4, 571km	The projects were not completed due to the cancellation of the tender
Number of kilometres of gravelled road visually assessed as per the TMH manual	1, 377km	1, 359km	0	1, 359km	which resulted from unavailability of suitable bidders.

### Strategy to overcome areas of underperformance

Indicator	Proposed intervention		
Number of designs completed	PWV 15 court outcomes will decide the steps to be taken for the project.		
	K170 - the Department has initiated the blacklisting process of the service providers and the tender will be re-advertised in the financial year 2019/20.		
	3. K11 – the tender will be re-advertised in the financial year 2019/20.		
	4. K16 (wayleaves), K122 (tunnelling), K105 (wetlands), K60 (relocation plan) - extension of time will be considered for these projects which encountered delays due to external stakeholder approval dependencies.		
Minibus taxi routes in Gauteng province mapped	The outstanding route surveys will be completed in the financial year 2019/20.		
Number of kilometres of surfaced roads visually assessed as per the applicable TMH manual	The tenders for the assessments of surfaced and gravel roads will be		
Number of kilometres of gravelled roads visually assessed as per the TMH manual	re-advertised in the financial year 2019/20.		

Strategic objective 2: To provide modernised road infrastructure that promotes socio-economic development.

### **SUB-PROGRAMME: CONSTRUCTION**

### Surfaced roads upgraded

### Central Corridor

# • K46 (P79-1): upgrading from single to dual carriageway of road K46 (P79-1) William Nicol from PWV5 to Diepsloot/N14 Phase 2

The road will provide a link between Diepsloot and Johannesburg and act as access for existing and future developments along the Central Corridor. The project involves the dual carriageway on an existing 7.2km single carriageway between PWV5 and Diepsloot. The upgrading of K46 (P79-1) has been terminated due to contractor's poor performance and safety reasons.

### Gravel roads upgraded to surfaced roads

### Upgrading of gravel Road D1944

The road is a tertiary provincial gravel road located in the North-East corner of Gauteng, where the borders of Gauteng, Limpopo and Mpumalanga intersect. D1944 forms part of the Northern Corridor. The upgraded of D1944 enabled easy access to tourism areas such as Rust der Winter Nature Reserve and the Allemansdrif Dam. The project involved the surfacing of D1944 (11.35km) from gravel to tar road. The upgrading of D1944 is complete.

# • Multi-year projects

The Department has commenced with the implementation of the number of multi-year road upgrade projects.

Road description	Financial year	Corridor	Progress
K54 Mamelodi (Tsamaya road) to R104 Pretoria Bronkhorstspruit Road	2019/20	Northern Corridor	The road is at 31% complete, and is 2 months behind schedule due to community stoppages (community demanding 40% sub-contracting works) and illegal dwellings.
Upgrading of road K148: Intersection with N3	2020/21	Eastern Corridor	The upgrading of K148: intersection with N3, tender will be advertised in financial year 2019/20.
K69 (Upgrading and doubling of Hans Strijdom (Solomon Mahlangu) from the N4 to Mamelodi to K54	2020/21	Northern Corridor	The appointment of the suitable bidder has commenced.
Upgrade of K101 from D795 Olifantsfontein to N1 Brakfontein	2020/21	Northern Corridor	The appointment of the suitable bidder has commenced.
K14 between Cullinan and Rayton road (D483)	2020/21	Northern Corridor	The K14 tender will be advertised in the financial year 2019/20.
K31 access to Green Gate Development: Re-construction and upgrade of the M5 Beyers Naude Road	2020/21	Central Corridor	The tender for K31 was advertised in financial year 2018/19.
Upgrading of K73 between Woodmead Drive and Allandale road (D58) Mushroom farm	2020/21	Central Corridor	The tendering process was put on hold due to the use of specification / material that has no historical data on road construction and standard specification from SABS.
K60 Waterfall City: Construction of new link between R55 Woodmead Drive and Allandale Road	2019/20	Central Corridors	K60 project forms part of the Central and Eastern Corridor. K60 tender will be advertised in the financial year 2019/20.
R82 phase 3 (between D1073 (Walkerville) and K164 (De Deur)	2021/22	Southern Corridor	The project was put on hold due to sub-contractor not complying with CIBD requirement.
Vaal River City Interchange	2021/22	Southern Corridor	The Vaal River City interchange tender will be advertised in the financial year 2019/20.

# Strategic objectives

	Programme: Transport Infrastructure						
Strategic objective indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on deviations		
		SUB-PROG	RAMME: CONSTRUCTION	DN			
		Surfa	ced roads upgraded				
		Na	tional indicators				
Number of m <sup>2</sup> of surfaced roads upgraded	63, 600.00m <sup>2</sup>	168, 000.00m <sup>2</sup>	0m²	168, 000.00m²	Delays were due to K46 termination of contractor due to poor performance.		
		Gravel roads u	pgraded to surfaced	droads			
Number of kilometres of gravel roads upgraded to surfaced roads	-	11.35km	11.35km	-	-		
	Non-motorised infrastructure						
Number of m² NMT infrastructure completed	4, 851.00m²	35, 000.00m <sup>2</sup>	0m²	35, 000.00m <sup>2</sup>	Delays were due to K46 termination of contractor due to poor performance.		

### **Performance indicators**

		Prog	ramme: Transport	Infrastructure	
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on deviations
		SUB	-PROGRAMME: CO	NSTRUCTION	
			Job creation	on	
			National indi	cator	
Number of construction and NMT jobs created through the implementation of EPWP principles	207	200	76	124	No job opportunities were created due to:  K46: termination of contractor due to poor performance.  R82: the project tender was cancelled due to sub-contractor not complying with CIBD requirement.  K73: the tendering process was put on hold due to the use of specification / material that has no historical data on road construction and standard specification.  K69: delays in appointment of a service provider.

### Strategy to overcome areas of underperformance

Indicator	Proposed intervention	
Number of m <sup>2</sup> of surfaced road upgraded	The upgrading of K46 (P79-1) will be re-advertised in the financial year	
Number of m <sup>2</sup> NMT infrastructure completed	2019/20.	
Number of construction and NMT jobs created through the implementation of EPWP principle	The Department will create job apportunities through the construction K69, K46, R82 and K73 in the financial year 2019/20.	

### Strategic objective 3: To preserve the status of the existing road to its original state.

### Provincial Road Maintenance Grant (PRMG) expenditure

The Department was allocated R742, 522 million to execute the PRMG in the financial year 2018/19. Total expenditure for the financial year was R 742, 275 which is 99.97% of the total budget.

Roads maintenance functions and activities performed include routine road maintenance, shoulder repairs, replacement of fencing, bridge maintenance, resealing of road surface, re-gravelling, spraying of diluted emulsion, pothole patching, fencing, and blading of gravel roads.

### Routine and periodic assessment of the provincial road network

The Department has repaired sinkholes on (N14) P158/2, (R55) P66/1 and (R21) P36/1. Furthermore, 351, 775.62m² were resealed, 137.79km re-gravelled, 2, 075.09km gravel road bladed and 182, 724.34 m² of potholes patched. Drainage structures were repaired, pipes cleaned, guard rails, roads signs replaced including fencing installation, herbicides control and roads marking.

#### **Routine maintenance**

The Gauteng provincial road network maintained by the Department consists of 5, 638km of roads (4, 248.44km surfaced and 1, 389.10km gravel roads). The road maintenance programmes namely; departmental in-house roads maintenance network and the outsourced routine roads maintenance were executed to maintain the existing road network to a good condition. The Departmental in-house team maintained 2, 700km whereas 2, 938km was serviced by outsourced routine maintenance programme.

### Road Rehabilitation Infrastructure Projects

### Completed in 2018/19

#### **Northern Corridor**

 P249/1 Phase 2: Rehabilitation of P249/1 (R511) in Pretoria region to Gauteng/North West border

The P249/1 is a single carriageway located within the residential, industrial and agricultural areas of Pretoria and forms part of the Northern Corridor. The project entailed the rehabilitation of 8.69kms of the P249/1 and was completed in the financial year 2018/19. The road has improved access between the Gauteng and North West provinces resulting in farmers having improved access to markets and reduced transport cost.

P249/1 has benefitted tourism, police, the local community, taxis, busses transporting school children and trucks travelling from Johannesburg to North West and surrounding areas. All the above have created additional work opportunities within the various industries.

#### **Western Corridor**

#### Rehabilitation of P88/1 between P73/1 and P3/6

The road is in the South-West of Johannesburg, between Sebokeng and Westonaria, forming part of the North South-West Corridor. The project entails the rehabilitation of single carriageway road P88/1 for a total length of 29.3kms. It is an alternative road to the tolled N1 connecting Evaton, Sebokeng, Westonaria, Randfontein and Pretoria. The road is utilised by heavy vehicles for the mining and industrial activities in the Randfontein and Krugersdorp areas. The road has deteriorated and requires structural strengthening. The rehabilitation of P88/1 was completed in the financial year 2018/19. Rehabilitation of the road improved businesses ability to provide goods and services, and people's ability to access education, employment and services and reduced transportation costs (including travel time, vehicle operating costs, accident and pollution damages).

#### Rehabilitation of D1884 between D478 and P243/1

D1884 is an undivided two-lane secondary road which links road D478 (north) and P243/1 (south). The project involved the rehabilitation of 6.68kms of the road between roads D478 and P243/1. The road serves as the only access road to the grain silos (situated at 1.7km) for storage of farm produce from the Heidelberg West agricultural area. The rehabilitation aimed at improving access to markets, decrease transportation costs and promotes tourism development. The rehabilitation of D1884 was completed in the financial year 2018/19.

The road was constructed utilising the new nanotechnology which assist in cost reduction of pavement construction. The Department conducted the Heavy Vehicle Simulator (HVS) test on the new technology to identify the best available technology. The technology has the potential to reduce the cost of construction by over one fifth of the current market prices.

#### **Southern Corridor**

# • Light rehabilitation of road P243/1 Section 2 from Vereeniging (9.0km) to Balfour (18.13km), approximately 9.13km

The P243/1 section 2 (P243/2) project is in the Midvaal Local Municipality situated in the Sedibeng District Municipality within the Gauteng Province, with Vereeniging as the nearest town. P243/1 Section 2 provides the link between Vereeniging and Balfour. The road entails the partial reconstruction of the P243/1 Section 2 from 9.0km to 18.13 km and was completed in the financial year 2018/19.

The rehabilitation of P243/1 Section 2 provided access to road infrastructure and safety for the next 20 years. The upgrade of the link between Vereeniging and Balfour will also sustain current economic development in the greater area. The project has also created job opportunities for the local community.



### Multi-year projects

The Department has commenced with the implementation of the following multi-year road rehabilitation projects:

Road description	Corridor	Progress
P175/1: Rehabilitation from Vanderbijlpark to Potchefstroom-Phase 2	Southern Corridor	The contractor is working on site establishment and progress is at 4%.
P39/1 Heavy rehabilitation from 30km Diepsloot to 45km Muldersdrift	Southern Corridor	The Department of Labour granted a works permit to the contractor and site was handed over to the contractor on 28 March 2019. The road will be completed in the financial year 2021/22.
P156/3(R42) from P155/1 to D2563 Vanderbijlpark	Southern Corridor	The tender process for the rehabilitation of P156/3 has commenced.
Rehabilitation of P122/1 from P36/1 (R10) (Solomon Mahlangu Drive Olifantsfontien)	Northern Corridor	The tender process for the rehabilitation of P122/1 has commenced.
K175: Rehabilitation of the Road K175 from N4/2 to D670 (8.1km)	Northern Corridor	The tender process for the rehabilitation of K175 has commenced.
Rehabilitation of Roads P241/1 (R554) from 15.7km to 19.75km and Road D405 (R554) from 0.00km to 8.75km (R82)	Central Corridor	The rehabilitation of P241/1 tender was advertised in the financial year 2018/19.
Rehabilitation of Road P126-1 between Ontdekkers Road and P16-1 Tarlton	Western and Central Corridors	The rehabilitation of P126/1 tender will be advertised in the financial year 2019/20.

Road description	Corridor	Progress
Rehabilitation of Road P103/1 between N14 and N1	Western and Central Corridors	The rehabilitation of P103/1 tender will be advertised in financial year 2019/20.
Rehabilitation of Road D483 between P6-1 (Bapsfontein) and D713 Cullinan	Western and Central Corridors	The rehabilitation of D483 tender will be advertised in financial year 2019/20.

#### Consideration of alternatives roads to e-toll roads maintained:

- K57 (P122/1) Elardus Road, Phase 2 (Tembisa to Solomon Mahlangu Road).
- N14 Pretoria/Krugersdorp freeway from Tshwane to Krugersdorp/Johannesburg, Phase 2.
- K97 (R101) P1/3 Old Warmbaths/Pretoria Road.
- R82 (P1/1) Johannesburg/Vereeniging freeway, Walkerville to Vereeniging.
- K101 from D795 Olifantsfontein to N1 Brakfontein.

#### TRAFFIC ENGINEERING

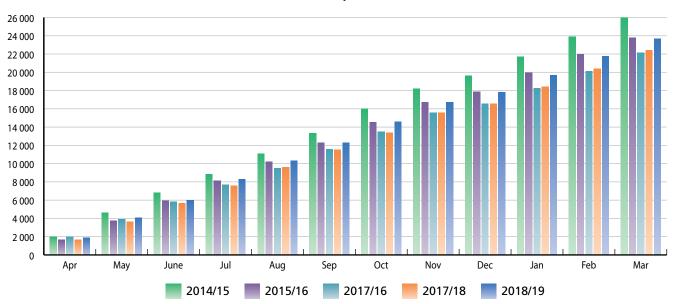
### **Automated weigh-in-motion devices**

The Department utilises High-Speed Weigh in Motion (HSWIM) devices to provide an assessment of overloading that occurs on provincial roads e.g. weigh bridge. HSWIM will alter the pattern of over loaders due to the use of alternate routes. The devices are not for law enforcement however; these are used for monitoring overloading. These automated weighs in motion devices are fixed deployments that log data inter alia on type of vehicle, gross combination weigh, axle weight, bridge formula weight and speed of travel. The Department expanded one of the HSWIM sites to include photo recognition of number plates to identify habitual over loaders. The pilot project has commenced on the R50 and the system will be linked in real time to e-Natis.

### Abnormal permits issued

The Department provides abnormal load permits to various industries for transporting of mass loads on the Provincial road network. This is completed to regulate and project the movement of heavy loads on the Provincial road network. Below is a graphic presentation of the number of abnormal load permits issued over the past five-year period:

#### **Cumulative permit numbers**



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# Strategic objectives

		Programme: Tr	ansport Infrastructu	re	
Strategic objectives indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on deviations
		SUB-PROGRA	MME: MAINTENANCI		
Percentage of surfaced roads in poor and very poor condition	*	<10%	0	<10%	The project was not completed due to the cancellation of the tender for visual assessments as there were no suitable bidders.

### **Performance indicators**

		Programme:	Transport Infrastructur	e	
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on deviations
		SUB-PROGI	RAMME: MAINTENANCE		
		Surfaced	d roads rehabilitated		
		Na	tional indicator		
Number of m <sup>2</sup> of surfaced roads rehabilitated	396, 610.00m²	862, 968.00m <sup>2</sup>	643, 687.23m²	219, 280.77m <sup>2</sup>	Delays experienced with the N14 project being 2 months behind schedule due to community unrest and additional works granted for intersection 114.
		Surfac	ced roads resealed		
Number of m <sup>2</sup> of surfaced roads resealed	610, 894.11m²	126, 000m <sup>2</sup>	351, 775.62m²	+225, 775.62m <sup>2</sup>	Additional roads (P72/1, P59/1, P205/1, P6/2, K69, D318, P41/1, P119/1, P126/1, D665 and P122/1 etc) were resealed to ameliorate road safety hazards caused by rapid roads deterioration.
		R	e-gravel roads		
		Nat	tional indicators		
Number of kilometres of gravel roads re-gravelled	158. 15km	120, 02km	137.79km	+17.77km	Additional km's of roads re-gravelled in (K46, D1814, D460 etc) due to heavy rainfall experienced.

		Programme:	: Transport Infrastructur	e		
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on deviations	
		Bla	acktop patching			
Number of m <sup>2</sup> of blacktop patching	178, 189.62m²	94, 000m²	182, 724.34m²	+88, 724.34m²	Additional m² of roads across the provincial surfaced road network were patched due to heavy rainfall experienced and the network rapid deterioration. Roads that were consistently patched included P95/1, D1027, P41/2, P156/1 etc.	
		ı	Roads bladed			
Number of kilometres of gravel roads bladed	2, 314.96km	1, 230km	2, 075.09km	+845.09km	Additional km's of gravel roads bladed across the provincial gravel road network to address road safety challenges. Roads that were continuously bladed include D2090, D331, D478, D1222 etc.	
			Job creation			
Number of maintenance jobs created through the implementation of EPWP	3, 561	3, 330	3, 842 +	+512 +	Additional jobs created due to the roads safety hazards and roads deterioration in P102/1, P200/1, P89/1, P25/1 etc.	
		Rehab (370) = <b>3, 700</b>	33 (Rehab) = <b>3, 875</b>	337 (Rehab)	Fewer rehabilitation job opportunities created due to delays in the appointment of contractors for P122, K175, P175 and P39.	
		Tra	ffic engineering			
		Na	tional indicator			
Number of weighbridges calibrated to SABS standard	4	4	4	-	-	
Provincial indicator						
Number of abnormal load permits issued	24, 308	21, 800	23, 707	+1, 907	There was an increase in the transportation of abnormal loads for mining equipment applications received.	

### Strategy to overcome areas of underperformance

Indicator	Proposed intervention		
Percentage of surfaced roads in very poor condition	The tenders for the assessments of surfaced and gravel roads will be advertised and the percentage of surfaced roads will be obtained in the financial year 2019/20.		
Number of m <sup>2</sup> of surfaced roads rehabilitated	The Department granted the contractor a two-month extension of time to complete N14 in the financial year 2019/20.		
Number of jobs created through the implementation of EPWP principles (Rehab)	The contractor for rehabilitation of P39/1 has been appointed and outstandi jobs will be created in financial year 2019/20.		

### **Changes to planned targets**

Strategic objective/performance indicator	Planned target	Revised target
Number of m <sup>2</sup> of surfaced roads rehabilitated	231, 211.00m <sup>2</sup>	862, 968.00m <sup>2</sup>

### Linking performance with budgets

### Programme expenditure

	2018/19			2017/18		
Transport Infrastructure	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000					
Infrastructure Planning	58, 213	58, 072	141	52, 652	50, 073	2, 579
Infrastructure, Design	176, 765	176, 717	48	115, 185	114, 225	960
Construction	880, 782	825, 607	55, 175	895, 077	903, 307	(8, 230)
Maintenance	1, 618, 080	1, 592, 264	25, 816	1, 020, 054	1, 002, 552	17, 502
Programme, Support, Infrastructure	92, 067	88, 329	3, 738	179, 197	176, 027	3, 170
Total	2, 825, 907	2, 740, 989	84, 918	2, 262, 165	2, 246, 184	15, 981

The allocation for this Programme includes the PRMG and provincial earmarked infrastructure allocations. These two allocations form the core mandate of this Programme and of the Department. The underspending in 2018/19 was due to infrastructure projects that were not appointed early enough in the financial year, they were only appointed in the last quarter, which meant that they could not utilise the full allocated budget before the end of the financial year.

#### 4.3 Programme 3: Transport Operations

#### **Purpose**

The objective of the Programme is to provide integrated, subsidised, province-wide public transport services, facilitate the provision of public transport services and infrastructure in partnership with national and local government as well as private sector formations. The Programme further provides policy development and planning to manage, integrate and coordinate the transport system and infrastructure in the province. The objective of this Programme is to develop the policy framework to support a modern, integrated and intelligent transport system and public transport infrastructure. The Programme consists of the following Sub-Programme:

#### **List of Sub-Programmes:**

Public Transport Services.

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objective 1: To provide a subsidised transport services that supports the movement of people through an efficient transport network that is safe, reliable and accessible.

#### **Public Transport Operation Grant (PTOG)**

The Public Transport Operation Grant (PTOG) is a supplementary grant to provinces funding for public transport services to be utilised for the provision of bus subsidy operations. The conditional grant is a national contribution to subsidised service contracts, entered into by the provincial departments of transport and public transport operators for the provision of affordable subsidised transport services. In administering the PTOG all provincial departments which contract with bus operators, must ensure that payments made to operators, meet contractual commitments.

The contracting authority must therefore, supervise, monitor and verify the correctness of operator's claim in terms of kilometers of service provided and provide a monthly summary report to the national transferring authority. The annual expenditure of the PTOG was R2, 078 324.

#### Bus subsidy monitoring

The monitoring of subsidised public transport services is prescribed by legislation. The purpose of bus subsidy monitoring is to track the performance of subsidised public transport operators and ensure that public transport complies with applicable legislation, the terms and conditions of the contract, and mainly supports the movement of people through an efficient transport network that is safe, reliable and accessible. The aim is to ensure that commuters get value for money from utilising public transport.

All 30 subsidised bus contracts have been monitored by the internal monitoring team since August 2018 until the appointment of new Supervisory Monitoring Firms (SMFs) was concluded.

#### **SUB-PROGRAMME: PROGRAMME SUPPORT OPERATIONS**

#### Public Transport Transformation

Gauteng Provincial Government (GPG) has made a commitment towards the economic empowerment and transformation of the public passenger transport with specific focus on the minibus taxi and small bus operators in line with the Transformation, Modernisation and Re-Industrialisation (TMR) Agenda. The Township Economy Revitalisation (TER) Strategy recognises the industry for its contribution to socio-economic development over the years, creating more jobs in the process while fostering social cohesion amongst township residents. Opportunity also exists for a broad base intervention and therefore maximisation of TER endeavors. The collaborative effort is encapsulated in the Memorandum of Agreement between Gauteng Department of Economic Development (GDED) and the Department which has been completed.

#### Corporatisation of Taxi Associations and Portfolio Training

The Department has facilitated the registration and establishment of cooperatives and also undertook the assessment of the existing coopertives.

Ten Cooperatives were assessed to determine their business activity status of which four (4) were not active and nine (9) constituted active and partly active. The assessment indicated growth and participation in the transformation and empowerment of the Taxi industry.

#### SUB-PROGRAMME: PUBLIC TRANSPORT INTEGRATION AND SPECIAL PROJECTS

#### • Vereeniging Intermodal Facility

The Vereeniging Intermodal Facility project is part of the PRASA Corridor Modernisation Programme. The Department entered into an agreement with PRASA and Sedibeng District Municipality towards the development of the station precinct. The project entails at upgrading of Vereeniging station into a modern integrated facility. The contract for the construction of the project was terminated due to liquidation of the contractor.

#### • Shovakalula Bicycle Programme

During the financial year 2018/19 the Department delivered 6, 000 bicycles to beneficiaries in Geluksdal, Alrapark, Westbury, Reigerpark, Riverlea, Ennerdale, Eldorado Park, Rusterval, Eesterus and Roodepoort schools across Gauteng. To address innovations and sustainable mobility, an additional 50 bicycles were donated by the ABROO style trading supplier to the University of Johannesburg's Process Energy and Environmental Technology Station (PEETS) Unit.

#### • GPG car sharing/lift club

A survey was conducted within the Department to formalised car sharing for daily home and work commutes. To determine the affinity of the intended platforms, a business case has been developed with the Department of e-Government motivating for the establishment of the Gauteng Government employees' Free Online Lift Club Application (App).

In collaboration with e-GOV, a Lift Club App will be developed for GPG employees in the financial year 2019/20. A business case has been completed and signed by the Department and e-GOV respectively.

#### **Integrated fare management**

#### • Transport Management Centre (TMC)

The objective of the TMC is to reduce transportation challenges by either controlling the circulation of all modes of transport or focusing on specific modes such as public transport. The TMC maximises the effective use of existing infrastructure; ensure reliable and safe operation of transport; address environmental goals; and ensure fair allocation of infrastructure space (road space, rail slots, etc.) among competing users.

As part of the Integrated Fare Management Project (One-Province-One-Ticket), the TMC is the focal point for communicating transport related information to the media and the motoring public, a place where agencies can coordinate their response to transport situations and conditions. The establishment of a TMC will typically take approximately three to four years and a great deal depends on the amount of infrastructure development required.

The Department has developed a business case; technology specifications and bills of quantities for an interim TMC. Gap analyses and an interim TMC transaction structure have also been completed.

## Strategic objectives

		Prograr	nme: Transport Ope	rations	
Strategic objectives indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on deviations
		SUB PROGRAM	ME: PUBLIC TRANSF	ORT SERVICES	
		F	Provincial indicators		
Number of business and operational plans developed by 2018	0	14 approved new subsided bus contracts.	0	14	Five of the bus tendered contracts in Mamelodi and Meyerton have been cancelled due to insufficient subsidy funds. The Department could not proceed with the advertisement of the remaining nine tendered contracts due to under-funded tendered contracts.
		Public Transpo	rt Intergration & Sp	ecial Projects	
			National indicators		
Integrated Fare Management System operationalised by 2019	Development of the transport information website completed.  The website for the Gautrain has been launched.  All bank issued cards can be used on the Gautrain network including BRT cards.	Transport Management Centre fit out policies and legislation.	0	1	Due to the unavailability and inability of the identified building to host the services of the interim TMC, the project had to be re-scoped to consider anothe building which is yet to be determined.
	Transport Management Centre plans finalised.				

## **Performance indicators**

	Programme: Transport Operations						
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on deviations		
		SUB-PROGRAM	IME: PUBLIC TRANSI	PORT SERVICES			
			National indicators				
Number of routes subsidised	3, 369	2, 808 (non- cumulative)	3, 349 (average)	+541	Additional routes of 541 are due to IC52 which was not included in the planned target since it was supposed to have been taken over by the National Department of Transport.		
Number of kilometres subsidised	87, 023, 387	60, 179, 088	79, 665, 112	+19, 486, 024	Additional kilometres of 19, 486, 024 are due to IC52 which was not included in the planned target since it was supposed to have been taken over by the National Department of Transport.		
Number of trips subsidised	1, 630, 325	1, 374, 094	1, 498, 429	+124, 335	Additional trips of 124, 335 are due to IC52 which was not included in the planned target since it was supposed to have been taken over by the National Department of Transport.		
Number of provincial regulating entity hearings conducted in terms of Sections 59 & 79 of the NLTA (2009)	26	22	6	16	Fewer cases were received from the public transport operators.		
		Public Transpo	ort Intergration & Sp	ecial Projects			
			Provincial indicator				
Number of intermodal facilities completed	0	Vereeniging Intermodal Facility practical completion	0	1	The contractor's contract was terminated due to insolvency on the part of the contractor.		
Number of bicycles distributed through Shovakalula Project	0	6, 000	6, 000	-	-		
*New indicator							

#### Strategy to overcome areas of underperformance

Indicator	Proposed intervention
Number of business and operational plans developed by 2018	The Provincial Treasury advised the Department to utilise a combination of Request for Proposals (RFPs) and the negotiated bus contracts for the new bus subsidy contracting process. The Department has commenced with the negotiation process with all State-Owned Bus Operators and specifications for RFPs will be drafted during the financial year 2019/20.
Integrated Fare Management System operationalised by 2019	The Department will be investigating alternative facilities for the establishment of the TMC.
Number of provincial regulating entity hearings conducted in terms of Sections 59 & 79 of the NLTA (2009)	The indicator is demand-driven and dependent on the number of cases recieved from operators.
Number of intermodal facilities completed	Remaining works to be completed by GDRT's internal contractor in collaboration with GDID's service providers budget to be regulated from GPT to complete the remaining works.

#### **Changes to planned targets**

None.

#### Linking performance with budgets

#### **Programme expenditure**

	2018/19			2017/18		
Transport Operation	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000					
Public Transport Services	2, 533, 725	2, 309, 086	224, 639	2, 383, 807	2, 373, 718	10, 089
Programme Support Operations	3, 782	2, 605	1, 177	6, 440	5, 733	707
Total	2, 537, 507	2, 311, 691	225, 816	2, 390, 247	2, 379, 451	10, 796

The Public Transport Operations Grant (PTOG) and the North-West Star demarcation contracts are funded within this Programme, which explains the high budget and expenditure in the tables above. These are both captured in the Public Transport Services (PTS) Sub-Programme, which is another core function and Programme of the Department. The Programme Support Operations (PSO) and the Sub-Programme are for the operational items of the unit.

The underspending in 2018/19 was due to DNOs and the fact that the Department did not finalise the appointment of new service providers for the public transport operations as planned. The bids that were received from the market were much higher than the available resources; therefore, the Department suspended the process.

#### 4.4 Programme 4: Transport Regulation

#### **Purpose**

The purpose of the Programme is to regulate private and public transport by facilitating the provision of learner and driver licences, motor vehicle fitness and motor vehicle registration and licensing, registration of public transport operators, issuing of operating licences and the establishment of TOLABs and the Provincial Regulatory Entity (PRE) public and freight transport services and infrastructure in partnership with national and local government as well as private sector formations. The two Sub-Programmes are Transport Administration and Licencing, and Operator Licence and Permits.

#### Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objective 1: To modernise the regulatory services that is accessible, reliable and customer centred.

#### **Transport Operating Licence Administrative Bodies (TOLABs)**

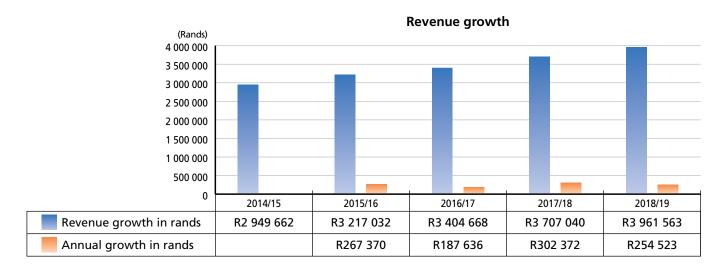
A new TOLAB Centre is planned for construction in the Sebokeng township located in the Southern Corridor. The objective of this initiative is to improve accessibility to Transport and Licence Services for the community of Sebokeng and surrounding areas. The construction of the TOLAB building has not commenced due to the non-allocation of funds by Provincial Treasury and the dispute lodged by the contractor. The project is envisaged to commence in th 2019/20 financial year.

#### **Revenue management**

In times of financial uncertainty, it is imperative that revenue generation mechanisms are effectively implemented to yield the maximum funds to support and implement provincial service delivery programmes. Departmental revenue is generated through tax receipts which mainly comprise motor vehicle registration and licencing fees. Motor vehicle licence tax revenues have grown from R2.95 billion in 2014/15 to R3.96 billion in 2018/2019. A total of R17,2 billion has been collected during the period under review representing a growth of R1 billion.

Below is the trend analysis for revenue growth:

Description	2014/15	2015/16	2016/17	2017/18	2018/19	5 year total
Tax revenue	R 2, 949, 662	R 3, 217, 032	R 3, 404, 668	R 3, 707, 040	R 3, 961, 563	R 17, 239, 965
Growth in Rand		R 267, 370	R 187, 636	R 302, 372	R 254, 523	R 1, 011, 901
% Growth		9%	6%	9%	7%	34%



#### **Performance indicators**

Programme: Transport Regulation							
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on deviations		
		Transport Admii	nistration and Licens	ing			
		Natio	onal indicator				
Number of compliance inspections conducted	206	135	135	-	-		

Strategic objective 2: To regulate public transport services and public transport operators to achieve safe and reliable transport services.

#### **SUB-PROGRAMME: OPERATOR LICENSE AND PERMITS**

#### **Operating licenses**

In line with the objective to regulate the public transport services in the province, a total of 12, 898 permits/operating licences were issued and 181 permits were converted to operating licences.

#### **Strategic Objectives Indicators**

	Programme: Transport Regulation						
Strategic objectives indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on deviations		
	SU	B-PROGRAMME: C	PERATOR LICENSE	AND PERMITS			
		Pro	vincial Indicator				
Number of TOLABs constructed by 2019	0	Sebokeng TOLAB practically complete	0	1	The construction of the TOLAB building has not commenced due to the non-allocation of funds by Provincial Treasury and the dispute lodged by the contractor.		

#### **Performance indicators**

	Programme: Transport Regulation					
Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/19	Comment on deviations	
	Sl	JB-PROGRAMME: C	PERATOR LICENSE /	AND PERMITS		
		Pro	vincial indicator			
Number of permits/ operating licences issued by 2019	12, 273	9, 000	12, 898	+3, 898	Additional applications were received due to the three-month extensions for bus contracts and issuing of operating licences for metered taxis.	
Number of permits converted to operating licences by 2019	798	1, 500	181	1, 319	Fewer applications were received from operators. The Department embarked on a media campaign drive aimed at encouraging operators to convert their permits. In addition, regional meetings were held with public transport structures to discuss among other issues the urgent need for operators to convert their permits.	

	Registration and Monitoring							
Number of audited monitored routes completed by 2019	374	700	187	513	The outstanding routes could not be monitored due to the operators not having a valid operating licence, which is a pre -requisite for operating on a route.			
Number of non-mini bus taxi modes registered by 2019	3, 586	1, 800	3, 605	+1, 805	Additional 1 805 applications received were due to an increase in Metered Services.			

#### Strategy to overcome areas of underperformance

Indicator	Proposed intervention
Number of TOLABs constructed by 2019	The Department will commence with the construction of the Sebokeng TOLAB in the financial year 2019/20.
Number of permits converted to operating licences by 2019	The Department is continuing to encourage operators to convert permits to operating licences through regional meetings and media campaigns.
Number of audited, monitored routes completed by 2019	The Department will continue to engage non mini-bus taxi operators to ensure adherance to regulations on non-mini bus taxi operations.

#### **Changes to planned targets**

None.

#### Linking performance with budgets

## **Programme expenditure**

2018/19			2017/18				
Transport Regulation	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure	
	R'000						
Transport Administration and Licencing	161, 774	160, 369	1, 405	176, 666	175, 077	1, 589	
Operator Licence and Permits	132, 303	131, 257	1, 046	127, 855	124, 848	3, 007	
Total	294, 077	291, 626	2, 451	304, 521	299, 925	4, 596	

The budget for the TOLABs and DLTCs infrastructure projects is located within this Programme, together with the allocations for licencing and registration functions. Other than the infrastructure projects and revenue generation activities, the expenditure is mainly for the daily registration and licencing, which are operational in nature and are affected by inflationary increases. The budget was spent in line with the targets set for the Programme.

#### 5. TRANSFER PAYMENTS

#### 5.1 Transfer payments to public entities

Name of public entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
GMA	The management coordination and oversight of the Gautrain project	R 1, 945, 268	R 1, 945, 268	Refer to GMA Annual Report.

## 5.2 Transfer payments to all organisations other than public entities

No transfer payments were made.

#### 6. CONDITIONAL GRANTS

#### 6.1 Conditional grants and earmarked funds received

The table below describes each of the conditional grants and earmarked funds received during for the period 1 April 2018 to 31 March 2019.

#### **Public Transport Operations Grant (PTOG)**

Department/municipality to whom the grant has been spent	Gauteng Department of Roads and Transport
Purpose of the grant	To provide supplementary funding towards public transport services provided by the Department.
Expected outputs of the grant	Movement of people through an efficient, effective and affordable public transport network that is accessible, reliable and safe.
Actual outputs achieved	Kilometres =79, 665, 112 Trips= 1, 498, 429 Routes = 3, 349 (Average)
Amount per amended DoRA (R'000)	R 2, 294, 011
Amount transferred (R'000)	R 2, 294, 011
Reasons if amount as per DoRA unspent	
Amount spent by the Department/ municipality (R'000)	R 2, 078, 324
Reasons for the funds unspent by the entity	The under-spending in 2018/19 was due to DNOs and the fact that the Department did not appoint the new contracts that were planned for appointment during the year.
Monitoring mechanism by the transferring Department	-

## **Provincial Roads Maintenance Grant (PRMG)**

Department/municipality to whom the grant has been spent	Gauteng Department of Roads and Transport
Purpose of the grant	Routine, preventative and periodic maintenance of roads infrastructure.
Expected outputs of the grant	Maintenance of provincial roads infrastructure.
Actual outputs achieved	182, 724, 34m <sup>2</sup> pothole patching; 351, 775, 62m <sup>2</sup> reseal; 137, 79km re-gravelling of gravel roads; 2 075.09 km blading of gravel roads.
Amount per amended DoRA	R 742, 522
Amount transferred (R'000)	R 742, 275
Reasons if amount as per DoRA unspent	
Amount spent by the Department/ municipality (R'000)	R 742, 275
Reasons for the funds unspent by the entity	
Monitoring mechanism by the transferring Department	Total quality management

## **Expanded Public Works Programme Infrastructure Grant (EPWP)**

Department/ Municipality to whom the grant has been spent	Gauteng Department of Roads and Transport
Purpose of the grant	Job creation
Expected outputs of the grant	3, 700
Actual outputs achieved	3, 951
Amount per amended DoRA	R 6, 490
Amount transferred (R'000)	R 6, 490
Reasons if amount as per DoRA unspent	
Amount spent by the Department/ municipality (R'000)	R 6, 490
Reasons for the funds unspent by the entity	
Monitoring mechanism by the transferring Department	Technical team managing the Programme

#### 7. CAPITAL INVESTMENT

#### 7.1 Capital investment, maintenance and asset management plan

#### • Progress made on implementing the capital, investment and asset management plan

The continuous investment in capital road infrastructure with the aim of stimulating economic development remains a primary mandate of the Department. Such investment is guided and driven by the Department's Road Asset Management Plan which is reviewed on an annual basis in line with the updates in technical information supporting the Plan. During the current financial year, the Department spent b approximately 98% of its allocated infrastructure budget.

- Infrastructure projects which have been completed in the current year and the progress in comparison to what was planned at the beginning of the year
  - o P249/1 Phase 2: rehabilitation of P249/1 (R511) in Pretoria region to Gauteng/North West Border,
  - o Rehabilitation of P88/1 between P73/1 and P3/6,
  - o Rehabilitation of D1884 between D478 and P243/1,
  - O Light rehabilitation of road P243/1 Section 2 from Vereeniging (9.0km) to Balfour (18.13km), approximately 9.13km.
- Infrastructure projects that are currently in progress (list projects) and when are they expected to be completed
  - Sebokeng TOLAB will be completed in the financial year 2019/20.

#### Ongoing surfaced roads upgraded to be completed in financial year 2019/20:

o K54 Mamelodi (Tsamaya Road) to R104 Pretoria Bronkhorstspruit Road.

#### Ongoing surfaced roads upgraded to be completed in financial year 2020/21

- O Upgrading of road K148: intersection with N3.
- o K69 (upgrading and doubling of Hans Strijdom (Solomon Mahlangu) from the N4 to Mamelodi to K54.
- O Upgrade of K101 from D795 Olifantsfontein to N1 Brakfontein.
- O K14 between Cullinan and Rayton Road (D483).
- O K31 access to Green Gate Development: re-construction and upgrade of the M5 Beyers Naude Road.
- O Upgrading of K73 between Woodmead Drive and Allandale Road (D58) Mushroom Farm.

#### Ongoing surfaced roads upgraded to be completed in financial year 2021/22

- o R82 Phase 3 (between D1073 (Walkerville) and K164 (De Deur).
- Vaal River City Interchange.
- K60 Waterfall City: construction of new link between R55 Woodmead Drive and Allandale Road.

#### Road rehabilitation

#### Ongoing roads rehabilitated to be completed in financial year 2019/20

- o P175/1: Rehabilitation from Vanderbijlpark to Potchefstroom Phase 2.
- o P156/3(R42) from P155/1 to D2563 Vanderbijlpark.
- o Rehabilitation of P122/1 from P36/1 (R10) (Solomon Mahlangu Drive Olifantsfontien).
- O K175: Rehabilitation of the Road K175 from N4/2 to D670 (8.1km).
- o Rehabilitation of road D483 between P6-1 (Bapsfontein) and D713 Cullinan.

#### Ongoing roads rehabilitated to be completed in financial year 2020/21

- o P39/1 heavy rehabilitation from 30km Diepsloot to 45km Muldersdrift.
- O Rehabilitation of roads P241/1 (R554) from 15.7km to 19.75km and Road D405 (R554) from 0.00km to 8.75km (R82).
- Rehabilitation of Road P126-1 between Ontdekkers Road and P16-1 Tarlton.
- o Rehabilitation of Road P103/1 between N14 and N1.

#### • Plans to close-down-grade any current facilities

- O Closed down Hammanskraal Roadcamp.
- O Closed down Libanon camp (Krugersdorp).

#### Progress made on the maintenance of infrastructure

To ensure the Department meets certain requirements of the Occupational Health and Safety Amendment Act (OHSA, Act 85 of 1993) standards, at various departmental regional offices the following maintenance was completed.

- o Mabopane DLTC: Electrical: replacement of faulty globes. General maintenance: grass cutting.
- O **Derdepoort Regional Office**: roof and ceiling repairs completed. Plumbing: upgrade of male and female shower and ablution facilities; Kitchen: renovation of ceiling, electrical works, replacement of broken windows.
- Benoni regional office: refurbishment of male and female shower and ablution facilities (completed); roof repairs after roof was blown off by the wind (completion phase).
- O **Germiston TOLAB**: carpet deep cleaning completed. Replacement of faulty lights. Delivered and re-assembled furniture taken from Sage Life Building to TOLAB. Plumbing work completed by contractor- burst pipe and leaking toilets. Replaced main entrance door to cashiers (solid wood door). Procured service to unlock strong room door locks and provision of spare keys for strong room.
- O Derek Masoek Building & Tshwane TOLAB: attended to plumbing faults.
- **Life Building (45 Commissioner Street)**: conducted a feasibility study for demarcation of design offices at ground floor.
- Sage Life Building: basement water flooding facilitated draining of excess water and pump repairs. Maintenance of garden area cutting of grass and removal of weeds.
- o **11 Diagonal Building**: replacement of faulty light bulbs. Replacement of missing carpet tiles.
- **Koedoespoort**: installed glass door and reception area glass fitting. Gutter replacement, roof sealing and ceiling installation in foremen's office.
- Kagiso DLTC: roof sealing (installation of glass panels) and installation of razor blades on fencing.

# • Developments relating to the above that are expected to impact on the Department's current expenditure

Rehabilitation, reseal and pothole patching-gravelling and blading of gravel roads will impact on more than 70% the Department's current budget.

# • Details as to how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft

As at 31 March 2019, the Department's asset base totalled R41.319 billion. The asset base in the main comprises of roads, bridges, land for future road construction and various categories of movable and intangible assets totalling R546.991 million.

During the current financial year, the Department invested approximately R475.058 million on improving and rehabilitating key segments of the provincial road network. A total number 117 of obsolete and redundant movable assets were disposed of either through public auction or approved donations to non-profit organisations. All assets that are reported lost or stolen are reported in the Department's loss register and subsequently referred to the Department's anti-fraud and corruption unit for further investigation.

# • Measures taken to ensure that the Department's asset register remained up-to-date during the period under review

The Department conducts annual physical asset verification on all its movable assets. A total number of 35 573 movable assets were verified which includes vehicles, computer equipment, machinery and furniture. The Department continues to play a pivotal role in coordinating the maintenance and updating of its immovable asset register. In addition, as part of the regular maintenance and updating of the Road Asset Management System, the Department through the assistance of the CSIR conducts visual, conditional and safety assessments for provincial road network. The results thereof form the basis for future road infrastructure upgrades, rehabilitations and maintenance.

# • The current state of the Department's capital assets, for example what percentage is in good, fair or bad condition?

Paved network – 66 % fair, 33% poor and 1% good.

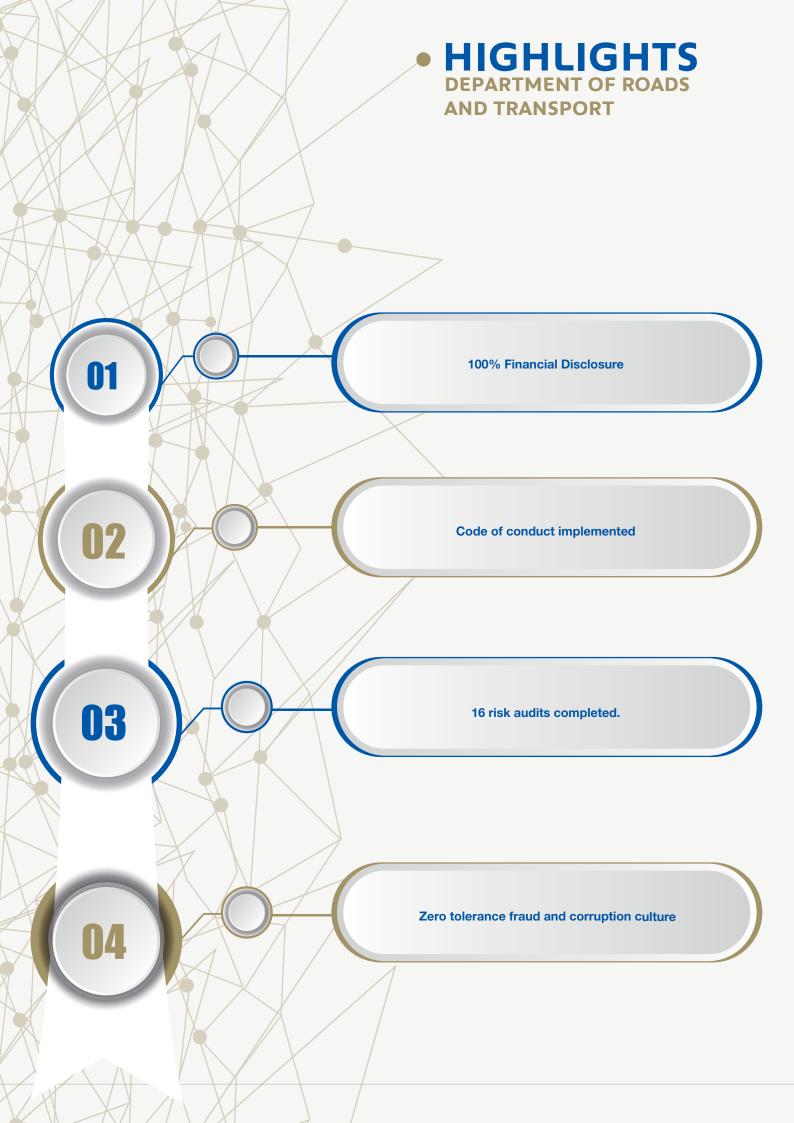
Bridges – 90% very good, 8% fair and 2% very poor.

- Major maintenance projects that have been undertaken during the period under review Projects under review include the below following:
  - o P39/1 heavy rehabilitation from km30 Diepsloot to km43 Muldersdrift, approximately 14.35km.
  - O K69 Phase 1- Construction of Road K69 from R104 (Bronkhorstspruit RD) to Road K54 in Mamelodi.
  - o P175/1: Rehabilitation of Road P175/1 from Vanderbijlpark to Potchefstroom Phase 2.

## Progress made in addressing the maintenance backlog during the period under review:

		2018/19			2017/18		
Infrastructure projects	Final appropriation R'000	Actual expenditure R'000	(Over) /under expenditure R'000	Final appropriation R'000	Actual expenditure R'000	(Over) /under expenditure R'000	
New and replacement assets	104, 680	104, 680	-	55, 430	65, 071	-9, 641	
		Existing	infrastructure asse	ets			
Upgrades and additions	313, 637	306, 996	6, 641	179, 261	357, 085	-177, 824	
<ul> <li>Rehabilitation renovations and refurbishments</li> </ul>	581, 330	534, 620	46, 710	616, 539	562, 581	53, 958	
Maintenance and repairs	1, 434, 093	1, 432, 872	1, 221	823, 771	789, 542	34, 229	
Infrastructure transfer	-	-	-	-	-	-	
– Current	-	-	-	138, 071	38, 671	99, 400	
– Capital	-	-	-				
Total	2, 433, 740	2, 379, 168	54, 572	1, 813, 072	1, 812, 950	122	





#### 1. INTRODUCTION

The Department has made a commitment of maintaining the highest standards of governance which is fundamental to the management of public finances and resources. Users need assurance that the Department has good governance structures in place to effectively, efficiently and economically utilise State resources which are funded by the tax payer.

#### 2. RISK MANAGEMENT

As part of Risk Management Policy and Strategy, the Department conducts regular risk assessments to determine the effectiveness of Risk Management Strategy and to identify new and emerging risks.

The Department has a Risk Management Committee that is presided upon by an independent individual who advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk.

The Audit Committee is the advisory body for the Department on risk management and independently monitors the effectiveness of the system of risk management, despite slow progress in management of risks. The Department has made a commitment to manage risk on a continuous basis. The performance management contracts of senior management have incorporated risk management for accountability purposes.

#### 3. FRAUD AND CORRUPTION

#### The DRT's Fraud Prevention Plan

- The Department is committed to fighting fraud and corruption in a holistic and integrated manner;
- The cornerstone of the concerted effort which conforms to the various legislative prescripts, such as the Gauteng Anti-Corruption Strategy and the PFMA (1999);
- In encompassing these prescripts, a risk assessment was completed and a Fraud Prevention Plan was developed;
- The Plan also incorporates the Fraud Policy and the Response Plan which guides the reporting of fraud and corruption related incidents by whistle-blowers;
- The main purpose of the Fraud Prevention Plan is to firstly, create a culture of intolerance to fraud and corruption in the work place and secondly, to encourage the reporting of these acts; and
- The primary objective is to send a clear message that the Department adopts a zero-tolerance policy to fraud and corrupt behaviour.

The components of the plan are as follows:

- Department systems, policies, procedures rules and regulations;
- The Disciplinary Code and Procedures;
- Effective internal controls for detection and prevention;
- Physical and information security management;
- Internal audit;
- On-going risk assessment;
- Reporting and monitoring of all fraud and corruption related matters;
- Creating awareness among the public and the employees through education and communications;
- Improving accountability, efficiency and effective administration within sectors of society in the province; and
- Promoting a culture of good transport governance.

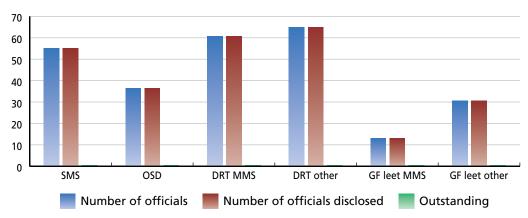
#### How these cases are reported and what action is taken:

- Some of these cases are reported to the Public Service Commission (PSC) and then relayed to the Department.
- The complaints are reported in writing and captured on the data base and issued with a case reference number and thereafter allocated to investigators for further investigations.
- Depending on the gravity of the complaint, together with the evidence collated, the case can be referred to the South African Police Services for a criminal prosecution.
- In some instances, if there is a recovery to be made in respect of any financial losses, the services of the Asset Forfeiture Unit are sought whereby preservation orders are obtained.

#### 4. MINIMISING CONFLICT OF INTEREST

In March 2017, the Ministry for Public Service and Administration (MPSA) issued a determination and directive on other categories of employees to disclose their financial interest in terms of Regulation 18(5) which came into effect on 1 August 2016. The Department ensured compliance with the DPSA directive and facilitated the financial disclosures for SMS members inclusive of the middle managers (MMS: levels 11-12), employees on Occupational Specific Dispensation (OSD) categories, Supply Chain Management and Financial Units employees. The Department's trading entity, g-FleeT management, both at SMS and MMS levels were also compliant with the financial disclosure prescript for the financial year 2018/19. The below graph depicts the various categories and numbers of compliant employees:

#### Conflict of interest statistic graph is depicted as follows:



#### 5. CODE OF CONDUCT

The PSC developed a Code of Conduct for public servants to promote a high standard of professional ethics. The ethical principles contained in the Code are applicable to Departmental employees. The Department implemented the Code and managers ensured that all employees within the Department adhered to it.

#### 6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Since the DRT head office relocated to 45 Commissioner Street, mandatory training and institutional arrangements have been done to comply with Occupational Health and Safety (OHS) legislation. A total of 994 employees have attended OHS induction and an OHS Committee was reviewed, 30 managers were appointed and trained in terms of 16.2 of OHS Act (1993). 447 employees were identified as vulnerable to contracting occupational diseases, including cleaning personnel, road workers and operators underwent medical examinations. Further statutory training such as Safety, Health and Environment (SHE) representatives, first aiders and evacuation marshalls were conducted with a total number of 128 employees from various offices attended the training. Challenges remain in a few regional offices where the Department is still to relocate employees to buildings that are OHS compliant.

#### 7. PORTFOLIO COMMITTEES

#### 2019 ANNUAL REPORT INPUT – LEGISLATURE OVERSIGHT COMMITTEES

Date	SUBJECT	DETAILS	Departmental Response
29 May 2018	Roads & Transport Portfolio Committee Meeting: Uber/Taxify and Metered Taxis Challenges	Engagement with the Portfolio Committee and Stakeholders on Uber/ Taxify and Metered Taxis Challenges	The Department provided a broad outline of its role about this industry. The Department is basically responsible for regulating the industry in respect of issuance of operating licenses. The introduction of Uber and Taxify in the South African environment resulted in the resurgence of violence in the metered taxi/ ehailing environment. There are disagreements amongst the metered taxi industry players. Government has been slow in terms of responding to the disruptive technology with regard to legislation and regulations. Efforts are being made at National level to address the legislative gaps in this regard.
25 July 2018	Urgent Portfolio Committee Meeting: Taxi violence incidents involving Taxi Associations in the Province.	Taxi Workshop — to discussion and propose way forward on the ongoing/ current Taxi violence incidents involving Taxi Associations in the Province.	The Department participated in a round-table discussion which involved the Taxi Bodies and the Portfolio Committee. Serious concerns were raised by all parties about taxi violence in the province. The Department provided progress report the 'Implementation of the Inquiry Resolutions'. The meeting reflected on the resolutions and progress made thus far. The taxi leadership acknowledged the role of the industry in the ongoing violence. They further expressed their view of lack of political will on the part of government. The meeting resolved that a clear road map on the implementation of the Inquiry Resolutions should be developed.
23 August 2018	Portfolio Committee Meeting	Presentation to the Committee and Stakeholders on Progress Report on K46 Road Construction Project	The Department presented a detailed report on the status of the project. Presentation also highlighted the currently challenges experienced by the projects as well as possible interventions. The Committee and the Stakeholders were also taken on site for in-loco inspection.
31 August 2018	Roads & Transport Portfolio Committee: House Resolutions - Adopted Oversight Report on Budget Vote 9: Gauteng Department of Roads and Transport of the Appropriation Bill: Committee Recommendations for the 2018/19 Financial Year	Provide the Committee with a detailed report on the engagements with the National Department of Transport on the reduction of the PTOG noting the current situation within the Bus Subsidy Programme in the Province. Provide the Committee with a report.	The issue of the reduction of PTOG is determined by National Treasury. Expenditure reports on PTOG are submitted monthly to National Department of Transport (NDoT), and NDoT in turn submit the national consolidated report to National Treasury.  NDoT transfers monthly subsidies to provinces and subsequently provinces submit the expenditure reports to NDoT that demonstrate funds distribution on operational statistics of subsidised contracts.  It is a fact that when the increment percentage as determined by National Treasury during the allocation of PTOG at the beginning of the financial year, that PTOG surrendered or unutilised at the end of each financial year emanate from the DNOs and accumulated penalties applied on subsidised contracts in compliance to the DORA legislation that all subsidised bus contracts must be monitored.

Date	SUBJECT	DETAILS	Departmental Response
06 September 2018	Portfolio Committee Meeting: Questions Posed by the Roads and Transport Portfolio Committee	Questions emanating from the 1st Quarterly Report of 2018/19 FY	The Department and its entities tabled detailed responses to all Questions as well presentations on the status of Vereeniging Intermodal Facility, Sebokeng DLTC/TOLAB and Progress Report on the Revitalization of g-FleeT Management.
21 September 2018	Portfolio Committee Meeting	1. Presentation by the Department and its entities on the Responses to Committee Questions on the First Quarter 2017/18 FY; 2. FIS on g-Fleet Management 3. FIS on Departmental delayed projects - K46 William Nicol; Vereeniging Intermodal Facility and Sebokeng DLTC;	The Office of the AG made a presentation to the Committee on the audit outcome for the 2017/18 FY. The Department tabled a presentation on responses to Questions emanating from the 1st Quarter Report 2018/19 FY as well as a detailed report presentation on FIS on Departmental delayed projects - K46 William Nicol; Vereeniging Intermodal Facility and Sebokeng DLTC; FIS on g-FleeT and a presentation on the Launch of 3 routes for Midibus Feeder and Distribution Services (Taxi Industry collaboration) for GMA.
09 November 2018	Portfolio Committee Meeting	Questions emanating from the Annual Report of DRT, GMA and g-Fleet Management for 2017/18 FY	The HOD briefed the Committee about progress and challenges on the K46 William Nicol Road Construction Project. The Department and its entities tabled and submitted detailed presentations responding to all questions from the Portfolio Committee.
15 November 2018	Roads & Transport Portfolio Committee Resolutions	Adopted Focused Intervention Study (FIS) report on Addressing the challenges in the delayed projects of the Department of Roads and Transport	<ol> <li>The Department submitted detailed reports of the following issues:</li> <li>Review of the Bill of Quantities by the CSIR on the K46 William Nicol project as well as its impact on the project timelines and costs;</li> <li>Appointment of the service provider to carry out the construction on K46 William Nicol in line with the cession agreement entered into with the main contractor;</li> <li>The plans to ensure that the design of the Vereeniging Intermodal Facility does conform to stakeholder's inputs;</li> <li>The implementation plan to finalise the construction of Vereeniging Intermodal Facility taking into consideration the inputs from the intended stakeholders. The plan must include the processes regarding the review of the Bill of Quantities, management of funds and stakeholder consultation;</li> <li>Outcome of the Alternative Dispute Resolution process, carried out by DID, that has been lodged by the main contractor on the Sebokeng DLTC and TOLAB;</li> <li>Measures in place to ensure proper contract and project management in all infrastructure projects.</li> </ol>

Date	SUBJECT	DETAILS	Departmental Response
15 November 2018	Roads & Transport Portfolio Committee Resolutions	Adopted Focused Intervention Study (FIS) report on 'the overhaul of g-FleeT Management with a purpose to strengthen debt collection system'	A detailed report was submitted & presented to the Committee. The report covered, amongst others; the plans to ensure the effective and efficient functionality of the Fleet Information System, the recruitment and hiring of Senior Management i.e. CEO, CFO and COO; the filling of all funded vacant posts in Regional Offices; the signing of enforceable payment plans by all owing Client Departments; the implementation of suspension of petrol cards for defaulting client departments; the plans to ensure accessibility of employee self-service systems in regional offices for taking leave, payslips, overtime, performance management and other related services; the plans to ensure that all challenges experienced by regional offices with standard bank/stannic are resolved timeously; and investigating the possibility of a business model for utilising local suppliers closer to the regional offices and possible expansion of the regional offices.
16 November 2018	Portfolio Committee Meeting	2nd Quarterly Report 2018/19 & Subsidised Bus Services Inquiry Draft Report	The Department and its entities tabled and submitted detailed presentations responding to all questions from the Portfolio Committee.
01 February 2019	Portfolio Committee Meeting	1. Progress report on the implementation of House Resolutions on the Focused  Intervention Study on the overhaul of G-fleet Management with a purpose to strengthen debt collection system (Report attached);  2. Functionality and Funding model of the Gautrain Management Agency, including Concessionaire, since its inception;	A detailed progress report on the implementation of House Resolutions on the Focused Intervention Study submitted & presented to the Committee. Also tabled before the Committee was a detailed report on the Functionality and Funding model of the Gautrain Management Agency, including Concessionaire, since its inception.
15 February 2019	Roads and Transport Portfolio Committee	Responses to Questions raised by the Roads and Transport Portfolio Committee on the 3rd Quarterly Report for 2018/19 FY	The Department and its entities tabled and submitted detailed presentations responding to all questions from the Portfolio Committee.
28 February 2019	Portfolio Committee Meeting	Public Hearing on Gauteng Provincial Road Traffic Amendment Bill [G003-2018] and Gauteng Transport Authority Bill [G005-2018]	The Department tabled a "Clause by Clause" presentation on both Bills to the Committee and the public. Department engaged with the public on both Bills.
15 March 2019	Portfolio Committee Meeting	Invitation to the Portfolio Committee Stakeholder Feedback Meeting:	The Department presented a detailed progress report on the implementation of Subsidized Bus Services Inquiry Recommendations; Progress Report on the appointment of bus operators on bus subsidized contracts; as well as the Role of GDRT in the Licensing and Operations of Scholar Transport in the Province

#### 8. SCOPA RESOLUTIONS

Resolution	Question/Recommendation	Department Response
Material uncertainties Resolution 4.1.1.2: In terms of Rule 179(4) the Accounting Officer provides a quarterly update to SCOPA and Portfolio Committee on Roads and Transport on the lawsuits continuing up until finalization thereof.	1. Explain to the Committee why the above resolution has not been responded to as the annexure A was not attached to the responses?.	The report was available for submission to the Committee, however; it was due to an oversight that it was not attached. The report was then submitted to the Committee.
Material uncertainties Resolution 4.1.1.2: That the Accounting Officer intensifies performance and consequence management processes to mitigate instances of findings on lawsuits and provides the Committee with a progress report detailing the effectiveness of measures put in place to address challenges related to lawsuits commencing 30 days after adoption hereof and thereafter every quarter continuing up until the end of June 2018.	2. Provide the Committee with a progress report detailing the effectiveness of measures put in place to address challenges related to lawsuits.	With regard to causes of lawsuits, most cases are historical and road conditions cases. A detailed report was submitted to the Committee.
Report on the audit of the annual performance report Resolution 4.2.1.2: The Department should develop an adequate system for collating, collection and reporting of performance information as well as review the annual performance report to ensure that reported performance is supported by accurate, complete and valid supporting documentation and provides the Committee with a progress report detailing the implementation and effectiveness of these measures within 30 days of adoption hereof and thereafter every quarter continuing up until the end of June 2018.	3. Provide the committee with evidence on how performance information had improved, and a quarterly report as submitted to Provincial Treasury.	In preparation for the Annual Audit for 2017/18 the department has conducted an internal verification of performance information report for Quarter 3 and was further supported by an external quality assurance Performance Audit through the Gauteng Audit Services (GAS). This has assisted the department to address any gaps and issues identified and ensure internal controls are effective.  The Auditor General of South Africa has also conducted a document review of performance information in respect of internal controls (business processes, Standard operating procedures and sampling of source documentation. The Department's Performance monitoring and reporting system were also reviewed and validated through the Department of Performance Monitoring and Evaluation (DPME) Management Performance Assessment Tool (MPAT) review. Executive Management is also providing increased oversight on performance reporting and validation of source documentation. Management will conduct a review of the financial year's performance information through the verification and validation of all Programme performance information and source documentation to address any inaccuracies relating to the completeness and usability.  More effective and efficient internal controls implemented have yielded accurate and reliable reported performance information. This is evidenced from the Gauteng Audit Services 3rd Quarter audit of the Department's performance information. 15 indicators were assessed with only one indicator experiencing a finding which is being addressed through an executive managed process.

Resolution	Question/Recommendation	Department Response
Expenditure Management: Irregular Expenditure	4. Provide the detailed transactions of each instance of irregular expenditure including:	a. The name of the service provider and the service provided.
Resolution 4.3.1.1.2: In terms of GPL Rule 179 (4), the MEC provides the Committee (SCOPA) and		A detailed consolidated irregular expenditure report was submitted to the Committee as requested.
Portfolio Committee on Roads and Transport with a monthly report detailing its adherence with and compliance to the requirements of all applicable legislation to		b. What investigations have been undertaken regarding irregular expenditure reported in 2016/2017 financial year and what disciplinary measures have been / will be taken against those responsible for irregular expenditure?
ensure that effective measures are implemented to prevent irregular expenditure as required by Section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1 within 30 days of adoption hereof and thereafter every quarter continuing up until the end of June 2018.		A detailed consolidated irregular expenditure report was submitted to the Committee as requested. The only new irregular expenditure reported for the 2016/2017 financial year related to the irregular appointment of legal services for an internal labour disciplinary hearing. The circumstance under which the irregular expenditure was incurred was investigated by the Gauteng Provincial Treasury. The official who committed the error that resulted in the irregular appointment was issued with a formal written warning.
		c. Considering the numerous turn around strategies actioned in the department including setting up the Irregular expenditure committee, explain why the irregular expenditure increased significantly?
		A detailed response was submitted to the Committee.
Expenditure Management: Irregular Expenditure Resolution 4.3.1.1.2: That the Accounting Officer provides the Committee with a progress report detailing the status of the condonation of the irregular	5. Provide a progress report relating to irregular expenditure amounting to R 3 153 307 335.58 on bus subsidies which was referred to National Treasury.	All necessary documentation supporting the request for irregular expenditure condonation has been submitted to National Treasury. Regular follow-ups are being performed both by the Department and Provincial Treasury to fast track the process of condonation. The latest feedback received from National Treasury indicates that they are close to finalising their assessment and providing both the Department and Provincial Treasury with written outcome.
expenditures within 30 days after adoption hereof and thereafter every quarter continuing up until the end of June 2018.	6. What is the long-term/ permanent plan to address irregular expenditure related to bus subsidies?	The long-term plan to address the irregular expenditure is the introduction of new bus contracts. The introduction of new bus contracts is already underway where the Department has managed to advertise 5 contracts for Mamelodi and Sedibeng region. Three (3) contracts at Ekurhuleni were also supposed to have been advertised but due to delays in the signing of the Intergovernmental Agreement by Ekurhuleni the contracts were not advertised. Comprehensive route surveys for the remaining 26 contracts have been completed in preparation for the bus contracting process which is planned to be conducted in the next 6 months.

Resolution	Question/Recommendation	Department Response
Expenditure Management: Irregular Expenditure Resolution 4.3.1.1.2: That the MEC provides the Committee with a progress report detailing the status of the investigation regarding the irregular expenditure relating to the disciplinary inquiry within 30 days after adoption hereof and a quarterly progress report continuing up until finalisation in line with the requirements of Practice Note No.4 of 2008/2009 issued by the National Treasury thereof.	7. Provide the Committee with a progress report detailing the status of the investigation regarding the irregular expenditure effective for the period January, February and March 2018.	During the current financial year that Department can confirm that it has not reported any new irregular expenditure. The monthly reports only show irregular expenditure emanating from prior years as a result of the continuous nature of the originally signed contracts.
Expenditure Management: Irregular Expenditure Resolution 4.3.1.1.2: That the MEC provides the Committee with a progress report detailing the status of the investigation regarding the irregular expenditure relating to the disciplinary inquiry within 30 days after adoption hereof and a quarterly progress report continuing up until finalisation in line with the requirements of Practice Note No.4 of 2008/2009 issued by the National Treasury thereof.	8. Provide the detailed transactions of each instance of irregular expenditure including:	d. The name of the service provider and the service provided.  A detailed consolidated irregular expenditure report was submitted to the Committee as requested.  e. What investigations have been undertaken regarding irregular expenditure reported in 2016/2017 financial year and what disciplinary measures have been / will be taken against those responsible for irregular expenditure?  The only new irregular expenditure reported for the 2016/2017 financial year related to the irregular appointment of legal services for an internal labour disciplinary hearing. The circumstances under which the irregular expenditure was incurred was investigated by the Gauteng Provincial Treasury. The official who committed the error that resulted in the irregular appointment was issued with a formal written warning.

Resolution	Question/Recommendation	Department Response
Expenditure Management: Irregular Expenditure Resolution 4.3.1.1.2: That the MEC provides the Committee with a	8. Provide the detailed transactions of each instance of irregular expenditure including:	f. Considering the numerous turn around strategies actioned in the department including setting up the Irregular expenditure committee, explain why the irregular expenditure increased significantly?
progress report detailing the status of the investigation regarding the irregular expenditure relating to the disciplinary inquiry within 30 days after adoption hereof and a quarterly progress report continuing up until finalisation in line with the requirements of Practice Note No.4 of 2008/2009 issued by the		The Department has a very active anti-fraud and anti-corruption agenda, and it is envisaged that the department will continue to be engaged in various forms of disciplinary and consequential management activities over the medium-term. This means that it will continue to require high-level legal services to ensure that, when such actions are taken, we emerge with successful results. In support of this agenda, the Department has commenced within the implementation of:
National Treasury thereof.		<ul> <li>Processes to develop a database of providers of legal services.</li> <li>In the interim, the Department will utilise the office of the State Attorney and/or the databases of other provincial departments who may have such lists in place;</li> <li>The Department's SCM unit has been providing set of information sessions to assist managers to understand the following aspects of the procurement process:         <ul> <li>The exacting demands of the PPPFA and various practice and instruction notes that inform the procurement process;</li> </ul> </li> </ul>
		o The need for careful attention to detail when they consider QCBS motivations for the procurement of high-level technical skills, especially when preparing their bid specifications;
		The above-mentioned processes are in addition to the processes as outlined in our response to resolution 4.3.1.1.2.
Advance Payments  Resolution 4.3.2.2.2: That the Department should ensure that prepayments are not made unless it is required by a signed and binding contractual agreement with the supplier and provide the Committee with a progress report detailing the implementation of this clause in future contracts within 30 days of adoption hereof and thereafter every quarter continuing up until the end of June 2018.	9. Provide the Committee with the latest report on investigations and the steps taken to implement recommendations of the report.	The latest report on investigations for both the Department and g-FleeT was submitted to the Committee.

Recommendation	Question/Recommendation	Department Response
Emphasis of Matters Paragraph 7, Pg 156 – Material Uncertainties Read with Note 18.1, Pg 214	1. As this matter was reported by the Auditor General in the 2016/17 financial year as well, what action during the financial year under review was taken to mitigate the matter?	The department submitted a detailed report to the Committee in this regard.
	2. In allocating the liability emanating from the lawsuits did the Department take the necessary steps to apply Treasury Regulation 12.2.1?	Yes. The Department does consider the application of Treasury Regulation 12.2.1 in all cases of litigation emanating from lawsuits.
	3. If yes, state the cases where this was applied and detailed outcomes.	In the main, the consideration for applying TR12.2.1 was performed in terms of all road accidents committed by Departmental officials using Departmental vehicles during official working hours. To date, all assessments as provided by a legal assessment from the State Attorney and the State Law Advisors concluded in terms of the Public Finance Management Act (PFMA), that the applicable Departmental officials could be held liable for losses suffered by the Department when utilising the state vehicles during official working hours.
	4. Provide the breakdown of the total number and amounts of lawsuits and age analysis thereof.	A detailed breakdown and report was submitted to the Committee as requested.
	5. Why were provisions not made in the financial statements of the department for possible liabilities that may arise from the lawsuits against the Department?	It must be noted that the Department prepares its financial statements in terms of the Modified Cash Standard. In terms of the standard, provisions are defined as liabilities with uncertain timing or amount. A provision can only be recorded when:  a) The Department has a present obligation either legal or constructive arising from a past event;  b) It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and c) A reliable estimate can be made of the amount of the obligation. In all of the recorded lawsuits against the Department, the elements as listed above cannot be confirmed with sufficient certainty that would warrant the Provincial Treasury allocating the Department additional funding which is particularly aligned to the settlement of lawsuits. A further challenge preventing the raising of provisions is the budgeting principles within Provincial and National Departments which operates on a cash basis and not on an accrual basis of allocation.  The Department has with the assistance of the Provincial Treasury been able to adequately manage the risks associated with these lawsuits through the Adjustment Budget process which would allow Provincial Treasury to further allocate additional funding for court orders which have become due and payable.  In light with the above, the Department could not make provision in the financial statements since all the transactions disclosed in the note 18.1, page 214 did not meet the definition of a provision at the reporting date in terms of the accounting standard.  It is also important to note that a total of R292.490 million which translates to approximately 120 cases were resolved during the year under review.

Recommendation	Question/Recommendation	Department Response
Report on the Audit of the Annual Performance Report Predetermined Objectives Paragraphs 17, Pg 158-Programme 2 (Transport Infrastructure), Programme 2 (Transport Operators) & Programme 4 (Transport Regulations)	6. There were material misstatements in the annual performance report submitted for auditing on Programme 2 — Transport infrastructure, Programme 3 — Transport operations and Programme 4 — Transport regulations.	With regards the number of audited monitored routes completed by 2019, the department could not provide sufficient appropriate evidence in support of the reported performance information and the auditee's records did not permit the application of alternative audit procedures.  Even though the Committee was given assurance by the MEC that adequate systems would be put in place to address shortcomings on predetermined objectives, this finding has recurred. What disciplinary action has the MEC taken against the Accounting Officer for material misstatements in the annual performance report submitted for auditing?
		The department submitted a detailed report to the Committee in this regard.
		a. Why were there inadequate systems to collate, collect and report on performance information?
		A detailed response was submitted to the Committee.
		b. Why was there insufficient review of supporting documents for the reported targets in the annual report? [DDG Corporate Services]
		The Department conducts quarterly and annual reviews of reported achievement and supporting documentation on all predetermined objectives as per its monitoring and evaluation internal controls system and framework. The quarterly reviews of the Portfolio of Evidence (POE) is conducted by the Monitoring and Evaluation Unit and collated into Quarterly internal POE Monitoring reports. These reports are subsequently presented to Management towards addressing any findings and strengthening internal controls to ensure that the reported information is supported with complete and accurate Portfolio of Evidence. This process culminated in the Annual Performance Report (APR) information being reviewed against the Portfolio of Evidence collated and presented by the reporting business units. These reviews focused on ensuring that any discrepancies identified were promptly addressed by the relevant business units

Recommendation	Question/Recommendation	Department Response
Report on the Audit of the Annual Performance Report Predetermined Objectives Paragraphs 17, Pg 158-Programme 2 (Transport Infrastructure), Programme 2 (Transport Operators) & Programme 4 (Transport Regulations)	6. There were material misstatements in the annual performance report submitted for auditing on Programme 2 – Transport infrastructure, Programme 3 – Transport operations and Programme 4 – Transport regulations.	c. What is the Department doing to capacitate the Directorate of Monitoring and Evaluation to curb findings on predetermined objectives?  The Role and responsibility of the Directorate Monitoring and Evaluation Unit is focused on Strategic planning, monitoring and reporting of performance of the Department and not necessarily on the auditing of performance due to the capacity constraints within the Directorate. The Directorate provides performance monitoring and analysis reports to management to inform on the state of performance to enable the Department to identify and implement mitigation and policy interventions to improve performance. The Directorate provides the necessary support to the business units in respect of implementing the strategic planning, monitoring and evaluation systems and is heavily reliant on the business units to verify and validate their reported performance with the required and complete portfolio of evidence.  The M&E Directorate also works closely with the Gauteng Audit Services to provide internal audit capacity to assist the department in improving it performance reporting. Whilst the Department instituted a moratorium on the filling of posts, the Directorate remained under capacitated. The Moratorium has since been lifted and the funded vacant posts identified as critical will be advertised and filled. However, the capacity change will not enable the Unit to conduct in-depth auditing of the performance information for the whole department as result it will remain reliant on the business units taking ownership of its performance information and adhering to the M&E system and internal controls.  d. What disciplinary action has the Accounting Officer taken against the Chief Directorate of Monitoring and Evaluation for failure to implement effective controls to ensure that the requirements of the FFMPPI are adhered to?  A detailed response was submitted to the Committee.
Paragraph 21, Pg 158-Adjustment of Material Misstatements	djustment of Material in the annual performance report	a. Why were there misstatements in Programme 2, Transport infrastructure and 3?  The Identified misstatement for Programme 2 was the result of the overachievement of the planned design targets which was identified late by the business unit. As it had already reported against its initial assessment of annual achievement the Unit did not adjust its reported information in time. As a result of this overachievement the adjustment was implemented after the audit
		process in the revised annual performance report.  The Programme 3 misstatement was as a result of the Department's initial assessment of achievement on the number of bus subsidised routes for the financial year. Through consultation with the Audit team and wider stakeholders resulted in the department adopting a different approach on the measurement of the reported information. Thus, the adjustment of the reported achievement was completed to fairly present the year's performance.

FERFORMANCE INFORMATION OF THE DEPARTMENT OF ROADS AND TRANSPORT FOR THE TEAR ENDED ST MARCH 2016		
Recommendation	Question/Recommendation	Department Response
Other Matters of Interest Irregular Expenditure-Note 24.2, P219	8. Provide the detailed update on all irregular expenditure amounting R2 086 924 000 incurred due to legacy contracts from prior years.	A detailed breakdown and report was submitted to the Committee as requested.
Internal Control Deficiencies Paragraph 28, Pg 159 Financial and Performance Management	9. Management did not prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information.	a. Provide intervention measures targeted at ensuring that the Accounting Officer provides adequate leadership to the operations of the department.  A report was submitted to the Committee as requested.
Other Reports Paragraph, 30 Pg 159 – Investigations	10. Provide details of the various investigations into the allegations of possible unethical behaviour, misuse of assets and matters of procurement and contract management including:  a. The allegation  b. The financial value of the irregularity  c. The designation of the accused d. The status of the investigation  e. The action taken, including recovering losses incurred, because of the investigations  f. The report of the investigation if the investigation has been concluded	A detailed breakdown and report was submitted to the Committee as requested.

PERFORMANCE INFORMATION OF THE DEPARTMENT OF ROADS AND TRANSPORT FOR THE YEAR ENDED 31 MARCH 2018		
Recommendation	Question/Recommendation	Department Response
General Question Information Technology Controls The Committee notes challenges of information technology control deficiencies in the Department.	11. What actions have the Department taken; in partnership with the Department of e-Government to find solutions to information technology controls deficiencies to resolve operating systems problems?	The Department has been compliant to all GPG Operating System Requirement. The Department is compliant to Operating System Requirements as per GPG standards.
	12. What action did the Department take against the management for neglecting to refurbish the ICT infrastructure for 20 years and over-reliance on the external service provider for securing the system?	The Department has not had an over reliance on an external service provider. Its hardware is upgraded on average five years.
	13. Does the Department have a scheduled maintenance plan for ICT infrastructure?	Yes. All Departmental network sites are integrated to the Gauteng Broadband Network (GBN). The GBN is in project phase and is managed by e-Gov. Phase 2 of the project is to commence in March 2019. All ICT servers have been migrated to SITA. All printing is managed through transversal contracts via e-Gov. Departmental desktops and laptops are upgraded on average every five years.
	14. To mitigate high risk to the Department, provide the Committee with a progress report on the implementation of the disaster recovery plan.	All ICT servers have been migrated to SITA. All Departmental applications have been fully migrated to SITA.

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF g-fleet management for the year ended 31 march 2018

		INIENT FOR THE TEAR ENDED 31 MARCH 2018
Emphasis of Matters Paragraph 7, P 314  – Restatement of Corresponding Figures Read with Note 3- P335	1. The corresponding figures for 31 March 2017 have been restated because of an error in the financial statements.	a. Explain how the errors originated resulting in the need for the restatement of corresponding figures.
		The Entity provided full explanation to the Committee on this issue.
		b. Despite corrective measures put in place to address restatement of corresponding figures the matter has recurred, explain why?
		The Entity provided full explanation to the Committee on this issue.
	2. What disciplinary steps will be taken against the Accounting Officer for the restatement of corresponding figures?	No disciplinary action will be taken against the Accounting Officer as these are accounting adjustments which are necessary for the fair presentation of the financial statements. As explained in Question 1, it must be mentioned that the nature of business of the Entity always prompts restatement of figures and because of the accrual system that is used in recording transactions.
Report on the Audit of the Annual Performance Report Paragraph 17-18 P315 – Percentage of Vehicles	3. Despite the assurance provided by the MEC that systems have been put to address this finding, this still recurs.	a. Why was there no stringent monitoring regarding the scheduled maintenance and turn- around time for accidents and mechanical repairs and explain in detail what have you done to rectify this.
Compliant to Scheduled Maintenance and Average Turnaround Time for Accidents and Mechanical Repairs		A detailed report was submitted to the Committee in this regard.
Paragraph 19, P 315 – Percentage of Disputed Invoices Paid within 30 Days from Receipt of Invoice	4. Why was there no system in place to track the invoices from receipt to payment and what measures have been put in place to prevent similar findings from recurring?	There was a system in place to track invoices. However, the payment register that was provided for audit was incomplete as did not have some payments, which were in the 30 days' payment report.
		Currently, there is only one report that is used to track the invoices from receipt to payment. This report is monitored and reviewed monthly.
Paragraph 20, P 315 – Average number of business days from delivery of vehicle to active vehicle contract (Permanent Vehicles Only)	5. Why were the planned indicators not clearly defined nor SMART as required by the FMPPI?	The Entity provided the Committee with a report in this regard.
Paragraph 21, P 316 – The Implementation of ICT Strategy/Plan	6. Why management did not properly review strategic documents to ensure that the method of calculation for the performance indicator is predetermined and clearly defined.	The ICT strategic document is divided in to two main documents, i.e. the Overall Strategic document and Implementation plan. The strategic document lists the indicators at a high level without descriptively outlining the indicators as post deliverables. The implementation plan is then used to define clear indicators and how they are going to be delivered. However, the Entity has reviewed its indicators and they are now in line and clearly defined.
	7. Who was responsible for this and what are your action plans to rectify this.	This has been resolved from the Broad Management Committee that was held during the month of August 2018. The person responsible is the Director: IT.

## REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF q-FLEET MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

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8. Why was there inadequate and unreliable reporting relating to R6 286 398 spent on township businesses?

The Entity is completely reliant on the RT46 contract Service provider with the reports, the information, and the portfolio of evidence related to the KPI.

The Entity had challenges with the availability, the quality and the reliability of these in support of the KPI.

The reports and the information related to this KPI have since improved, and the reporting is now adequate and reliable.

#### Report on Audit of Compliance with Legislation Paragraph 27, p 316 read with Note 29, p 352 – Irregular Expenditure

9. Why effective steps were not taken to prevent irregular expenditure amounting to R22 632 000 to the annual financial statements as required by Section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1.

The Entity attempted to issue a tender of tracking devises with a view to safeguard the state vehicles, this tender was regrettably cancelled in the last stage of the process. A decision was then taken to extend the existing contract of the tracking device which was expiring then. The expenditure incurred for the extension was then disclosed as irregular.

Furthermore, the Entity could not go out on a tender for the office rentals of the regional office. These contracts had to be extended on a monthly basis.

a. Provide the detailed transactions of each instance of irregular expenditure including the name of the service provider and the service provided.

A detailed report reflecting transactions of irregular expenditure was submitted to the Committee.

b. What investigations have been undertaken regarding irregular expenditure reported in 2017/2018 financial year and what disciplinary measures have been/ will be taken against those responsible for irregular expenditure?

Investigations are still underway and report is yet to be issued.

c. Considering the numerous turn around strategies actioned in the department including setting up the Irregular expenditure committee, explain why the irregular expenditure increased significantly?

Irregular expenditure reported on 2017/18 financial year is cumulative and it includes the amount incurred in the prior years. No irregular expenditure has been condoned to date.

d. What disciplinary steps will be taken against the Accounting Officer for non-compliance with Section 38(1) (c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1?

Investigations are still underway and report is yet to be issued. Although the Entity incurred irregular expenditure, it must be stated that the Entity did consume the services and it was necessary to have such services.

## REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF q-FLEET MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

PERFORMANCE INFORMATION OF g-FLEET MANAGEMEN		
Paragraph 28, P 316 Read with Note 28– Fruitless and Wasteful Expenditure	10. Why the Accounting officer did not always take effective steps to prevent fruitless and wasteful expenditure amounting to R1 329 000.	Nurrectors Star char involved pay read bee a. V rec they Fruirectors
		b. P

Numerous engagements were held with the service provider, Standard Bank regarding the interest charges. Standard bank charged interest regardless of the disputes that we had on their invoices which led to late payment. However, the Entity is not paying any interest to any service provider until agreement is reached. It must be further stated that no fruitless expenditure has been incurred and reported in the current year.

## a. What action plan have been put in place to avoid the recurrence of the above?

The Entity is not paying any interest to any service provider until they are completely validated. It must be further stated that no Fruitless expenditure have been incurred and reported in the current year.

# b. Provide the detailed status report on the investigations relating to fruitless and wasteful expenditure.

Investigations are still underway

c. What disciplinary steps will be taken against the Accounting Officer for not preventing irregular expenditure as required by Section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1?

Investigations are still underway and report is yet to be issued. The Entity had to acquire the services whose expenditure was disclosed as irregular. The Entity would have lost more money than it spent had it not extended the contract of tracking devices and office rental.

#### Paragraph 26, P 305 – 30 Days Payment

11. Contractual obligations and money owed by the Trading Entity were not settled within 30 days of receipt of invoice.

## a. Why were payments not made within 30 days as per Treasury Regulation 8.2.3?

Payments made outside 30 days were due to incomplete Central Data Base(CSD) registrations by most suppliers. For example, invalid tax clearance certificate, invalid bank account and lack of vendor numbers.

b. What disciplinary steps have/will be taken against the Accounting Officer for failure to put systems in place to settle contractual obligations within 30 days?

No disciplinary steps will be taken against the Accounting Officer as the payments which were done outside 30 days it was due to supplier not providing all the information to SAP vendor management.

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF q-FLEET MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

PERFORMANCE INFORMATION OF 9-FLEET MANAGEMENT FOR THE TEAR ENDED 31 MARCH 2018			
Paragraph 30-31, P 316 - Procurement and Contract Management	12. Why Quotations were awarded to bidders based on preference points that were not allocated in accordance with the requirements of the Preferential Policy Framework Act and its regulations.	a. Why was there a contravention of the Preferential Procurement Policy Framework Act (PPPFA)?	
		The template used in calculating the points was not updated on time when the new directive on PPPFA was issued.	
		b. Who was responsible for the awarding of the quotations and what disciplinary steps were taken against the official/s responsible for this.	
		No individual was responsible for awarding the bid as this was a mistake on the template which was not updated with correct points system. It must be stated that no bidder was disadvantaged by this oversight.	
with R500	13. Why goods and services with a transaction value above R500 000 were procured without inviting competitive bids and in	a. Provide a detailed list of all the transactions entered violating Treasury Regulation 16A.6.1 and 16A.6.4. The list should include the name of the service provider and service rendered and the amount involved.	
	some instances, deviations were approved by the Accounting Officer	The Entity provided the Committee with a report in this regard.	
	even though it was practical to invite competitive bids as prescribed by Treasury Regulation 16A6.1 and 16A6.4.	b. Provide portfolio of evidence detailing the disciplinary actions taken against the officials implicated.	
		No individual was responsible for awarding the bid as this was a mistake on the template which was not updated with correct points system. It must be stated that no bidder was disadvantaged by this oversight.	
		c. Provide the detailed status report of the investigations conducted for these deviations.	
		No investigations were conducted as there was no bidder disadvantaged by the oversight.	
Internal Control Deficiencies	14. Provide an update on the appointment of the Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer.	A detailed progress report was submitted to the Committee.	
Leadership, Financial and Performance Management			
Paragraph 37-40, P 306 Leadership, Financial and Performance Management			
Other Reports Paragraph 32, P 317 – Investigations The Committee notes challenges	15. Provide the status on the investigations relating to the unauthorised use of petrol cards and renting out of state vehicles.	In respect of the unauthorised use of petrol cards the investigation has been finalised and an official has been departmentally charged. The matter has been postponed to the 27th and 28th November 2018.	

On the 6th of September 2018 the HOD had a briefing from the

Investigating Officer (DPCI), the Project Manager assigned to this

case, the assigned member from the Assets forfeiture unit and the assigned prosecutor for this case. On the 20th of September 2018 the members of the Hawks uplifted the Auditor General's report and the Bank statements relating to the accused. The matter is at an advanced stage and the prosecutor has indicated that the matter should be ready for prosecution by the end of January 2019.

The Committee notes challenges

of information technology control

deficiencies in the Entity.

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# REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF g-FLEET MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018 Reports 16. What actions have the Entity The Entity has always worked closely with e-Goy regarding a

PERFORMANCE INFORMATION OF g-FLEET MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018		
Other Reports Paragraph 32, P 317 – Investigations The Committee notes challenges of information technology control deficiencies in the Entity.	16. What actions have the Entity taken, in partnership with the Department of e-Government to find solutions to information technology controls deficiencies to resolve operating systems problems?	The Entity has always worked closely with e-Gov regarding any upgrades to its operating systems, be it server or desktop O/S. Through the involvement of e-Gov, the Entity has implemented controls as defined by e-Gov and there are no shortfalls experienced.
Other Reports Paragraph 32, P 317 – Investigations The Committee notes challenges of information technology control deficiencies in the Entity.	17. What action did the Entity take against the management for neglecting to refurbish the ICT infrastructure for 20 years and over-reliance on the external service provider for securing the system?	We are currently in the procurement process for proposals for market research in getting new systems. Thereafter we will be able to understand the requirements and needs in getting a new system for the entity.
	18. Does the Entity have a scheduled maintenance plan for ICT infrastructure?	The Entity does not host any application onsite. All applications used by the Entity are hosted by e-Gov or SITA.
	19. To mitigate high risk to the Department, provide the Committee with a progress report on the implementation of the disaster recovery plan.	In line with SITA/BCX hosting, GPG and SITA has scheduled the DR testing for the week of 12 to 13 October 2018. This will affect all departments that have migrated to the cloud hosting.

#### 9. INTERNAL CONTROL UNIT

In accordance with the requirement of the Public Financial Management Act (PFMA) (1999), and best practice, the Department has a fully resourced internal audit function. The internal Audit performed per the approved internal Audit Coverage Plan. The plan was based on high risks areas as per the strategic risk profile. The Head of Department was appointed and is responsible for strategic and administrative support to the internal audit function.

There is an on-going process for identifying, evaluating and managing the significant risk faced by the Department to prioritise high risk and ensure adequate controls are designed and tested on a regular basis for effectiveness. All planned internal audit was completed during the Financial Year 2018/19, reviewed, approved and communicated. The quarterly audit was reported to the Audit Committee for independent oversight. The Risk Management Action Plan was closely monitored for implementation.

### 10. INTERNAL AUDIT AND AUDIT COMMITTEES

#### Internal Audit

Gauteng Audit service (GAS) provides internal audit services to all GPG departments. The objective of GAS is to promote sound corporate governance in the province through ensuring an effective controlled environment.

## • Key active of Internal Audit

Risk-based internal Audit Plans were developed by GAS and approved by the Departmental Audit Committees who oversee the activities of GAS.

The activities are as follows:

- Risk and compliance audit;
- Performance audit;
- Computer audit; and
- IT risk assessment.

## Summary of audit work completed

Sixteen (16) audits completed, during the financial year 2018/19:

Computer audits	Performance audits	Risk and compliance	Total
4	3	9	16

During the last quarter of the Financial Year 2018/19, GAS presented the risk-based three-year rolling internal Audit plan for the GDRT to the Audit Committee, having been discussed with the Accounting Officer and recommended for approval by the Audit Committee. The internal Audit Plan was approved by the Audit Committee for the implementation from 1 April 2018.

The table below discloses relevant information on the Audit Committee members:

Name	Qualifications	Internal or external member	If internal, position in the Department	Date appointed	Date resigned	No of meetings attended
Stanley Ngobeni (Chairperson)	Bcom Accounting     B Compt (Honours)     Master in Commerce     MBA     Higher Diploma in     Computer Auditing     Certificate in Mining     Taxation     Certificate in Project     Management     Certificate in Labour     Relation	External	-	01 March 2019	Current	2
George Higgins	<ul> <li>B. Com</li> <li>B. Com (Hons)</li> <li>Higher Diploma in Auditing</li> <li>Chartered Accountant (SA)</li> <li>Registered Auditor</li> </ul>	External	-	01 September 2016	Current	5
Given Sibiya	<ul> <li>Post Graduate Diploma in Accountancy</li> <li>Chartered Accountant (SA)</li> <li>B. Accounting</li> <li>B. Com</li> </ul>	External	-	01 March 2019	Current	2
Janice Meissner	Chartered Accountant (SA)     B. Com     B. Com (Hons)	External	-	01 October 2014	Appointed until 31 August 2018	1
Leon Langalibalele	B. Compt. (Hons)     B. Compt (Accounting)	External	-	07 November 2017	Appointed until 31 August 2018	1

# 11. PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing/resolving the matter
-	-	-

#### 12. AUDIT COMMITTEE REPORT

#### **GAUTENG PROVINCIAL GOVERNMENT (GPG)**

## Report of the Audit Committee - Cluster 04

### **Gauteng Department of Roads and Transport**

We are pleased to present our report for the financial year ended 31 March 2019.

#### **Audit Committee and Attendance**

The Audit Committee consists of the external Members listed hereunder and is required to meet a minimum of at least two times per annum as per provisions of the Public Finance Management Act (PFMA). In terms of the approved Terms of Reference (GPG Audit Committee Charter), five meetings were held during the current year, i.e. three meetings to consider the Quarterly Performance Reporting (financial and non-financial) and two meetings to review and discuss the Annual Financial Statements and the Auditor-General of South Africa's (AGSA) Audit and Management Reports.

#### **Non-Executive Members**

Name of Member	<b>Number of Meetings attended</b>
Mr. Stanley Ngobeni (Chairperson)	02
Mr. George Higgins	05
Ms. Given Sibiya	02
Ms. Janice Meissner (Former Chairperson)	01
Mr. Leon Langalibalele	01

#### **Executive Members**

In terms of the GPG Audit Committee Charter, officials listed hereunder are obliged to attend meetings of the Audit Committee:

# Compulsory Attendees Number of Meetings attended

Mr. Ronald Swartz (Accounting Officer)	02
Mr. Makhukhu Mampuru (Acting Accounting Officer)	03
Mr. Sanele Zondo (Chief Financial Officer)	03
Ms. Delicia Kgage (Chief Risk Officer)	04
Mr. Lutendo Makhadi (Acting Chief Audit Executive)	04
Mr. Kweyama Velile (Chief Audit Executive)	01

The Audit Committee noted that the Acting Accounting Officer attend three scheduled Audit Committee meetings since his appointment. Therefore, the Audit Committee is satisfied that the Department adhered to the provisions of the GPG Audit Committee Charter.

The Members of the Audit Committee met with the Senior Management of the Department, Auditor-General and Internal Audit collectively to address risks and challenges facing the Department. A number of in-committee meetings were held to address control weaknesses and deviations within the Department.

## **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 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

## The effectiveness of internal control and Information and Communication Technology (ICT) Governance

In line with the PFMA, internal audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is usually achieved by means of review of internal controls, the identification of corrective actions and suggested enhancements to the internal control processes and risk management. From the various reports of the internal auditors, the management and audit reports of the Auditor General South Africa, it was noted that matters were reported indicating deficiencies in the system of internal controls in areas pertaining to financial reporting, asset management, reporting on pre-determined objectives and compliance with laws and regulations.

# The following were areas of concern:

In some instances the system on internal control for the period under review was found to be adequate and ineffective and there is a room for improvement in so far as addressing internal audit findings timeously and implementation of consequence management. Some of the issues/concerns raised by Internal Audit during year were raised by the AGSA, The Audit Committee is of the view that management should continue strengthening the internal control environment together with the development and implementation of internal control universe.

#### **Commendation:**

The Audit Committee has observed that the overall control environment of the Department has continued to improve year on year.

### Information and Communication Technology (ICT) Governance

The Audit Committee also reviewed the ICT Governance, assets and systems status and comfort levels from the assurance providers, and key enhancements were reported as well as the reporting functionality of the system Internal and External audit decreased which is a concern for the Audit Committee. This continues to be a high risk for the Department which needs to be mitigated against.

#### **Internal Audit**

The Accounting Officer is obliged, in terms of the PFMA, to ensure that the Department has a system of internal audit under the control and direction of the Audit Committee. In the case of the Gauteng Provincial Government (GPG), the Internal Audit Function is shared amongst Departments in the Province.

The Internal Audit team managed to execute and complete substantial all original approved risk based audit projects within the allocated budget hours and time-frames. Furthermore, The Audit Committee is satisfied that the Internal Audit plan represents a clear alignment with the key risks, has adequate information systems coverage, and a good balance across the different categories of audits, i.e. risk-based, mandatory, performance, computer and follow-up audits. It is against this backdrop that the following conclusion must be understood that the internal audit unit under the leadership of the Acting Chief Audit Executive in material respect was found to be effective and adds value to the whole value chain and managed to discharge its functions and responsibilities during the year under review. Management should put more effort in implementing the agreed action plans to address the previously reported audit findings in order to improve the overall controls within the Department.

#### **Risk Management**

Progress on the departmental risk management was reported to the Audit Committee on a quarterly basis. The Audit Committee is of the opinion that department's risk management maturity level is material satisfactorily, although there are areas that still require improvement. Management should continue to take full responsibility for the entire Enterprise Risk Management Process and continue to support the Chief Risk Officer to even further enhance the performance of the Department. The Audit Committee would like to see the continued improvement in the maturity of risk management.

### **Performance Management**

The review of effectiveness and functionality of the performance management system (which includes analysis of management prepared quarterly performance reports and related internal audit reports) by Audit Committee revealed a need to strengthen current performance management and reporting system.

## The quality of quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee reviewed the quality, accuracy, uselessness, reliability and appropriateness of quarterly and annual financial reporting and the Audit Committee is satisfied with the content and quality of financial and non-financial quarterly reports prepared and submitted by the Accounting Officer of the department during the year under review and confirms that the reports were in compliance with the statutory reporting framework. The Audit Committee would like to commend the department for reporting monthly and quarterly to Treasury as is required by the PFMA. The Audit Committee recommends that the department should fully comply with section 40(1) of the PFMA, in so far as management's review and monitoring of financial reports and performance information reports.

# Compliance with the relevant laws and regulations

A number of non-compliance with the enabling laws and regulations were noted by Audit Committee, Management, Internal Audit and AGSA during the year. As result, the Audit Committee recommended development and implementation of an effective compliance management system with an objective of addressing the issues of non-compliance with laws and regulations.

### **Forensic Investigations**

Investigations into alleged financial irregularities, financial misconduct and fraud were completed during the year under review. Certain investigations are still in the process of finalisation. Various measures were recommended including taking action against the identified officials and this was in the process of finalisation. The recommendations are at various stages of implementation.

#### **Evaluation of Annual Financial Statements**

The Audit Committee undertook the following activities related to Annual Financial Statements:

- Audit Committee reviewed the draft annual financial statements prepared by the department before the submission of the annual financial statements to the external auditors for audit the audit committee meeting held on 27 May 2019, and recommended them for audit.
- Audit Committee reviewed the final audited annual financial statements prepared by the department. The Audit Committee is material satisfied that that the annual financial statements have been prepared in terms of the Modified Cash Standard (MCS) and the PFMA.

### **Evaluation of Annul Report**

The Audit Committee undertook the following activities related to annual report:

- Audit Committee evaluated draft annual report (including performance report) the audit committee meeting held on 27 May 2019 and recommended the report for audit after further refinement by management.
- Audit Committee reviewed and evaluated audited annual report (including performance report) the audit committee
  meeting held on 22 July 2019. The Audit Committee is satisfied the final adjust annual report does comply with PFMA
  and relevant guidelines

#### **Audit Improvement Plan for 2017/18**

The Audit Committee reviewed and monitored the implementation of prior year audit findings on quarterly basis. It is the view of the Audit Committee that there is a room for improvement in this regard in so far as timeous implementation and resolving findings by the external auditors as well as addressing the root-causes relating to the weakness identified by the external auditors.

## **Auditor-General's Report for 2018/19**

The Audit Committee reviewed Audit Report, Management Report and Management's response thereto at the audit committee meeting held on 22 July 2019. The Audit Committee concurs with and accepts the conclusion and audit opinion of the AGSA on the Annual Financial Statements and Performance Report. The Committee is of the view that the audited financial statements and performance report be accepted and read together with the report of the AGSA. The Audit Committee confirms that it has been actively involved throughout the audit process and has been thoroughly appraised of the issues highlighted in the audit report.

The Audit Committee also notes the key issues identified by the AGSA in the management letter, and has assessed Management's action to mitigate any financial or performance reporting risks associated with these matters. The Committee is satisfied that given the implementation of effective and efficient controls, these matters should be adequately dealt with in future periods.

## One-on-One Meeting with the Accounting Officer

The Audit Committee has met with the Accounting Officer for the Department to address unresolved issues.

#### One-on-One Meetings with the Executive Authority

The Audit Committee has met with the Executive Authority for the Department to apprise the MEC on the performance of the Department.

#### Conclusion

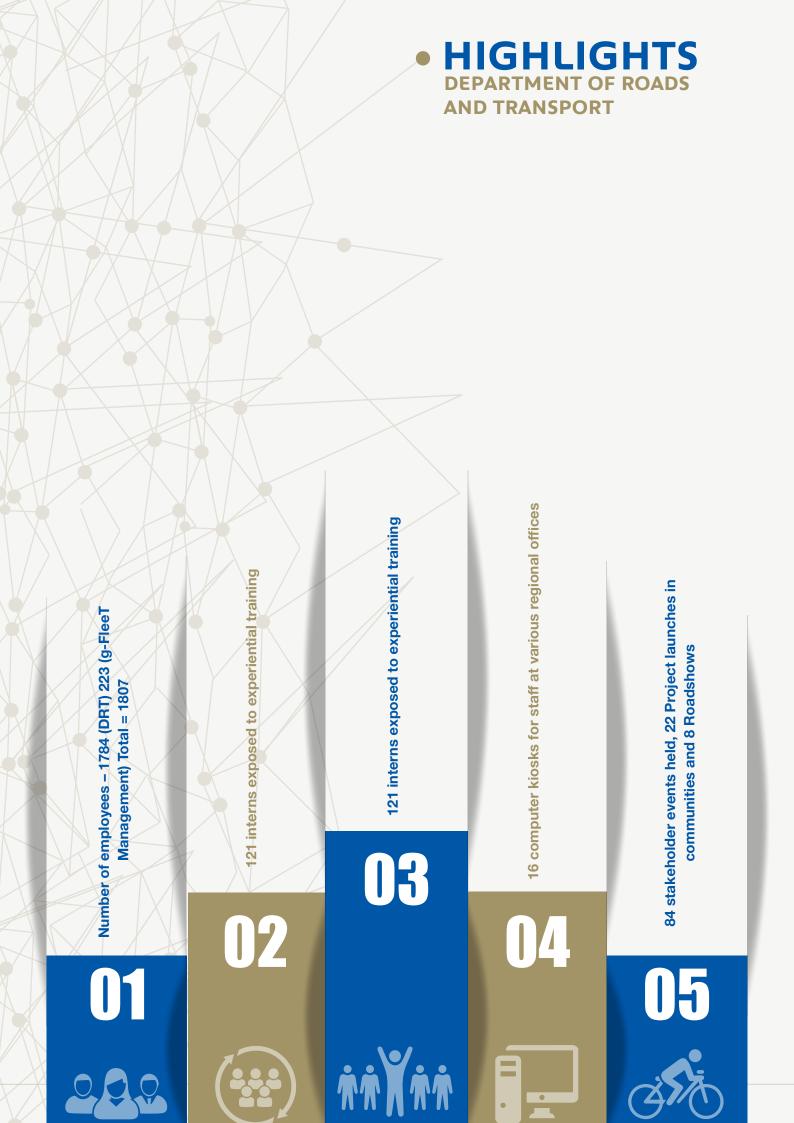
The Audit Committee strongly recommends that the department should prioritise root-cause identification and analysis, implementation of consequence management, and regular monitoring of the audit action plans for both internal and external audit in order to achieve the required effectiveness in governance, accountability and clean administration.

Furthermore, The Audit Committee is encouraged and appreciates an improvement in the communication between the Accounting Officer, Senior Management, the AGSA and the Internal Audit which if continued can strengthen the Corporate Governance initiatives within the Department.



Mr Stanley Ngobeni Chairperson of the Audit Committee Johannesburg 02 August 2019





#### 1. INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all Departments in the Public Service.

#### 2. OVERVIEW OF HUMAN RESOURCES

### **Employee and Organisational Wellness**

The Department has developed an initiative for improving health and wellbeing of its employees to ensure productivity and service delivery. The following initiatives were implemented during the financial year 2018/19:

# • Occupational Health and Safety (OHS)

A total of four hundred and fifty (450) employees attended the Occupational Health and Safety (OHS) induction at the Temba Driver Learner Testing Centre (DLTC), Head Office, g-Fleet and Bronkhorstspruit. Furthermore, thirty-four (34) Safety, Health and Environment (SHE) representatives, eleven (11) firefighters, sixty (60) first aiders and twenty-three (23) evacuation marshals were nominated within the departmental regional offices and Transport Operating Licence Administrative Bodies (TOLABs).

## Change Management Workshop

A change management workshop for Senior Managers was conducted by the National School of Government and 32 senior officials attended. The aim of the workshop was to equip and support managers to adopt change, initiate organisational success and outcomes.

# • Financial Management Workshop

Five (5) financial literacy workshops were conducted at the following regional offices (Vereeniging, Derdepoort, Benoni, Heidelberg and Bronkhorstspruit) and 150 employees attended.

# 3. HUMAN RESOURCES OVERSIGHT STATISTICS

# 3.1 Personnel related expenditure

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2018 and 31 March 2019

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	285 736	168 460	0	0	59,0	393
Transport Infrastructure	2 740 989	284 808	0	0	10,40	328
Transport Operations	2 311 691	27 048	0	0	1,20	466
Transport Regulation	291 626	173 406	0	0	59,50	287
Total as on Financial Systems (BAS)	5 630 042	653 722	0	0	8,60	334

Table 3.1.2 Personnel costs by salary band for the period 1 April 2018 and 31 March 2019

Salary Bands	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	32 715	4,90	207	158 043
Skilled (Levels 3-5)	159 952	4,90	4,90	234 534
Highly skilled production (Levels 6-8)	218 319	23,90	23,90	391 955
Highly skilled supervision (Levels 9-12)	156 192	32,60	32,60	723 111
Senior management (Levels 13-16)	53 101	23,30	23,30	1 234 907
Contract (Levels 3-5)	472	0,10	2	236 000
Contract (Levels 6-8)	6 504	1	16	406 500
Contract (Levels 9-12)	10 413	1,60	14	743 786
Contract (Levels 13-16)	2 315	0,30	1	2 315 000
Periodical Remuneration	4 037	0,60	12	336 417
Abnormal Appointment	14 139	2,10	208	67 976
TOTAL	658 160	98,30	1 958	336 139

# 3.1.3 Salaries, overtime, Home Owners' Allowance (HOA) and medical aid by programme for the period 1 April 2018 and 31 March 2019

	Sala	aries	Overtime Home owners allowance		Medical aid			
Programme	Amount (R'000	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	183 311	82.25	265.00	0.11	7574.00	3.39	10 777	4.83
Transport Infrastructure	324 933	77.80	689.00	0.16	17 433.00	4.17	2 6001	6.22
Transport Operations	21 437	79,10	264	1	752	2,80	1 506	5,60
Transport Regulation	1 728,28	88	0	0	48	2,40	15	0,80
Total	531 408	79,40	1 219	0.18	25 807	3.85	38 299	5.72

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 and 31 March 2019

	Sala	aries	Ove	rtime		rs' allowance DA)	Medi	cal aid
Salary band	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (Levels 1-2)	23 334	69,90	111	0,30	2 741	8,20	3 812	11,40
Skilled (Levels 3-5)	119 125	73,40	531	0,30	9 762	6	15 241	9,40
Highly skilled production (Levels 6-8)	173 723	79	454	0,20	7 838	3,60	14 231	6,50
Highly skilled supervision (Levels 9-12)	132 899	82,40	98	0,10	3 885	2,40	4 148	2,60
Senior management (Levels 13-16)	46 674	86,10	0	0	1 285	2,40	720	1,30
11 Contract (Levels 3-5)	429	90,90	0	0	0	0	0	0
12 Contract (Levels 6-8)	5 282	78,90	25	0,40	62	0,90	146	2,20
Contract (Levels 9-12)	9 501	87,90	0	0	232	2,10	0	0
Contract (Levels >= 13)	2 303	97,30	0	0	0	0	0	0
Periodical remuneration	3 999	96,60	0	0	0	0	0	0
Abnormal appointment	14 139	100	0	0	0	0	0	0
Total	531 408	79,40	1 219	0,20	25 807	3,90	38 299	5,70

# 3.2 Employment and vacancies

Table 3.2.1 Employment and vacancies by programme as on 31 March 2019

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate (includes frozen posts)	Number of employees additional to the establishment
Administration	447	366	18%	0
Transport Infrastructure	1 101	857	22%	19
Transport Operations	65	52	20%	0
Transport Regulations	578	464	20%	0
Total	2 191	1 739	20%	19

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2019

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Lower skilled (Levels 1-2), permanent	536	441	18%	0
Skilled (Levels 3-5), permanent	564	487	14%	0
Highly skilled production (Levels 6-8), permanent	755	588	22%	14 (candidate OSD employees)
Highly skilled supervision (Levels 9-12), permanent	288	184	36%	5 (candidate OSD employees)
Senior management (Levels 13-16), permanent	48	39	19%	0
Total	2 191	1 739	21%	19

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2019

Critical Occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Artisan Chief Grade A	8	5	38%	0
Artisan Foreman Grade A	6	4	33%	0
Artisan Production Grade A	26	19	27%	0
Engineer Candidate	4	4	0%	2
Engineer Chief Grade A	14	6	57%	0
Engineer Production Grade A	21	11	48%	0
Engineering Technician Candidate	5	5	0%	9
Engineering Technician Control Grade A	17	11	35%	1
Engineering Technician Production Grade A	46	40	15%	0
Engineering Technologist Candidate	9	9	0%	5
Engineering Technologist Production Grade A	2	1	50%	0
Examiner	30	25	17%	0
GISc Professional Candidate	2	1	50%	0
GISc Professional Production Grade A	2	2	0%	0
GISc Technologist Production Grade A	3	1	67%	0
Junior Examiner	60	58	3%	0
Professional Surveyor Chief Grade A	1	1	0%	0
Quantity Surveyor Candidate	2	2	0%	2
Senior Examiner	10	7	30%	0
Surveyor Technician Control Grade A	1	0	100%	0
Surveyor Technician Production Grade A	4	2	50%	0
MR5 Legal Admin Officer Grade 5	6	5	17%	0
MR6 Legal Admin Officer Senior	3	2	33%	0
Total	282	221	22%	19

# 3.3 Filling of SMS posts

Table 3.3.1 SMS post information as on 31 March 2019

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 16 (MEC)	1	1	100%	0	0%
Salary Level 15	4	2	50%	2	50%
Salary Level 14	10	7	70%	3	30%
Salary Level 13	32	28	88%	4	13%
Total	48	39	81%	9	20%

Table 3.3.2 SMS post information as on 30 September 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 16 (MEC)	1	1	100%	0	0%
Salary Level 15	4	3	75%	1	25%
Salary Level 14	9	7	78%	2	22%
Salary Level 13	31	28	90%	3	10%
Total	46	40	86%	6	14%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2018 and 31 March 2019

	Advertising	Filling of posts			
SMS level	Number of vacancies per level advertised in six months of becoming	Number of vacancies per level filled in six months of becoming vacant	Number of vacancies per level not filled in six months but filled in 12 months		
Director-General/ Head of Department	-	-	-		
Salary Level 16 (MEC)	-	-	-		
Salary Level 15	2	-	-		
Salary Level 14	1	-	-		
Salary Level 13	1	-	-		
Total	4	-			

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - advertised within six months and filled within 12 months after becoming vacant for the period 1 April 2018 and 31 March 2019

#### Reasons for vacancies not advertised within six months

Lack of sufficient compensation budget.

#### Reasons for vacancies not filled within six months

Lack of sufficient compensation budget.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2018 and 31 March 2019

# Reasons for vacancies not advertised within six months

No disciplinary steps required as there is a reason for deviating from prescribed timeframes.

#### Reasons for vacancies not filled within six months

No disciplinary steps required as there is a reason for deviating from prescribed timeframes.

## 3.4 Job evaluation

Table 3.4.1 Job evaluation by salary band for the period 1 April 2018 and 31 March 2019

	Number of	Number	% of posts	Posts upgraded		Posts downgraded	
Salary band	posts on approved establishment	of jobs evaluated	evaluated by salary bands	Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (levels 1-2)	536	0	0	0	0	0	0
Skilled (levels 3-5)	564	0	0	0	0	0	0
Highly skilled production (levels 6-8)	755	3	0.3%	3	100%	0	0
Highly skilled supervision (levels 9-12)	288	0	0	0	0	0	0
Senior Management Service Band A	32	0	0	0	0	0	0
Senior Management Service Band B	10	0	0	0	0	0	0
Senior Management Service Band C	4	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	2 191	0	0	0	0	0	0

# Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2018 and 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	3	0	0	0	3
Male	0	0	0	0	0
Total	3	0	0	0	3

Employees with a disability 0

# Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2018 and 31 March 2019

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Total number of employer evaluation	ees whose salaries e	0		
Percentage of total employed				0

# Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2018 and 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability	0	0	0	0	0
Total number of Employees whose salaries exceeded the grades determine by job evaluation					0

#### **Notes**

• If there were no cases where the salary levels were higher than those determined by job evaluation, keep the heading and replace the table with the following:

Total number of employees whose salaries exceeded the grades determine by job evaluation	0
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# 3.5 Employment changes

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2017 and 31 March 2018

Salary band	Number of employees at beginning of period 1 April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2), Permanent	206	4	3	1,50
Skilled (Levels 3-5), Permanent	698	48	62	8,90
Highly skilled production (Levels 6-8), Permanent	581	0	28	4,80
Highly skilled supervision (Levels 9-12), Permanent	221	5	10	4,50
Senior Management Service Band A, Permanent	32	0	0	0
Senior Management Service Band B, Permanent	7	0	0	0
Senior Management Service Band C, Permanent	4	0	0	0
Senior Management Service Band D, Permanent	1	0	0	0
Contract (Levels 3-5), Permanent	2	0	0	0
Contract (Levels 6-8), Permanent	9	7	3	33,30
Contract (Levels 9-12), Permanent	14	1	2	14,30
Contract Band C, Permanent	1.00	0.00	0.00	0.00
Contract Band D, Permanent	1.00	0.00	0.00	0.00
Total	1 777	65	109	6,10

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 and 31 March 2019

Critical Occupation	Number of employees at beginning of period - April 2017	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative Related, Permanent	167	0	0	0
All Artisans In The Building Metal Machinery Etc, Permanent	12	0	1	8,30
Artisan Project And Related Superintendents, Permanent	23	0	2	8,70
Attorneys, Permanent	2	0	0	0
Authors Journalists And Other Writers, Permanent	1	0	0	0
Auxiliary And Related Workers, Permanent	41	0	3	7,30
Building And Other Property Caretakers, Permanent	5	0	1	20

Critical Occupation	Number of employees at beginning of period - April 2017	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Bus And Heavy Vehicle Drivers, Permanent	7	0	0	0
Cartographers And Surveyors, Permanent	2	0	0	0
Cartographic Surveying And Related Technicians, Permanent	1	0	0	0
Civil Engineering Technicians, Permanent	3	0	1	33,30
Cleaners In Offices Workshops Hospitals Etc, Permanent	87	4	2	2,30
Client Inform Clerks(Switchb Recept Inform Clerks), Permanent	5	0	0	0
Communication And Information Related, Permanent	3	0	0	0
Computer System Designers And Analysts, Permanent	6	0	0	0
Economists, Permanent	3	0	2	66,70
Engineering Sciences Related, Permanent	27	1	3	11,10
Engineers And Related Professionals, Permanent	60	9	11	18,30
Finance And Economics Related, Permanent	18	0	0	0
Financial And Related Professionals, Permanent	9	0	0	0
Financial Clerks And Credit Controllers, Permanent	40	0	0	0
General Legal Administration & Rel. Professionals, Permanent	2	0	0	0
Head Of Department/Chief Executive Officer, Permanent	2	0	1	50
Human Resources & Organisat Developm & Relate Prof, Permanent	37	0	1	2,70
Human Resources Clerks, Permanent	22	0	1	4,50
Human Resources Related, Permanent	19	0	2	10,50
Identification Experts, Permanent	1	0	0	0
Information Technology Related, Permanent	4	0	0	0
Language Practitioners Interpreters & Other Commun, Permanent	1	0	0	0
Legal Related, Permanent	6	0	0	0
Library Mail And Related Clerks, Permanent	14	0	0	0
Light Vehicle Drivers, Permanent	7	0	2	28,60
Logistical Support Personnel, Permanent	3	0	1	33,30

Critical Occupation	Number of employees at beginning of period - April 2017	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Material-Recording and Transport Clerks, Permanent	16	0	1	6,30
Messengers Porters And Deliverers, Permanent	25	0	0	0
Motor Vehicle Drivers, Permanent	5	0	2	40
Other Administrat & Related Clerks And Organisers, Permanent	287	48	10	3,50
Other Administrative Policy And Related Officers, Permanent	166	0	5	3
Other Information Technology Personnel, Permanent	21	0	0	0
Other Occupations, Permanent	67	1	9	13,40
Photographic Lithographic And Related Workers, Permanent	1	0	0	0
Printing And Related Machine Operators, Permanent	1	0	0	0
Quantity Surveyors & Rela Prof Not Class Elsewhere, Permanent	1	0	0	0
Road Superintendents, Permanent	9	0	1	11,10
Road Trade Workers, Permanent	12	0	1	8,30
Road Workers, Permanent	405	0	41	10,10
Secretaries & Other Keyboard Operating Clerks, Permanent	50	0	0	0
Security Guards, Permanent	1	0	0	0
Senior Managers, Permanent	30	0	0	0
Statisticians And Related Professionals, Permanent	4	0	1	25
Trade Labourers, Permanent	22	0	4	18,20
Trade Related, Permanent	5	0	0	0
Water Plant And Related Operators, Permanent	9	0	0	0
Total	1 777	65	109	6,10

Table 3.5.3 Reasons why staff left the department for the period 1 April 2018 and 31 March 2019

Termination Type	Number	Percentage of Total Resignations
Death	15	13.80
Resignation	27	24.80
Expiry of contract	6	5.50
Dismissal – operational changes	0.00	0.00
Dismissal – misconduct	2	1.80
Dismissal – inefficiency	0	0.00
Discharged due to ill-health	4	3.70
Retirement	50	45.90
Transfer to other Public Service Departments	5	4.60
Total	109	100.00
Total number of employees who left as a % of total employment	1 738	5.59

Table 3.5.4 Promotions by critical occupation for the period 1 April 2018 and 31 March 2019

Occupation	Employees 1 April 2018	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	167	0	0	124	74,30
All Artisans in the Building Metal Machinery Etc.	12	0	0	4	33,30
Artisan Project and Related Superintendents	23	0	0	14	60,90
Attorneys	2	0	0	1	50
Authors Journalists and other Writers	1	0	0	1	100
Auxiliary and Related Workers	41	0	0	36	87,80
Building and other Property Caretakers	5	0	0	4	80
Bus and Heavy Vehicle Drivers	7	0	0	2	28,60
Cartographers and Surveyors	2	0	0	0	0
Cartographic Surveying and Related Technicians	1	0	0	0	0
Civil Engineering Technicians	3	0	0	1	33,30
Cleaners in Offices Workshops Hospitals Etc.	87	0	0	86	98,90
Client Inform Clerks (Switchb Recept Inform Clerks)	5	0	0	4	80
Communication and Information Related	3	0	0	3	100

Occupation	Employees 1 April 2018	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Computer System Designers and Analysts	6	0	0	6	100
Economists	3	0	0	2	66,70
Engineering Sciences Related	27	0	0	6	22,20
Engineers and Related Professionals	60	0	0	16	26,70
Finance and Economics Related	18	0	0	17	94,40
Financial and Related Professionals	9	0	0	8	88,90
Financial Clerks and Credit Controllers	40	0	0	33	82,50
General Legal Administration & Rel. Professionals	2	0	0	1	50
Head Of Department/Chief Executive Officer	2	0	0	1	50
Human Resources & Organisat Developm & Relate Prof	37	0	0	33	89,20
Human Resources Clerks	22	0	0	17	77,30
Human Resources Related	19	0	0	13	68,40
Identification Experts	1	0	0	1	100
Information Technology Related	4	0	0	2	50
Language Practitioners Interpreters & Other Commun	1	0	0	1	100
Legal Related	6	0	0	4	66,70
Library Mail And Related Clerks	14	0	0	14	100
Light Vehicle Drivers	7	0	0	5	71,40
Logistical Support Personnel	3	0	0	2	66,70
Material-Recording And Transport Clerks	16	0	0	15	93,80
Messengers Porters And Deliverers	25	0	0	22	88
Motor Vehicle Drivers	5	0	0	4	80
Other Administrat & Related Clerks and Organisers	287	0	0	266	92,70
Other Administrative Policy and Related Officers	166	0	0	137	82,50
Other Information Technology Personnel	21	0	0	20	95,20
Other Occupations	67	0	0	57	85,10
Photographic Lithographic and Related Workers	1	0	0	1	100
Quantity Surveyors & Rela Prof Not Class Elsewhere	1	0	0	0	0

Occupation	Employees 1 April 2018	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Risk Management and Security Services	1	0	0	1	100
Road Superintendents	9	0	0	8	88,90
Road Trade Workers.	12	0	0	10	83,30
Road Workers	405	0	0	370	91,40
Secretaries & Other Keyboard Operating Clerks	50	0	0	43	86
Security Guards	1	0	0	1	100
Senior Managers	30	0	0	23	76,70
Statisticians and Related Professionals	4	0	0	3	75
Trade Labourers	22	0	0	18	81,80
Trade Related	5	0	0	4	80
Water Plant And Related Operators	9	0	0	9	100
Total	1 777	0	0	1 474	82,90

Table 3.5.5 Promotions by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Employees 1 April 2018	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower Skilled (Levels 1-2), Permanent	206	0	0	204	99
Skilled (Levels 3-5), Permanent	698	0	0	615	88,10
Highly Skilled Production (Levels 6-8), Permanent	581	0	0	461	79,30
Highly Skilled Supervision (Levels 9-12), Permanent	221	0	0	149	67,40
Senior Management (Levels 13-16), Permanent	44	0	0	35	79,50
11 Contract (Levels 3-5), Permanent	2	0	0	1	50
12 Contract (Levels 6-8), Permanent	9	0	0	6	66,70
13 Contract (Levels 9-12), Permanent	14	0	0	2	14,30
14 Contract (Levels >= 13), Permanent	2	0	0	1	50
Total	1 777	0	0	1 474	82,90

# 3.6 Employment equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2019

O anno ational antonomi		Ma	ale			Fem	ale		Total
Occupational category	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Legislators, senior officials and managers, Permanent	19	2	2	0	16	5	2	1	47
Professionals, Permanent	68	2	3	19	56	2	4	7	161
Technicians and associate professionals, Permanent	283	8	3	35	370	14	5	47	765
Clerks, Permanent	526	6	0	17	200	6	2	8	765
Service and sales workers, Permanent	0	0	0	0	0	0	0	0	0
Craft and related trades workers, Permanent	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers, Permanent	100	0	3	1	118	2	0	0	224
Elementary occupations, Permanent	0	0	0	0	0	0	0	0	0
Total	1 107	19	11	72	854	30	13	63	2169
Employees with disabilities	4	1	0	2	2	0	0	1	10

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2019

O competional band		Ma	ile			Fem	ale		Tatal
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top management, permanent	2	1	0	0	1	1	0	0	5
Senior management, permanent	17	1	2	0	15	4	2	1	42
Professionally qualified and experienced specialists and mid-management, permanent	68	2	3	19	56	2	4	7	161
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	283	8	3	35	370	14	5	47	765
Semi-skilled and discretionary decision making, permanent	526	6	0	17	199	6	2	8	765
Unskilled and defined decision making, permanent	211	1	3	1	212	3	0	0	431
Total	1 104	19	11	72	853	30	13	63	2 169

Table 3.6.3 Recruitment for the period 1 April 2018 to 31 March 2019

Occupational band	Male					Fem	ale		Total
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	iotai
Professionally qualified and experienced specialists and mid-management, Permanent	3.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00	5.00
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	2.00	0.00	0.00	1.00	5.00	0.00	0.00	0.00	8.00
Semi-skilled and discretionary decision making, Permanent	31.00	0.00	0.00	0.00	17.00	0.00	0.00	0.00	48.00
Unskilled and defined decision making, Permanent	1.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	4.00
Total	37.00	0.00	0.00	2.00	25.00	0.00	0.00	1.00	65
Employees with disabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Table 3.6.4 Promotions for the period 1 April 2018 to 31 March 2019

O		Ma	le			Fem	ale		Total
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
Senior Management	14.00	0.00	1.00	0.00	13.00	2.00	2.00	1.00	33.00
Professionally qualified and experienced specialists and mid-management	55.00	2.00	2.00	11.00	70.00	0.00	2.00	7.00	149.00
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	171.00	4.00	1.00	16.00	226.00	9.00	4.00	30.00	461.00
Semi-skilled and discretionary decision making	425.00	5.00	0.00	12.00	160.00	5.00	2.00	6.00	615.00
Unskilled and defined decision making	09.00	1.00	0.00	0.00	93.00	1.00	0.00	0.00	204.00
TOTAL	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00
Employees with disabilities	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00

Table 3.6.5 Terminations for the period 1 April 2018 to 31 March 2019

O - markis mall bound		Male			Total				
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management	0	1	0	0	0	0	0	0	1
Senior Management	4		2	4	1	1	1		13
Professionally qualified and experienced specialists and mid-management	9	1	2	0	0	2	1		15
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	6	1	6	0	0	6	3	4	26
Semi-skilled and discretionary decision making	17	0	0	5	6	0	0	6	34
Unskilled and defined decision making	114	0	0	0	6	0	0	0	120
Total	150	3	10	9	13	9	2	10	209
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2018 to 31 March 2019 labour

St. 1 P. 17		Male				Total			
Disciplinary action	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
No outcome	10	0	0	0	1	0	0	0	11
Total	10	0	0	0	1	0	0	0	11

Table 3.6.7 Skills development for the period 1 April 2018 to 31 March 2019

Ossupational satemany		Male				Femal	e		Total
Occupational category	African	Coloured	Indian	White	African	Coloured	Indian	White	IOLAI
Legislators, senior officials and managers	25	0	1	1	32	1	0	0	60
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	122	6	1	1	178	12	1	0	321
Clerks	97	0	0	0	92	0	0	0	189
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	90	4	0	0	44	0	0	0	138
Total	334	10	2	2	346	13	1	0	708
Employees with disabilities	2	0	0	0	2	0	0	0	4

# 3.7 Signing of performance agreements by SMS members

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2017

SMS level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	100%
Salary level 16	1	0	0	0
Salary level 15	4	5	5	100%
Salary level 14	10	8	7	98%
Salary level 13	32	36	36	100%
Total	48	50	49	98%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2017

Reasons	
Labour related issues	

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2019

Reasons	
None	

# 3.8 Performance rewards

Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

		Cost			
Race and gender	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African, Female	528.00	672.00	78.60	3 994.97	7 566.00
African, Male	784.00	896.00	87.50	5 029.25	6 415.00
Asian, Female	7.00	11.00	63.60	70.26	10 038.00
Asian, Male	5.00	8.00	62.50	77.06	15 413.00
Coloured, Female	8.00	19.00	42.10	56.99	7 124.00
Coloured, Male	12.00	16.00	75.00	94.28	7 856.00
White, Female	37.00	50.00	74.00	328.14	8 869.00
White, Male	50.00	58.00	86.20	541.64	10 833.00
Employees with a disability	7.00	8.00	87.50	56.36	8 052.00
Total	1 438.00	1 738.00	82.70	10 248.96	7 127.00

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2018 to 31 March 2019

		Beneficiary profile	Cost		
Salary band	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee
01 Lower skilled (Levels 1-2)	203.00	207.00	98.10	727.20	3 582.00
02 Skilled (Levels 3-5)	628.00	682.00	92.10	3 445.05	5 486.00
03 Highly skilled Production (Levels 6-8)	432.00	557.00	77.60	3 815.29	8 832.00
04 Highly skilled Supervision (Levels 9-12)	156.00	216.00	72.20	1 965.15	12 597.00
11 Contract (Levels 3-5)	2.00	2.00	100.00	14.30	7 150.00
12 Contract (Levels 6-8)	10.00	16.00	62.50	79.83	7 983.00
13 Contract (Levels 9-12)	3.00	14.00	21.40	37.22	12 408.00
Total	1 434.00	1 694.00	84.70	10 084.04	7 032.00

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2018 to 31 March 2019

		Beneficiary profile	Cost		
Critical Occupation	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Financial Clerks and Credit Controllers	1.00	40.00	77.50	235.60	7 600.00
Human Resources Clerks	15.00	20.00	75.00	124.24	8 282.00
Human Resources & Organisational Development & Relate Prof	28.00	36.00	77.80	298.71	10 668.00
Messengers Porters and Deliverers	20.00	25.00	80.00	106.00	5 300.00
All Artisans in The Building Metal Machinery Etc.	12.00	11.00	109.10	117.15	9 762.00
Risk Management and Security Services	1.00	1.00	100.00	13.54	13 538.00
Road Trade Workers.	11.00	11.00	100.00	78.87	7 170.00
Photographic Lithographic and Related Workers	0.00	1.00	0.00	0.00	0.00
Logistical Support Personnel	2.00	2.00	100.00	21.20	10 602.00
Finance and Economics Related	15.00	18.00	83.30	185.63	12 376.00
Other Administration & Related Clerks and Organisers	240.00	325.00	73.80	1 657.79	6 907.00
Identification Experts	0.00	1.00	0.00	0.00	0.00
Auxiliary and Related Workers	39.00	38.00	102.60	228.26	5 853.00
Other Occupations	59.00	59.00	100.00	342.15	5 799.00
Legal Related	3.00	5.00	60.00	39.52	13 174.00
Financial and Related Professionals	8.00	9.00	88.90	80.10	10 013.00
Building and Other Property Caretakers	3.00	4.00	75.00	14.51	4 836.00
Water Plant and Related Operators	8.00	9.00	88.90	54.00	6 750.00
Administrative Related	102.00	169.00	60.40	961.04	9 422.00
Communication and Information Related	1.00	3.00	33.30	9.65	9 650.00
Secretaries & Other Keyboard Operating Clerks	35.00	49.00	71.40	272.39	7 783.00
Cleaners in Offices Workshops Hospitals Etc.	86.00	89.00	96.60	316.87	3 685.00
Library Mail and Related Clerks	12.00	14.00	85.70	83.98	6 999.00
Human Resources Related	12.00	17.00	70.60	145.85	12 154.00

		Beneficiary profile	Cost		
Critical Occupation	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Attorneys	2.00	2.00	100.00	50.55	25 277.00
Trade/Industry Advisers & Other Related Profession	0.00	2.00	0.00	0.00	0.00
Head of Department/Chief Executive Officer	0.00	1.00	0.00	0.00	0.00
Trade Labourers	20.00	18.00	111.10	96.75	4 837.00
Road Superintendents	8.00	8.00	100.00	78.71	9 838.00
Language Practitioners Interpreters & Other Communications	0.00	1.00	0.00	0.00	0.00
General Legal Administration & Rel. Professionals	1.00	2.00	50.00	13.57	13 568.00
Cartographic Surveying and Related Technicians	1.00	1.00	100.00	9.22	9 221.00
Civil Engineering Technicians	2.00	2.00	100.00	32.38	16 188.00
Road Workers	393.00	367.00	107.10	1 829.16	4 654.00
Material-Recording and Transport Clerks	14.00	16.00	87.50	110.45	7 889.00
Other Administrative Policy and Related Officers	114.00	160.00	71.30	1 073.06	9 413.00
Artisan Project and Related Superintendents	23.00	21.00	109.50	205.17	8 920.00
Statisticians and Related Professionals	3.00	3.00	100.00	28.81	9 602.00
Bus and Heavy Vehicle Drivers	7.00	7.00	100.00	34.93	4 990.00
Senior Managers	3.00	29.00	10.30	137.57	45 857.00
Client Inform Clerks (Switchboard Recept Inform Clerks)	3.00	5.00	60.00	16.78	5 594.00
Computer System Designers and Analysts.	6.00	6.00	100.00	60.14	10 024.00
Authors Journalists and Other Writers	0.00	1.00	0.00	0.00	0.00
Economists	0.00	2.00	0.00	0.00	0.00
Engineers and Related Professionals	50.00	60.00	83.30	624.61	2 492.00
Cartographers and Surveyors	0.00	2.00	0.00	0.00	0.00
Trade Related	3.00	5.00	60.00	30.60	10 201.00
Other Information Technology Personnel.	18.00	21.00	85.70	168.09	9 338.00

		Beneficiary profile	Cost		
Critical Occupation	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Light Vehicle Drivers	5.00	5.00	100.00	29.62	5 925.00
Engineering Sciences Related	10.00	26.00	38.50	164.42	16 442.00
Motor Vehicle Drivers	6.00	3.00	200.00	40.39	6 732.00
Security Guards	1.00	1.00	100.00	4.84	4 836.00
Quantity Surveyors & Rela Prof Not Class Elsewhere	0.00	1.00	0.00	0.00	0.00
Information Technology Related	2.00	4.00	50.00	22.09	11 047.00
Total	1 438.00	1 738.00	82.70	10 248.96	7 127.00

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2018 to 31 March 2019

		Beneficiary profile	9	Co	ost	Total cost	(m
Salary band	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	as a % of the total personnel expenditure	(Personnel cost SMS) R'000
Band A	2.00	32.00	6.30	79.27	39 635.90	36 714.17	0
Band B	1.00	7.00	14.30	44.85	44 854.60	9 540.47	0
Band C	1.00	3.00	33.30	40.80	40 795.70	6 180.98	0
Band D	0.00	2.00	0.00	0.00	0.00	4 122.05	0
Total	4.00	44.00	9.10	164.92	41 230.50	56 557.68	0

# 3.9 Foreign workers

Table 3.9.1 Foreign workers by salary band for the period 1 April 2018 and 31 March 2019

Colom bond	01 April 2018		31 Mar	ch 2019	Change	
Salary band	Number	% of total	Number	% of total	Number	% Change
Lower skilled	1	33.30	1	33.30	0	0.00
Highly skilled production (Levels 6-8)	0	0.00	0	0.00	0	0
Highly skilled supervision (Levels		0.00	<u> </u>	0.00		3
9-12)	1	33.30	1	33.30	0	0
Contracts	0	0.00	0	0.00	0	0.00
Total	2	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2018 and 31 March 2019

Major	01 April 2018		31 Mar	ch 2019	Change	
occupation	Number	% of total	Number	% of total	Number	% Change
Elementary occupations	1.00	33.30	1.00	33.30	0.00	0.00
Professionals and managers	2.00	66.70	2.00	66.70	0.00	0.00
Total	3.00	100.00	3.00	100.00	0.00	0.00

# 3.10 Leave utilisation

Table 3.10.1 Sick leave for the period 1 January 2018 to 31 December 2018

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)	4.00	75.00	2.00	1.70	2.00	2.00
Skilled (Levels 3-5)	278.00	73.70	42.00	35.30	7.00	219.00
Highly skilled production (Levels 6-8)	356.00	66.90	50.00	42.00	7.00	465.00
Highly skilled supervision (Levels 9-12)	143.00	72.00	22.00	18.50	7.00	336.00
Senior management (Levels 13-16)	18.00	55.60	3.00	2.50	6.00	70.00
Contracts	0	0	0	0	0	0
Total	799.00	70.00	119.00	100.00	7.00	1 092.00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2018

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using disability Leave	% of Total Employees using disability Leave	Average Days per Employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.10.3 Annual Leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	36	18	2
Skilled (Levels 3-5)	1 964	19	105
Highly skilled production (Levels 6-8)	1 598	21	77
Highly skilled supervision (Levels 9-12)	678	20	34
Senior management (Levels 13-16)	93	16	6
Contracts			
Total	4 369	20	224

Table 3.10.4 Capped leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2019
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	44	0
Highly skilled production (Levels 6-8)	0	0	37	0
Highly skilled supervision (Levels 9-12)	0	0	58	0
Senior management (Levels 13-16)	0	0	116	0
Total	0	0	45	0

Table 3.10.5 Leave pay-outs for the period 1 April 2018 and 31 March 2019

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
<ul> <li>leave pay-out for 2018/19 due to non-utilisation of leave for the previous cycle</li> <li>Capped leave pay-outs on termination of service for 2018/19</li> <li>Current leave pay-out on termination of service for 2018/19</li> </ul>	3 642 854.49	87	41 871.89
Total	3 642 854.49	87	41 871.89

# **3.11 HIV/AIDS & Health Promotion Programmes**

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Road workers and workers at laboratory are exposed to substances which may affect their hearing and eyesight	Medical examinations are performed bi-annually to determine health condition of such employees. They are also provided with protective clothing to reduce the risk of contracting occupational diseases

# Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes

Question	Yes	No	Details, if yes
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.	х		Director HRP & A
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being 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.	x		6 employees
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.	x		Health screening Counselling and referral Health promotions Financial wellness Disease management OHS training Medical surveillance Peer education Change management
4. Has the department established (a) 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.		х	
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees based on their HIV status? If so, list the employment policies/practices so reviewed.		х	
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.	х		Counselling is provided externally to uphold confidentiality and privacy. HIV policy provides guidelines on how to deal with discrimination
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	х		Voluntary HIV testing is made available to employees at least once a quarter
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	х		Organisational Climate survey and/or Behaviour Risk Management survey are conducted every 3 years

# 3.12 Labour relations

Table 3.12.1 Collective agreements for the period 1 April 2018 and 31 March 2019

Subject matter	Date
-	-

Total number of Collective agreements	None
---------------------------------------	------

# Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2018 and 31 March 2019

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling		02
Verbal warning		0
Written warning		02
Final written warning		0
Suspended without pay		0
Fine		0
Demotion		0
Dismissal		03
Not guilty		0
Case withdrawn		0
Total		07

# Notes

Total number of disciplinary hearings finalised	100

# Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 and 31 March 2019

Type of misconduct	Number	Percentage of Total	Total
Corruption	01	50 %	3
Misuse of state vehicle	01	50 %	3
Total	02	100 %	3

# Table 3.12.4 Grievances logged for the period 1 April 2018 and 31 March 2019

Grievances	Number	% of Total
Number of grievances resolved	45	84.91 %
Number of grievances not resolved	8	15.09 %
Total number of grievances lodged	53	100 %

# Table 3.12.5 Disputes logged with Councils for the period 1 April 2018 and 31 March 2019

Disputes	Number	% of Total
Number of disputes upheld	1	7.69 %
Number of disputes dismissed	6	46.15 %
Total number of disputes lodged	13 and 6 is pending	100 %

# Table 3.12.6 Strike actions for the period 1 April 2018 and 31 March 2019

Total number of persons working days lost	50
Total costs working days lost	01
Amount recovered as a result of no work no pay (R'000)	R 18.489.82

# Table 3.12.7 Precautionary suspensions for the period 1 April 2018 and 31 March 2019

Number of people suspended	-
Number of people who's suspension exceeded 30 days	-
Average number of days suspended	-
Cost of suspension (R'000)	-

### 3.13 Skills development

Table 3.13.1 Training needs identified for the period 1 April 2018 and 31 March 2019

			Training need	ds identified at start	of the reporting	period
Occupational category	Gender	Number of employees as at 1 April 2018	Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and	Female	74	0	74	0	74
managers	Male	104	0	104	0	104
Professionals	Female	20	0	20	0	20
Froiessionals	Male	30	0	30	0	30
Technicians and associate	Female	419	0	419	0	419
professionals	Male	348	0	348	0	348
Clerks	Female	237	0	237	0	237
Clerks	Male	161	0	161	0	161
Service and sales workers	Female	12	0	12	0	12
Service and sales workers	Male	18	0	18	0	18
Skilled agriculture and fishery	Female	0	0	0	0	0
workers	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
Craft and related trades workers	Male	0	0	0	0	0
Plant and machine operators and	Female	0	0	0	0	0
assemblers	Male	0	0	0	0	0
Flomontony occupations	Female	33	0	33	0	33
Elementary occupations	Male	17	0	17	0	17
Sub total	Female	795	0	795	0	795
Sub (Old)	Male	678	0	678	0	678
Total		1 473	0	1 473	0	1 473

Table 3.13.2 Training provided for the period 1 April 2018 and 31 March 2019

			Training	g provided within the	reporting perio	od
Occupational category	Gender	Number of employees as at 1 April 2018	Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials	Female	33	0	33	0	33
and managers	Male	27	0	27	0	27
Professionals	Female	0	0	0	0	0
Professionals	Male	0	0	0	0	0
Technicians and associate	Female	191	0	191	0	191
professionals	Male	130	0	130	0	130
Clerks	Female	92	0	92	0	92
Cierks	Male	97	0	97	0	97
Service and sales workers	Female	0	0	0	0	0
Service and sales workers	Male	0	0	0	0	0
Skilled agriculture and fishery	Female	0	0	0	0	0
workers	Male	0	0	0	0	0
Craft and related trades	Female	0	0	0	0	0
workers	Male	0	0	0	0	0
Plant and machine operators	Female	0	0	0	0	0
and assemblers	Male	0	0	0	0	0
Flomenton, accumptions	Female	44	0	44	0	44
Elementary occupations	Male	94	0	94	0	94
Cub total	Female	360	0	360	0	360
Sub total	Male	348	0	348	0	348
Total		708	0	708	0	708

### 3.14 Injury on Duty

Table 3.14.1 Injury on duty for the period 1 April 2018 and 31 March 2019

Nature of injury on duty	Number	% of total
Required basic medical attention only	28	100%
Temporary Total Disablement	0	0%
Permanent Disablement	0	0%
Fatal	0	0%
Total	28	100%

### 3.15 Utilisation of Consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2018 and 31 March 2019

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
-	-	-	-
Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
<del>-</del>	_	_	_

### Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
-	-	-	-

### Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2018 and 31 March 2019

Project title	Total number of consultants that worked on project	Duration (work days)	Donor and contract value in Rand
-	-	-	-

Total number of projects	Total individual	Total duration	Total contract value
	consultants	Work days	in Rand
-	-	-	-

### Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019

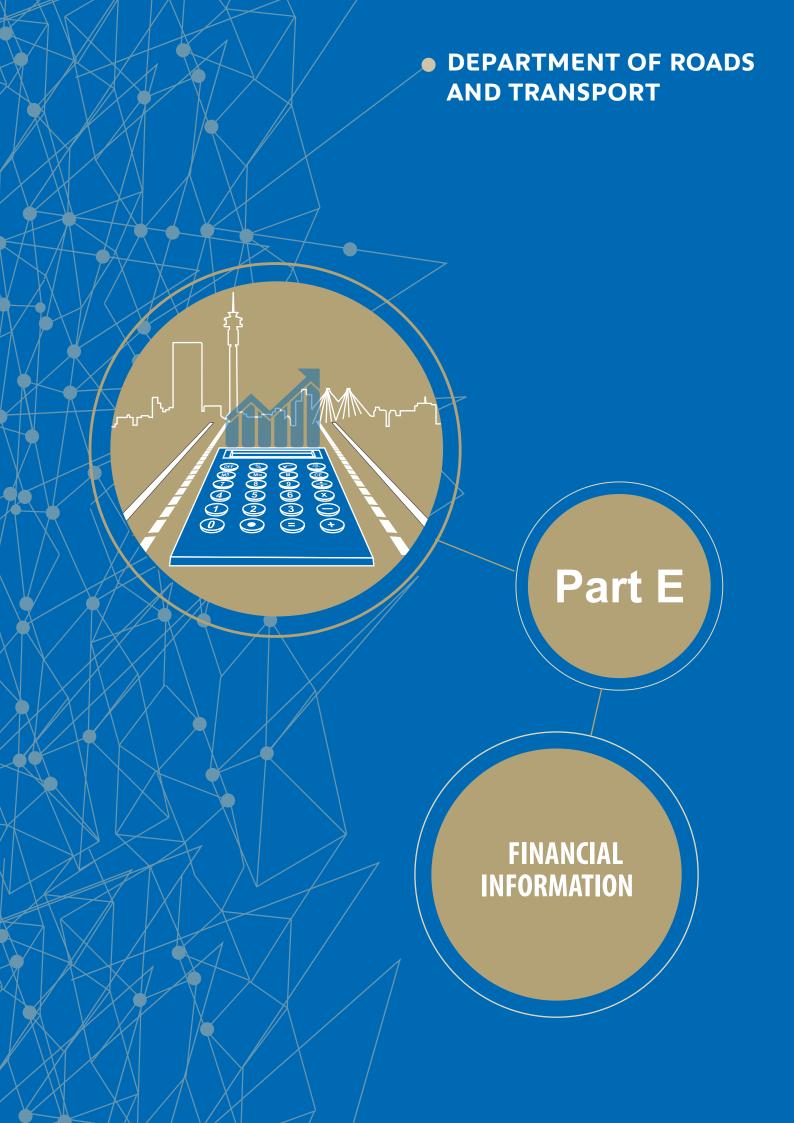
Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
-	-	-	-

### 3.16 Severance packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2018 and 31 March 2019

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by Department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0







### 1. REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON VOTE NO. 9: GAUTENG DEPARTMENT OF ROADS AND TRANSPORT

### **Report on the Audit of the Financical Statements**

### Opinion

- 1. I have audited the financial statements of the Gauteng Department of Roads and Transport set out on pages 160 to 227, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
- 2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gauteng Department of Roads and Transport as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury, the requirements of the Public Finance Management Act of South Africa, 1999 (Act no. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2018 (Act no. 1 of 2018) (Dora).

### Basis for opinion

- 3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
- 4. I am independent of the department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
- 5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of matters**

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

### **Material uncertainties**

7. With reference to note 17.1 to the financial statements, the department is the defendant in various lawsuits. The ultimate outcome of the matters cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

### Underspending of the vote

8. As disclosed in the appropriation statement, the department materially underspent the budget by R359 603 000 on the following programmes: administration, transport infrastructure, transport operations and transport regulations.

### Responsibilities of the accounting officer for the financial statements

9. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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10. In preparing the financial statements, the accounting officer is responsible for assessing the Gauteng Department of Roads and Transport's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

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

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

### Report on the audit of the annual performance report

### Introduction and scope

- 13. In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
- 14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
- 15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 – Transport infrastructure	57 – 72
Programme 3 – Transport operations	73 – 77
Programme 4 – Transport regulations	78 – 81

- 16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 17. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes:

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- Programme 2 Transport infrastructure
- Programme 3 Transport operations
- Programme 4 Transport regulation

### Other matters

18. I draw attention to the matters below.

### Achievement of planned targets

19. Refer to the annual performance report on pages 43 to 81 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets.

### Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of transport infrastructure and transport operations. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

### Report on the audit of compliance with legislation

### Introduction and scope

- 21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 22. The material findings on compliance with specific matters in key legislations are as follows:

### Procurement and contract management

23. Some contracts were extended or modified without the approval of a properly delegated official, as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2.

### Other information

- 24. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
- 25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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27. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

### Internal control deficiencies

- 28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
- 29. Management did not adequately review and monitor compliance with all applicable laws and regulations.

### Other reports

- 30. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance.
- 31. Various investigations were initiated by the department into allegations of possible unethical behaviour, misuse of assets and matters of procurement and contract management that covered the period 2013 to 2019. These investigations are at various stages of completion at the date of this auditor's report.

Auditor General

Johannesburg 31 July 2019



Auditing to build public confidence

### Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

### Financial statements

- 2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting officer
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Gauteng Department of Roads and Transport's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease continuing as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

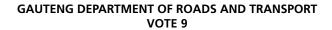
- 3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- 4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

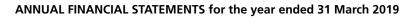




### ANNUAL FINANCIAL STATEMENTS FOR GAUTENG DEPARTMENT OF ROADS AND TRANSPORT

For the year ended 31 March 2019







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			Appropriati	Appropriation per programme					
		2	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	360 954	,	(28 800)	332 154	285 736	46 418	%0.98	302 509	293 658
2. Transport Infrastructure	2 767 971	•	57 936	2 825 907	2 740 989	84 918	%0'.26	2 262 165	2 246 184
3. Transport Operations	2 557 219	•	(19 712)	2 537 507	2 311 691	225 816	91.1%	2 379 451	2 113 499
4. Transport Regulation	303 501	•	(9 424)	294 077	291 626	2 451	99.5%	304 521	299 925
5. Gautrain	1 945 268	1	1	1 945 268	1 945 268	1	100.0%	1 833 694	1 833 694
TOTAL	7 934 913	•	•	7 934 913	7 575 310	359 603	%5'56	7 082 340	6 786 960
TOTAL (brought forward)									
Reconciliation with statement of financial performance	rformance								
ADD									
Departmental receipts				4 042 228				3 783 824	
Actual amounts per statement of financial performance (total revenu	rformance (total revenu	(er		11 977 141				10 866 164	
ADD							•		
Prior year unauthorised expenditure approved without funding	hout funding								
Actual amounts per statement of financial performance (total expend	rformance (total expen	diture)			7 575 310				6 786 960

Appropriation per economic classification									
		2	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	2 511 154	(116 982)	(42 153)	2 352 019	2 276 520	75 499	%8.96	1 796 870	1 771 102
Compensation of employees	702 514	ı		702 514	653 722	48 792	93.1%	647 972	633 927
Salaries and wages	586 975	2 289	1	589 264	558 599	30 665	94.8%	545 471	542 616
Social contributions	115 539	(2 289)	1	113 250	95 123	18 127	84.0%	102 501	91311
Goods and services	1 808 280	(116 857)	(969 95)	1 634 767	1 608 146	26 621	98.4%	1 110 069	1 098 542
Administrative fees	1 275	1 201	•	2 476	2 389	87	%5'96	1 345	1 309
Advertising	10 530	(4 131)		6 3 3 3 6	5 725	674	89.5%	4 377	4 289
Minor assets	1 255	228		1 483	1 477	9	%9'66	5 188	5 073
Audit costs: External	6 200	49	•	6 248	6 251	(2)	100.0%	2 560	2 560
Bursaries: Employees	2 100	•	•	2 100	1 409	691	67.1%	700	700
Catering: Departmental activities	2 890	86	•	2 988	1 996	366	%8'99	2 115	1 685
Communication	10 740	(3 833)	•	206 9	6 573	334	95.2%	15 198	13 619
Computer services	23 000	200	1	23 500	18 041	5 459	76.8%	22 483	22 482
Consultants: Business and advisory services	42 740	(400)	(15 230)	27 110	24 714	2 396	91.2%	27 188	24 663
Infrastructure and planning services	32 698	(6 887)	•	25 811	25 801	10	100.0%	17 836	17 835
Laboratory services	1 200	743	ı	1 943	1 979	(38)	101.9%	62	62
Legal services	13 832	6 662	(2 000)	18 494	18 448	46	%8.66	16 679	16 138
Contractors	1 369 928	(100 577)	(2 650)	1 266 701	1 259 268	7 433	99.4%	782 485	791 915
Fleet services	8 301	787	(525)	8 563	7 595	896	88.7%	9 014	8 656
Inventory: Clothing material and supplies	3 500	(1 113)		2 387	2 387	•	100.0%	2 700	2 617

		20.	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Fuel oil and gas	2 000	(2 000)	•		•			369	368
Inventory: Materials and supplies	23 000	4 757		27 757	27 749	∞	100.0%	16 919	5 646
Inventory: Other supplies	35 282	(10 334)	(6 051)	15 897	15 659	238	%5'86	5 042	4 864
Consumable supplies	2 610	173	•	2 783	2 277	206	81.8%	2 236	2 188
Consumable: Stationery printing and office supplies	88 107	(272)	(11 200)	76 635	76 177	458	99.4%	77 885	76 045
Operating leases	23 783	199	•	24 444	24 008	436	98.2%	20 004	20 008
Property payments	096 E9	(733)	(009 9)	26 627	56 621	9	100.0%	50 438	50 436
Transport provided: Departmental activity	360	•	•	360	59	331	8.1%	153	95
Travel and subsistence	13 849	1 165	•	15 014	12 604	2 410	83.9%	12 950	11 759
Training and development	18 000	•	(6 400)	8 600	6 416	2 184	74.6%	8 094	8 095
Operating payments	•	o	•	6	∞	_	%6'88	•	1
Venues and facilities	4 140	(610)	•	3 530	2 545	985	72.1%	2 634	2 048
Rental and hiring	•	,	•	1	•	1	1	415	390
Interest and rent on land	360	(125)	14 503	14 738	14 652	98	99.4%	38 829	38 633
Interest	360	(125)	14 503	14 738	14 652	98	99.4%	38 829	38 633
Transfers and subsidies	4 419 148	794	41 902	4 461 844	4 236 476	225 368	94.9%	4 270 557	4 006 249
Provinces and municipalities	2 500	(601)	•	1 899	1 900	(1)	100.1%	1 751	1 751
Municipalities	2 500	(601)	•	1 899	1 900	(1)	100.1%	1751	1 751
Municipal bank accounts	2 500	(601)	•	1 899	1 900	(1)	100.1%	1751	1 751
Departmental agencies and accounts	1 945 268	ī	•	1 945 268	1 945 268	•	100.0%	1 833 694	1 833 694
Departmental agencies and accounts	1 945 268	•	•	1 945 268	1 945 268	•	100.0%	1 833 694	1 833 694

Appropriation per economic classification continued	panu								
		2	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Public Corporation and Private enterprise	2 463 790	•	•	2 463 790	2 239 153	224 637	%6:06	2 315 535	2 052 599
Private enterprises	2 463 790	•	,	2 463 790	2 239 153	224 637	%6:06	2 315 535	2 052 599
Households	7 590	1 395	41 902	50 887	50 155	732	%9:86	119 577	118 205
Social Benefits	4 360	1 425	•	5 785	5 053	732	87.3%	6 393	5 020
Other transfers to households	3 230	(30)	41 902	45 102	45 102	,	100.0%	113 184	113 185
Payments for capital assets	1 004 506	116 171	251	1 120 928	1 062 229	28 699	94.8%	1 014 680	1 009 376
Buildings and other fixed structures	975 793	108 899	251	1 084 943	1 034 803	50 140	95.4%	988 887	984 736
Buildings	7 154	•	(1 280)	5 874	5 873	_	100.0%	25 645	25 643
Other fixed structures	689 896	108 899	1 531	1 079 069	1 028 930	50 139	95.4%	963 242	959 093
Machinery and equipment	24 413	(5 492)	,	18 921	14 662	4 259	77.5%	25 582	24 429
Transport equipment	12 795	(8 6 6 )	,	2 8 1 7	893	1 854	34.2%	9 2 2 3	6 751
Other machinery and equipment	11 618	4 486	•	16 104	13 699	2 405	85.1%	16 359	17 678
Intangible assets	4 300	12 764	1	17 064	12 764	4 300	74.8%	211	211
Payments for financial assets	105	17	•	122	85	37	%2'69	233	233
Total	7 934 913	•	•	7 934 913	7 575 310	359 603	95.5%	7 082 340	6 786 960

PROGRAMME 1: ADMINISTRATION									
		7(	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1.1. Office of the Mec	069 6	•	•	069 6	7 755	1 935	%0.08	8 760	7 141
1.2. Management of the Department	18 140	369	•	18 509	15 830	2 679	85.5%	17 456	15 863
1.3. Corporate Support	329 789	(369)	(28 800)	300 620	259 247	41 373	86.2%	273 020	267 931
1.4. Departmental Strategy	3 335	•	•	3 335	2 904	431	87.1%	3 273	2 723
Total for sub programmes	360 954	•	(28 800)	332 154	285 736	46 418	%0.98	302 208	293 658
Economic classification									
Current payments	347 454	•	(28 800)	318 654	278 305	40 349	87.3%	288 346	280 090
Compensation of employees	188 460	,	•	188 460	168 460	20 000	89.4%	169 590	164 432
Salaries and wages	160 585	(22)	•	160 560	146 398	14 162	91.2%	145 071	142 943
Social contributions	27 875	25	•	27 900	22 062	5 838	79.1%	24 519	21 489
Goods and services	158 934	•	(28 800)	130 134	109 845	20 289	84.4%	118 728	115 647
Administrative fees	1 030	1 256	,	2 286	2 255	31	%9.86	1 096	1 060
Advertising	5 770	(469)	,	5 301	4 792	209	90.4%	2 785	2 665
Minor assets	200	172	•	372	371	<del>-</del>	%2'66	4 728	4 727
Audit costs: External	6 200	49	•	6 2 4 9	6 251	(2)	100.0%	2 560	2 560
Bursaries: Employees	2 100	•	•	2 100	1 409	691	67.1%	200	200
Catering: Departmental activities	2 555	157	•	2 7 1 2	1 888	824	%9.69	1 528	1 423
Communication	10 060	(3 632)	,	6 428	6 040	388	94.0%	15 075	13 597
Computer services	21 700	•	•	21 700	16 241	5 459	74.8%	20 683	20 682

PROGRAMME 1: ADMINISTRATION continued									
		21	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consultants: Business and advisory services	3 740	(400)	•	3 340	945	2 395	28.3%	1 539	1 540
Legal services	5 032	417	•	5 449	5 447	2	100.0%	6 433	6 434
Contractors	2 450	•	•	2 450	1 199	1 251	48.9%	741	741
Fleet services	3 790	369	•	4 159	3 320	839	79.8%	4 175	4 179
Inventory: Other supplies	,	1 740	•	1 740	•	1 740	1	ı	1
Consumable supplies	8 852	,	(8 800)	52	•	52	1	,	,
Consumable: Stationery printing and office supplies	1 300	•	ı	1 300	1 065	235	81.9%	1 023	666
Operating leases	6 460	(17)	(4 000)	2 443	2 261	182	95.6%	2 300	2 050
Property payments	2 610	1 105	•	3 715	3 281	434	88.3%	2 0 2 2	2 052
Transport provided: Departmental activity	49 500	•	(009 9)	42 900	42 893	7	100.0%	34 717	34 715
Travel and subsistence	360	,	•	360	59	331	8.1%	153	92
Training and development	3 675	(120)	,	3 555	1 704	1 851	47.9%	2 732	2 107
Operating payments	18 000	1	(0 400)	8 600	6 416	2 184	74.6%	8 094	8 095
Venues and facilities	•	,	,	ı	•	1	,	ı	•
Rental and hiring	3 550	(627)	,	2 923	2 038	882	69.7%	2 199	1 839
Interest and rent on land		,	•	•	•	1	•	415	390
Interest	09	1	,	09	1	09	•	28	11
Transfers and subsidies	09	1	•	09	•	09	•	28	11
Households	610	•	•	610	217	393	35.6%	610	610
Social benefits	610	•	•	610	217	393	32.6%	610	610

PROGRAMME 1: ADMINISTRATION continued									
			2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	12 840	•	•	12 840	7 193	5 647	%0'95	13 512	12 918
Machinery and equipment	9 040	,	•	9 040	7 193	1 847	%9'62	13 301	12 707
Transport equipment	340	,	•	340	105	235	30.9%	853	259
Other machinery and equipment	8 700	1		8 700	7 088	1 612	81.5%	12 448	12 448
Intangible assets	3 800	•	•	3 800	•	3 800	ı	211	211
Payments for financial assets	20	•	•	20	21	29	45.0%	41	40
Total	360 954	•	(28 800)	332 154	285 736	46 418	80.98	302 208	293 658

SUBPROGRAMME: 1.1: OFFICE OF THE MEC									
		2	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	069 6	•	•	069 6	7 755	1 935	%0.08	8 360	7 141
Compensation of employees	6 100	•	•	6 100	5 610	490	92.0%	5 580	5 342
Goods and services	3 590	•	•	3 590	2 145	1 445	29.7%	2 780	1 799
Payments for capital assets	•	•		•	•	•	•	400	•
Machinery and equipment	•	•	•	•	•	•	•	400	•
Total	069 6	•	•	069 6	7 755	1 935	80.0%	8 760	7 141

SUBPROGRAMME: 1.2: MANAGEMENT OF THE DEPARTMENT	DEPARTMENT								
		7	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	18 040	369	•	18 409	15 795	2 614	82.8%	771 71	15 778
Compensation of employees	15 390	,	,	15 390	12 884	2 506	83.7%	15 150	14 155
Goods and services	2 650	369	•	3 019	2 911	108	96.4%	2 027	1 623
Transfers and subsidies	09	•	•	09	35	25	28.3%	82	28
Households	09	,	,	09	35	25	58.3%	28	28
Payments for capital assets	40	•	•	40	•	40	•	220	56
Machinery and equipment	40	•	,	40	•	40	•	220	56
Payments for financial assets	•	•	•	•	•	•	•	1	-
Total	18 140	698	•	18 509	15 830	2 679	85.5%	17 456	15 863

SUBPROGRAMME: 1.3: CORPORATE SUPPORT									
		2	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	316 389	(69E)	(28 800)	287 220	251 851	35 369	87.7%	259 536	254 448
Compensation of employees	163 835	,	•	163 835	147 092	16 743	89.8%	145 787	142 219
Goods and services	152 494	(369)	(28 800)	123 325	104 759	18 566	84.9%	113 721	112 218
Interest and rent on land	09	,	•	09	1	09	•	28	11
Transfers and subsidies	250	•	•	220	182	368	33.1%	225	552
Households	250	,	•	250	182	368	33.1%	252	252
Payments for capital assets	12 800	•	•	12 800	7 193	2 907	26.2%	12 892	12 892
Machinery and equipment	000 6	,	•	000 6	7 193	1 807	79.9%	12 681	12 681
Intangible assets	3 800			3 800		3 800	•	211	211
Payments for financial assets	20			50	21	29	45.0%	40	39
Total	329 789	(369)	(28 800)	300 620	259 247	41 373	86.2%	273 020	267 931

SUBPROGRAMME: 1.4: DEPARTMENTAL STRATEGY	·ΘΥ								
			2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	3 335	•	•	3 335	2 904	431	87.1%	3 273	2 723
Compensation of employees	3 135	,	•	3 135	2 874	261	91.7%	3 073	2 716
Goods and services	200	•	•	200	30	170	15.0%	200	7
Total	3 335	•	•	3 335	2 904	431	87.1%	3 273	2 723

Sub programme         R'000         R'000         R'000           2.1. INFRASTRUCTURE PLANNING         62 897         (4 684)         -           2.2. INFRASTRUCTURE DESIGN         147 960         27 274         1 531           2.3. CONSTRUCTURE DESIGN         933 508         (52 726)         -           2.3. CONSTRUCTURE DESIGN         1587 061         31 019         -           2.4. MAINTENANCE         1587 061         31 019         -           2.5. PROGRAMME SUPPORT INFRASTRUCTURE         36 545         (883)         56 405           2.5. PROGRAMME SUPPORT INFRASTRUCTURE         36 545         (883)         56 405           Compensation of employees         313 085         -         -         57 936           Compensation of employees         313 085         -         -         -         -           Solaries and wages         256 890         762         -         -         -           Social contributions         56 195         (7762)         -         -           Goods and services         1863 718         (107 140)         -         -           Advertising         3 950         (3 107)         -         -	2018/19	88 782 1 6 16 18 880 1 1 6 18 080 92 067 2 825 907	R'000 58 072 176 717 825 607 1 592 264 88 329 2 740 989	R'000         141         48         55 175         25 816         3 738         84 918	%8°66	2017/18 R'000	18 R'000
K'000         R'000         R'000           62 897         (4 684)         -           147 960         27 274         1 531           933 508         (52 726)         -           1 587 061         31 019         -           36 545         (883)         56 405           2 767 971         -         57 936           1 776 953         -         -           313 085         -         -           56 890         762         -           56 195         (762)         -           180         (45)         -           180         (3 107)         -		88 782 1 1 6 18 080 92 067 2 825 907	825 607 176 717 825 607 1 592 264 88 329 2 740 989	84 918	% 8'866	R'000	R'000
62 897 (4 684) 1531		58 213 176 765 880 782 1 618 080 92 067 2 825 907	58 072 176 717 825 607 1 592 264 88 329 2 740 989	141 48 55 175 25 816 3 738 <b>84 918</b>	%8.866		
62 897 (4 684) 1531		58 213 176 765 880 782 1 618 080 92 067 2 825 907	58 072 176 717 825 607 1 592 264 88 329 2 740 989	141 48 55 175 25 816 3 738 <b>84 918</b>	%8'66		_
147 960       27 274       1531         933 508       (52 726)       -         1 587 061       31 019       -         36 545       (883)       56 405         2 767 971       -       57 936         1 776 953       (107 140)       14 503         313 085       -       -         56 890       762       -         56 195       (762)       -         180       (45)       -         3 950       (3 107)       -		176 765 880 782 1 618 080 92 067 2 825 907	176 717 825 607 1 592 264 88 329 2 740 989	48 55 175 25 816 3 738 <b>84 918</b>		52 652	50 073
933 508 (52 726) - 1 587 061 31 019		280 782 1 618 080 92 067 2 825 907	825 607 1 592 264 88 329 2 740 989	55 175 25 816 3 738 <b>84 918</b>	100.0%	115 185	114 225
1 587 061 31 019 - 3 65 405		1 618 080 92 067 2 825 907	1 592 264 88 329 <b>2 740 989</b>	25 816 3 738 <b>84 918</b>	93.7%	895 077	903 307
3 5 5 4 5 (883) 5 6 4 0 5 6 4 0 5 7 9 3 6 7 7 7 9 3 6 7 7 9 3 9 7 9 1 4 5 0 3 1 3 1 3 0 8 5 1 9 5 6 1 9 5 7 9 3 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9		92 067 <b>2 825 907</b>	88 329 <b>2 740 989</b>	3 738 <b>84 918</b>	98.4%	1 020 054	1 002 552
tilon         1776 953         (107 140)         14 503           f employees         313 085         -         -           d wages         256 890         762         -           es         1463 718         (107 140)         -           tive fees         180         (3107)         -		2 825 907	2 740 989	84 918	95.9%	179 197	176 027
tion       1776 953       (107 140)       14 503         femployees       313 085       -       -         d wages       256 890       762       -         ributions       56 195       (762)       -         es       1 463 718       (107 140)       -         tive fees       180       (3107)       -	14 50				%0'.6	2 262 165	2 246 184
femployees         313 085         (107 140)         14 503           d wages         313 085         -         -           d wages         256 890         762         -           ributions         56 195         (762)         -           es         1463 718         (107 140)         -           tive fees         180         (3107)         -	14 50						
mployees         313 085         -	1	1 684 316	1 651 388	32 928	98.0%	1 180 363	1 167 959
vages     256 890     762     -       utions     56 195     (762)     -       1 463 718     (107 140)     -       2 fees     180     (45)     -       3 950     (3 107)     -		313 085	284 808	28 277	91.0%	289 378	281 176
utions     56 195     (762)     -       1 463 718     (107 140)     -       e fees     180     (45)     -       3 950     (3 107)     -		257 652	241 518	16 134	93.7%	238 935	238 636
1 463 718 (107 140) - 1 463 718 (45) - 3 950 (3 107) - 1		55 433	43 290	12 143	78.1%	50 443	42 540
ve fees 180 (45) 3 950 (3 107)		1 356 578	1 351 928	4 650	99.7%	852 364	848 161
3 950		135	134		99.3%	208	208
	(3 107)	843	842	<del>-</del>	%6'66	1 425	1 492
Minor assets 1 025 46 -	- 46	1 071	1 094	(23)	102.1%	196	196
Catering: Departmental activities - (59)		126	93	33	73.8%	09	29
Communication	1	10	6	<del>-</del>	90.0%		9
Consultants: Business and advisory services	,	,	•	•	•	2 524	•
Infrastructure and planning services 32 698 (6 887)	- (6 887)	25 811	25 801	10	100.0%	17 836	17 835

PROGRAMME 2: TRANSPORT INFRASTRUCTURE continued	ontinued								
		20	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Laboratory services	1 200	743		1 943	1 979	(9E)	101.9%	62	62
Legal services	2 900	6 815	1	12 715	12 679	36	%2'66	8 709	8 709
Contractors	1 362 518	(69 597)	1	1 262 921	1 256 739	6 182	99.5%	780 019	789 665
Fleet services	1 596	30	1	1 626	1 623	m	%8.66	1 047	1 044
Inventory: Clothing material and supplies	3 500	(1 113)	1	2 387	2 387	,	100.0%	2 700	2 617
Inventory: Fuel oil and gas	2 000	(2 000)	1	,	,	•	•	369	368
Inventory: Materials and supplies	23 000	3 014	ı	26 014	27 749	(1 735)	106.7%	16 919	5 646
Consumable supplies	1 100	173	•	1 273	1 206	29	94.7%	1 2 1 1	1 187
Consumable: Stationery printing and office supplies	1 807	(754)	,	1 053	266	95	94.7%	1991	686
Operating leases	1 045	314	1	1 359	1 359	•	100.0%	1 131	1 130
Property payments	11 000	(3 245)	1	7 755	7 756	(1)	100.0%	8 694	8 694
Travel and subsistence	7 954	1 523	1	9 477	9 453	24	86.7%	8 252	8 254
Operating payments	,	6	1	o	∞	-	88.9%	•	1
Venues and facilities	20	•	ı	20	20	30	40.0%	•	1
Interest and rent on land	150	•	14 503	14 653	14 652	-	100.0%	38 621	38 622
Interest	150	,	14 503	14 653	14 652	<u></u>	100.0%	38 621	38 622
Transfers and subsidies	8 670	614	41 902	51 186	51 140	46	%6:66	119 907	118 799
Provinces and municipalities	2 500	(601)		1 899	1 900	(E)	100.1%	1 751	1751
Municipalities	2 500	(601)	1	1 899	1 900	(1)	100.1%	1 751	1 751
Municipal bank accounts	2 500	(601)	1	1 899	1 900	(1)	100.1%	1 751	1751

PROGRAMME 2: TRANSPORT INFRASTRUCTURE continued	continued								
			2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Households	6 170	1 2 1 5	41 902	49 287	49 240	47	%6'66	118 156	117 048
Social benefits	2 940	1 245	•	4 185	4 138	47	%6.86	4 972	3 863
Other transfers to households	3 230	(30)	41 902	45 102	45 102	•	100.0%	113 184	113 185
Payments for capital assets	982 302	106 511	1 531	1 090 344	1 038 400	51 944	92.2%	961 796	959 327
Buildings and other fixed structures	689 896	99 239	1 531	1 069 409	1 019 270	50 139	95.3%	953 195	949 047
Other fixed structures	689 896	99 239	1 531	1 069 409	1 019 270	50 139	95.3%	953 195	949 042
Machinery and equipment	13 663	(5 4 9 2)	•	8 171	998 9	1 805	%6.77	8 601	10 280
Transport equipment	11 345	(10 010)	•	1 335	27	1 308	2.0%	069 9	5 788
Other machinery and equipment	2 318	4 518	1	9839	6 339	497	92.7%	1 911	4 492
Intangible assets	'	12 764	•	12 764	12 764	•	100.0%	•	,
Payments for financial assets	46	15	•	61	61	•	100.0%	66	66
Total	2 767 971	-	57 936	2 825 907	2 740 989	84 918	%0'.26	2 262 165	2 246 184

SUBPROGRAMME: 2.1: INFRASTRUCTURE PLANNING	ANNING								
		2	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	62 822	(4 764)	•	28 058	57 955	103	%8'66	51 277	48 746
Compensation of employees	28 409	1 850	1	30 259	30 259	1	100.0%	28 841	28 838
Goods and services	34 413	(6 614)	1	27 799	27 696	103	%9'66	22 436	19 908
Transfers and subsidies	30	88	•	110	107	m	97.3%	1 295	1 295
Households	30	80	1	110	107	m	97.3%	1 295	1 295
Payments for capital assets	45	•	•	45	10	35	22.2%	80	32
Machinery and equipment	45	•	-	45	10	35	22.2%	80	32
Total	62 897	(4 684)	•	58 213	58 072	141	%8'66	52 652	50 073

SUBPROGRAMME: 2.2: INFRASTRUCTURE DESIGN	Z								
		20	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	69 581	(9 832)	•	59 749	59 746	3	100.0%	63 357	63 356
Compensation of employees	45 381	992	1	46 147	46 147	ı	100.0%	43 534	43 533
Goods and services	24 200	(10 598)	ı	13 602	13 599	C	100.0%	19 823	19 823
Transfers and subsidies	120	•	•	120	79	41	%8':59	674	674
Households	120	1	•	120	79	41	%8'59	674	674
Payments for capital assets	78 259	37 106	1 531	116 896	116 892	4	100.0%	51 141	50 182
Buildings and other fixed structures	78 259	37 106	1 531	116 896	116 892	4	100.0%	51 141	50 182
Payments for financial assets	•	•	•	•	•	•	•	13	13
Total	147 960	27 274	1 531	176 765	176 717	48	100.0%	115 185	114 225

SUBPROGRAMME: 2.3: CONSTRUCTION									
		7	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	54 311	(2 141)	•	52 170	47 131	5 039	%8'06	44 904	57 432
Compensation of employees	46 900	(2 616)	,	44 284	42 459	1 825	95.9%	40 902	39 810
Goods and services	7 411	475	,	7 886	4 672	3 2 1 4	59.2%	4 002	17 622
Transfers and subsidies	006	(740)	•	160	159	-	99.4%	1 354	245
Households	006	(740)	•	160	159	-	99.4%	1 354	245
Payments for capital assets	878 297	(49 845)	•	828 452	778 317	50 135	93.9%	848 819	845 630
Buildings and other fixed structures	878 297	(49 842)	•	828 452	778 317	50 135	93.9%	848 819	845 630
Total	933 208	(52 726)	•	880 782	825 607	55 175	93.7%	895 077	903 307

SUBPROGRAMME: 2.4: MAINTENANCE									
			2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 559 648	(89 640)	•	1 470 008	1 444 198	25 810	%7'86	958 619	936 422
Compensation of employees	189 800	•		189 800	165 204	24 596	%0'.28	174 011	167 077
Goods and services	1 369 848	(89 640)	•	1 280 208	1 278 994	1 214	%6:66	784 608	769 345
Transfers and subsidies	4 300	1 394	•	5 694	5 693	-	100.0%	3 542	3 542
Provinces and municipalities	2 500	(601)		1 899	1 900	(1)	100.1%	1 751	1751
Households	1 800	1 995	•	3 795	3 793	2	%6.66	1 791	1 791
Payments for capital assets	23 083	119 250	•	142 333	142 328	5	100.0%	57 890	62 585
Buildings and other fixed structures	12 083	111 978	•	124 061	124 061	•	100.0%	53 235	53 235
Machinery and equipment	11 000	(5 492)	•	5 508	5 503	5	%6'66	4 655	9 350
Intangible assets	1	12 764	•	12 764	12 764	•	100.0%	•	•
Payments for financial assets	30	15	•	45	45	•	100.0%	3	8
Total	1 587 061	31 019	•	1 618 080	1 592 264	25 816	%4'86	1 020 054	1 002 552

SUBPROGRAMME: 2.5: PROGRAMME SUPPORT INFRASTRUCTURE	NFRASTRUCTURE								
			2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	30 591	(763)	14 503	44 331	42 358	1 973	95.5%	62 206	62 003
Compensation of employees	2 595	•	•	2 595	739	1 856	28.5%	2 090	1 918
Goods and services	27 846	(763)	•	27 083	26 967	116	%9:66	21 495	21 463
Interest and rent on land	150	•	14 503	14 653	14 652	<del>-</del>	100.0%	38 621	38 622
Transfers and subsidies	3 320	(120)	41 902	45 102	45 102	•	100.0%	113 042	113 043
Households	3 320	(120)	41 902	45 102	45 102	•	100.0%	113 042	113 043
Payments for capital assets	2 618	•	•	2 618	853	1 765	32.6%	3 866	868
Machinery and equipment	2 618	•	•	2 618	853	1 765	32.6%	3 866	868
Payments for financial assets	16	•	•	16	16	•	100.0%	83	83
Total	36 545	(883)	56 405	92 067	88 329	3 738	%6'56	179 197	176 027

PROGRAMME 3: TRANSPORT OPERATIONS									
		21	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
3.1.PUBLIC TRANSPORT SERVICES	2 549 149	27	(15 481)	2 533 725	2 309 086	224 639	91.1%	2 373 718	2 110 764
3.2.PROGRAMME SUPPORT OPERATIONS	8 070	(57)	(4 231)	3 782	2 605	1 177	%6'89	5 733	2 735
Total for sub programmes	2 557 219	•	(19 712)	2 537 507	2 311 691	225 816	91.1%	2 379 451	2 113 499
Economic classification									
Current payments	93 229	(9 7 15)	(19 712)	63 802	62 772	1 030	98.4%	53 043	20 677
Compensation of employees	29 269	•	(1 706)	27 563	27 048	515	98.1%	26 282	25 595
Salaries and wages	24 800	354	(1 706)	23 448	23 081	367	98.4%	22 357	21 930
Social contributions	4 469	(354)	•	4 115	3 967	148	96.4%	3 925	3 992
Goods and services	096 E9	(9 715)	(18 006)	36 239	35 724	515	%9'86	26 761	25 082
Advertising	120	(22)		65	20	15	76.9%	149	122
Minor assets	•	•	•	•	•	,	•	,	
Catering: Departmental activities	20	,	•	20	5	45	10.0%	177	178
Consultants: Business and advisory services	39 000	•	(15 230)	23 770	23 769	<u></u>	100.0%	23 125	23 123
Legal services	2 000	,	(2 000)	,	•	,	ı	280	74
Fleet services	820	•	(525)	295	596	(1)	100.3%	720	360
Inventory: Other supplies	19 660	(099 6)	(251)	9 7 4 9	9 7 4 9		100.0%	•	•
Consumable: Stationery printing and office supplies	360	(175)	,	185	2	183	1.1%	400	16
Operating leases	800	175	•	975	973	2	%8'66	720	720
Travel and subsistence	800	,	•	800	265	208	74.0%	755	353
Venues and facilities	350	1	•	350	288	62	82.3%	135	135

PROGRAMME 3: TRANSPORT OPERATIONS continued	nued								
		2	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	2 463 910	55	•	2 463 965	2 239 208	224 757	%6:06	2 3 1 5 6 8 1	2 052 745
Public corporations and private enterprises	2 463 790	•	1	2 463 790	2 239 153	224 637	%6:06	2 315 535	2 052 599
Private enterprises	2 463 790	•	,	2 463 790	2 239 153	224 637	%6:06	2 315 535	2 052 599
Other transfers to private enterprises	2 463 790	•	1	2 463 790	2 239 153	224 637	%6:06	2 315 535	2 052 599
Households	120	55	,	175	52	120	31.4%	146	146
Social benefits	120	52	,	175	52	120	31.4%	146	146
Payments for capital assets	80	099 6	•	9 740	9 711	29	%2'66	10 727	10 077
Buildings and other fixed structures	•	099 6		099 6	099 6	•	100.0%	10 047	10 046
Other fixed structures	•	099 6		099 6	099 6	•	100.0%	10 047	10 046
Machinery and equipment	8	•	,	08	51	29	63.8%	089	31
Transport equipment	80	•	•	80	51	29	63.8%	089	31
Total	2 557 219	•	(19 712)	2 537 507	2 311 691	225 816	91.1%	2 379 451	2 113 499

SUBPROGRAMME: 3.1: PUBLIC TRANSPORT SERVICES	VICES								
			2018/19					201	2017/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	85 359	(8 658)	(15 481)	60 220	60 218	2	100.0%	47 990	47 973
Compensation of employees	26 119	2	•	26 121	26 121	,	100.0%	24 509	24 510
Goods and services	59 240	(099 6)	(15 481)	34 099	34 097	2	100.0%	23 481	23 463
Transfers and subsidies	2 463 790	55	•	2 463 845	2 239 208	224 637	%6:06	2 315 681	2 052 745
Public corporations and private enterprises	2 463 790	,	•	2 463 790	2 239 153	224 637	%6:06	2 315 535	2 052 599
Households	,	55	•	55	55	•	100.0%	146	146
Payments for capital assets	•	099 6	•	099 6	099 6	•	100.0%	10 047	10 046
Buildings and other fixed structures	•	099 6	•	0996	099 6	•	100.0%	10 047	10 046
Total	2 549 149	22	(15 481)	2 533 725	2 309 086	224 639	91.1%	2 373 718	2 110 764

SUBPROGRAMME: 3.2: PROGRAMME SUPPORT OPERATIONS	OPERATIONS								
		2	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	7 870	(23)	(4 231)	3 582	2 554	1 028	71.3%	5 053	2 704
Compensation of employees	3 150	(2)	(1 706)	1 442	927	515	64.3%	1 773	1 085
Goods and services	4 720	(22)	(2 525)	2 140	1 627	513	%0'92	3 280	1 619
Transfers and subsidies	120	•		120	•	120	•	•	•
Households	120	•	ı	120	,	120	·	•	,
Payments for capital assets	80	•		80	51	29	63.8%	089	31
Machinery and equipment	80	•	•	80	51	29	63.8%	089	31
Total	8 070	(57)	(4 231)	3 782	2 605	1 177	%6.89	5 733	2 735

PROGRAMME 4: TRANSPORT REGULATION									
		2	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme 4.1. TRANSPORT ADMINISTRATION AND LICENCING	164 512	125	(2 863)	161 774	160 369	1 405	99.1%	176 666	175 077
4.2. OPERATOR LICENCE AND PERMITS	138 989	(125)	(6 561)	132 303	131 257	1 046	99.2%	127 855	124 848
Total for sub programmes	303 501	•	(9 424)	294 077	291 626	2 451	99.2%	304 521	299 925
Economic classification									
Current payments	293 518	(127)	(8 144)	285 247	284 055	1 192	%9.66	275 118	272 376
Compensation of employees	171 700		1 706	173 406	173 406	•	100.0%	162 722	162 724
Salaries and wages	144 700	1 198	1 706	147 604	147 602	2	100.0%	139 108	139 107
Social contributions	27 000	(1 198)	ı	25 802	25 804	(2)	100.0%	23 614	23 617
Goods and services	121 668	(2)	(08 820)	111 816	110 649	1 167	80.0%	112 216	109 652
Administrative fees	65	(10)	ı	55	•	52	•	41	41
Advertising	069	(200)	1	190	41	149	21.6%	18	10
Minor assets	30	10	•	40	12	28	30.0%	264	149
Catering: Departmental activities	100	•	•	100	10	06	10.0%	350	25
Communication	029	(201)	ı	469	524	(22)	111.7%	112	16
Computer services	1 300	200	ı	1 800	1 800	•	100.0%	1 800	1 800
Legal services	006	(220)	ı	330	322	∞	92.6%	957	921
Contractors	4 960	(086)	(5 650)	1 330	1 330	•	100.0%	1 725	1 509
Fleet services	2 0 0 2	388	1	2 483	2 356	127	94.9%	3 072	3 073

PROGRAMME 4: TRANSPORT REGULATION continued	tinued								
			2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Inventory: Materials and supplies	,	m		m	,	C	•	•	
Inventory: Other supplies	6 770	(674)		960 9	5 910	186	%6'96	5 042	4 864
Consumable supplies	210	•	•	210	9	204	7.9%	2	2
Consumable: Stationery printing and office supplies	79 480	674	(7 200)	72 954	72 917	37	%6'66	74 194	72 990
Operating leases	19 328	(633)	•	18 395	18 395	•	100.0%	16 101	16 106
Property payments	3 460	2 512		5 972	5 972	•	100.0%	7 027	7 0 2 7
Travel and subsistence	1 420	(238)		1 182	855	327	72.3%	1 211	1 045
Venues and facilities	190	17		207	199	∞	96.1%	300	74
Interest and rent on land	150	(125)	٠	25	,	25	•	180	
Interest	150	(125)		25	•	25	•	180	•
Transfers and subsidies	069	125		815	643	172	78.9%	999	401
Households	069	125	•	815	643	172	78.9%	999	401
Social benefits	069	125	•	815	643	172	78.9%	999	401

PROGRAMME 4: TRANSPORT REGULATION continued	inued								
		7	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Payments for capital assets	9 284	•	(1 280)	8 004	6 925	1 079	%5'98	28 645	27 054
Buildings and other fixed structures	7 154	,	(1 280)	5 874	5 873	_	100.0%	25 645	25 643
Buildings	7 154	•	(1 280)	5 874	5 873	<del>-</del>	100.0%	25 645	25 643
Machinery and equipment	1 630	,		1 630	1 052	578	64.5%	3 000	1411
Transport equipment	1 030	32	•	1 062	780	282	73.4%	1 000	673
Other machinery and equipment	009	(32)		268	272	596	47.9%	2 000	738
Intangible assets	200	,		200	•	200	•	•	•
Payments for financial assets	6	2	•	11	m	8	27.3%	93	94
Total	303 501	•	(6 424)	294 077	291 626	2 451	%2'66	304 521	299 925

SUBPROGRAMME: 4.1: TRANSPORT ADMINISTRATION AND LICENCING	ATION AND LICENCIN	9							
		2	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	158 683	•	(1 816)	156 867	156 275	265	%9'66	147 819	147 817
Compensation of employees	117 800	,	834	118 634	118 634	•	100.0%	111 335	111 335
Goods and services	40 883	,	(2 650)	38 233	37 641	265	98.5%	36 484	36 482
Transfers and subsidies	320	125	•	445	443	2	%9'66	519	255
Households	320	125	,	445	443	2	%9'66	519	255
Payments for capital assets	2 500	•	(1 047)	4 453	3 649	804	81.9%	28 245	26 921
Buildings and other fixed structures	4 000	,	(1 047)	2 953	2 953	•	100.0%	25 645	25 643
Machinery and equipment	1 000	•	•	1 000	969	304	%9.69	2 600	1 278
Intangible assets	200	1	1	200	•	200			•
Payments for financial assets	6	•	•	6	2	7	22.2%	83	84
Total	164 512	125	(2 863)	161 774	160 369	1 405	99.1%	176 666	175 077

SUBPROGRAMME: 4.2: OPERATOR LICENCE AND PERMITS	PERMITS								
		7	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	134 835	(127)	(6 328)	128 380	127 780	009	%5'66	127 299	124 559
Compensation of employees	53 900	•	872	54 772	54 772	•	100.0%	51 387	51 389
Goods and services	80 785	(2)	(7 200)	73 583	73 008	575	99.2%	75 732	73 170
Interest and rent on land	150	(125)		25	,	25		180	
Transfers and subsidies	370	•	•	370	200	170	54.1%	146	146
Households	370	•		370	200	170	54.1%	146	146
Payments for capital assets	3 784	•	(233)	3 551	3 276	275	92.3%	400	133
Buildings and other fixed structures	3 154	,	(233)	2 921	2 920		100.0%	•	•
Machinery and equipment	089	1	•	930	356	274	26.5%	400	133
Payments for financial assets	•	2	•	2	1	1	20.0%	10	10
Total	138 989	(125)	(6 561)	132 303	131 257	1 046	99.2%	127 855	124 848

PROGRAMME 5: GAUTRAIN									
			2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
5.1. GAUTRAIN RAPID LINK	1 945 268	•	•	1 945 268	1 945 268	-	100.0%	1 833 694	1 833 694
Total for sub programmes	1 945 268	•	•	1 945 268	1 945 268	•	100.0%	1 833 694	1 833 694
Economic classification									
Transfers and subsidies	1 945 268	•	•	1 945 268	1 945 268	•	100.0%	1 833 694	1 833 694
Departmental agencies and accounts	1 945 268	•	-	1 945 268	1 945 268	•	100.0%	1 833 694	1 833 694
Total	1 945 268	•	•	1 945 268	1 945 268	•	100.0%	1 833 694	1 833 694

SUBPROGRAMME 5.1: GAUTRAIN RAPID LINK									
		2	2018/19					2017/18	/18
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	1 945 268	•	•	1 945 268	1 945 268	•	100.0%	1 833 694	1 833 694
Departmental agencies and accounts	1 945 268	•	-	1 945 268	1 945 268	•	100.0%	1 833 694	1 833 694
Total	1 945 268	•	•	1 945 268	1 945 268	•	100.0%	1 833 694	1 833 694

### **NOTES TO THE APPROPRIATION STATEMENTS**

for the year ended 31 March 2019

### 1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in the note on Transfers and subsidies disclosure notes and Annexure 1 (A-F) to the Annual Financial Statements.

### 2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

### 3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

### 4. Explanations of material variances from Amounts Voted (after Virement):

4.1	Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
	Administration	332 154	285 736	46 418	14%
	Transport Infrastructure	2 825 907	2 740 989	84 918	3%
	Transport Operations	2 537 507	2 311 691	225 816	9%
	Transport Regulation	294 077	291 626	2 451	1%
	Gautrain	1 945 268	1 945 268	-	0%
4.2	Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R′000	R'000	R'000
	Current payments				
	Compensation of employees	702 514	653 722	48 792	7%
	Goods and services	1 634 767	1 608 146	26 621	2%
	Interest and rent on land	14 738	14 652	86	1%
	Transfers and subsidies				
	Provinces and municipalities	1 899	1 900	(1)	0%
	Departmental agencies and accounts	1 945 268	1 945 268	-	0%
	Public corporations and private enterprises	2 463 790	2 239 153	224 637	9%
	Households	50 887	50 155	732	1%
	Payments for capital assets				
	Buildings and other fixed structures	1 084 943	1 034 803	50 140	5%
	Machinery and equipment	18 921	14 662	4 2659	23%
	Intangible assets	17 064	12 764	4 300	25%
	Payments for financial assets	122	85	37	30%

### **NOTES TO THE APPROPRIATION STATEMENTS**

for the year ended 31 March 2019

The Department incurred total under spending of R359.603 million for the 2018/19 financial year. The breakdown of the under spending per programme is as follows:1. Administration-R 8.851 million

The recorded underspending within this programme is mainly driven by the Departments inability to fill vacant positions on the current organisational structure due to the Department wide moratorium on the filling of vacant positions pending the approval of the new organisational structure aligned to the Infrastructure Delivery Management System (IDMS).

### 1. Administration-R 46.418 million

The recorded underspending within this programme is mainly driven by the Department's delays in filling vacant positions on the current organisational structure.

### 2. Transport Infrastructure-R 84.919 million

The underspending within this programme occurred mainly due to:

- Several unanticipated delays within the Departments procurement processes;
- Significant delays in key projects due to contract cancellations poor contractor performance and community unrests;

### 3. Transport Operations-R 225.815 million

The underspending within this programme occurred mainly due to the prolonged challenges around bus operators not operating within the required operating time table resulting in DNOs (Did Not Operate). A bus operator's failure to operate as required results in the Department levying financial penalties against the applicable bus operator. In addition the Department has not been successful in appointing a bus operator within the Sedibeng area to deal with the services that were terminated by the previous bus operator.

4.3 Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R′000	R'000	R'000	R'000
Public Transport Operations Grant	2 294 011	2 078 324	215 687	9%
Provincial Roads Maintenance Grant	742 522	742 275	247	0%
EPWP Intergrated Grant for Prov	6 490	6 490	-	0%

### STATEMENT OF FINANCIAL PERFORMANCE

	Note	2018/19 R′000	2017/18 R′000
		11 000	К 000
REVENUE			
Annual appropriation	1	7 934 913	7 082 340
Departmental revenue	2	4 042 228	3 783 824
TOTAL REVENUE	_	11 977 141	10 866 164
EXPENDITURE			
Current expenditure			
Compensation of employees	3	653 722	633 927
Goods and services	4	1 608 146	1 098 542
Interest and rent on land	5	14 652	38 633
Total current expenditure		2 276 520	1 771 102
Transfers and subsidies			
Transfers and subsidies	7	4 236 476	4 006 249
Total transfers and subsidies	_	4 236 476	4 006 249
Expenditure for capital assets			
Tangible assets	8	1 049 465	1 009 165
Intangible assets	8	12 764	211
Total expenditure for capital assets		1 062 229	1 009 376
Unauthorised expenditure approved without funding		-	-
Payments for financial assets	6	85	233
TOTAL EXPENDITURE	_	7 575 310	6 786 960
SURPLUS/(DEFICIT) FOR THE YEAR	_	4 401 831	4 079 204
Reconciliation of Net Surplus/(Deficit) for the year	_		
Voted funds		359 603	295 380
Annual appropriation		143 669	45 938
Conditional grants		215 934	249 442
Departmental revenue and NRF Receipts	13	4 042 228	3 783 824
SURPLUS/(DEFICIT) FOR THE YEAR	_	4 401 831	4 079 204

### **STATEMENT OF FINANCIAL POSITION**

as at 31 March 2019

	Note	2018/19 R′000	2017/18 R'000
ASSETS			
Current assets		704 184	622 673
Cash and cash equivalents	9	701 549	619 443
Receivables	11	2 635	3 230
Non-current assets	_	786	786
Receivables	11	786	786
TOTAL ASSETS	_	704 970	623 459
LIABILITIES			
Current liabilities		703 423	621 944
Voted funds to be surrendered to the Revenue Fund	12	359 603	295 380
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	343 453	325 142
Payables	14	367	1 422
TOTAL LIABILITIES	_	703 423	621 944
NET ASSETS	_	1 547	1 515
Represented by:	_		
Recoverable revenue		1 547	1 515
TOTAL	_	1 547	1 515

### **STATEMENT OF CHANGES IN NET ASSETS**

Note	2018/19	2017/18
	R'000	R′000
Proceedings of the control of the co		
Recoverable revenue		
Opening balance	1 515	569
Transfers:	32	946
Irrecoverable amounts written off	(10)	(9)
Debts revised	-	-
Debts recovered (included in departmental receipts)	(632)	(404)
Debts raised	674	1 359
Closing balance	1 547	1 515
TOTAL	1 547	1 515

### **CASH FLOW STATEMENT**

	Note	2018/19	2017/18
		R′000	R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts	_	11 977 141	10 858 919
Annual appropriated funds received	1.1	7 934 913	7 082 340
Departmental revenue received	2	4 042 214	3 776 566
Interest received	2.2	14	13
Net increase/decrease in working capital		(460)	(108 281)
Surrendered to Revenue Fund		(4 319 297)	(3 874 271)
Surrendered to RDP Fund/Donor		-	-
Current payments		(2 261 868)	(1 732 469)
Interest paid	5	(14 652)	(38 633)
Payments for financial assets		(85)	(233)
Transfers and subsidies paid		(4 236 476)	(4 006 249)
Net cash flow available from operating activities	15	1 144 303	1 098 783
CASH FLOWS FROM INVESTING ACTIVITIES			
Distribution/dividend received		-	-
Payments for capital assets	8	(1 062 229)	(1 009 376)
Proceeds from sale of capital assets	2.3	-	7 245
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		-	-
(Increase)/decrease in other financial assets		-	-
Net cash flows from investing activities	_	(1 062 229)	(1 002 131)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		32	946
Increase/(decrease) in non-current payables		-	-
Net cash flows from financing activities		32	946
Net increase/(decrease) in cash and cash equivalents		82 106	97 598
Cash and cash equivalents at beginning of period		619 443	521 845
Unrealised gains and losses within cash and cash equivalents		-	-
Cash and cash equivalents at end of period	9	701 549	619 443
	_		

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

### Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

ricgulat	ions issued in terms of the rivial and the annual Division of Nevertue Act.
1	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.
2	Going concern The financial statements have been prepared on a going concern basis.
3	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department
4	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5	Foreign currency translation  Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6	Comparative information
6.1	Prior period comparative information  Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
6.2	Current year comparison with budget  A comparison between the approved final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7	Revenue
7.1	Appropriated funds Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund.  Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.
	The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2	Departmental revenue  Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund unless stated otherwise.  Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7.3	Accrued departmental revenue
	Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:
	• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
	the amount of revenue can be measured reliably.
	The accrued revenue is measured at the fair value of the consideration receivable.
	Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.
	Write-offs are made according to the department's debt write-off policy.
8	Expenditure
8.1	Compensation of employees
8.1.1	Salaries and wages
	Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2	Social contributions
	Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.
	Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.
8.2	Other expenditure
	Other expenditure (such as goods and services transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.
8.3	Accruals and payables not recognised
	Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.
8.4	Leases
8.4.1	Operating leases
	Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.
	The operating lease commitments are recorded in the notes to the financial statements.
8.4.2	Finance leases
	Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.
	The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.
	Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:
	cost, being the fair value of the asset; or
	the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term excluding interest.
9	Cash and cash equivalents
	Cash and cash equivalents are stated at cost in the statement of financial position.
	Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.
	For the purposes of the cash flow statement cash and cash equivalents comprise cash on hand deposits held other short-term highly liquid investments and bank overdrafts.

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

10	Prepayments and advances
	Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.
	Prepayments and advances are initially and subsequently measured at cost.
	Prepayments are expensed in line with the contractual agreement.
11	Loans and receivables
	Loans and receivables are recognised in the statement of financial position at cost plus accrued interest where interest is charged less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.
12	Financial assets
12.1	Financial assets (not covered elsewhere)
	A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.
	At the reporting date a department shall measure its financial assets at cost less amounts already settled or written-off except for recognised loans and receivables which are measured at cost plus accrued interest where interest is charged less amounts already settled or written-off.
12.2	Impairment of financial assets
	Where there is an indication of impairment of a financial asset an estimation of the reduction in the recorded carrying value to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset is recorded in the notes to the financial statements.
13	Payables
	Payables recognised in the statement of financial position are recognised at cost.
14	Capital Assets
14.1	Immovable capital assets
	Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.
	Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
	Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
14.2	Movable capital assets
	Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.
	Where the cost cannot be determined reliably, the movable asset is measured at its fair value. Where fair value of the movable asset cannot be determined, the movable asset is measured at R1. The use of fair value or R1 as initial measurement for initial recording purposes is regarded as the movable asset's deemed cost.
14.3	Intangible assets
	Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.
	Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.
	Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.
	All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.
	Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.
	Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2019

# Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use the total accumulated payments are recorded in an asset register. Subsequent

payments to complete the project are added to the capital asset in the asset register.

Where the department is not the custodian of the completed project asset the asset is transferred to the custodian subsequent to

### 15 Provisions and Contingents

completion.

**Project Costs: Work-in-progress** 

### 15.1 Provisions

14.4

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

### 15.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is 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 within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

### 15.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.

### 15.4 Commitments

Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

### 16 Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by the Provincial Legislature with funding and the related funds are received; or
- approved by the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

### 17 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

18	Irregular expenditure
	Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.
	Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.
	Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.
19	Events after the reporting date
	Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.
20	Principal-Agent arrangements
	The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues expenditures assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.
21	Departures from the MCS requirements
	The Department has complied with the provision of Modified Cash Standards.
22	Capitalisation reserve
	The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.
23	Recoverable revenue
	Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.
24	Related party transactions
	A related party transaction is a transfer of resources services or obligations between the reporting entity and a related party. Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.
	Key management personnel are those persons having the authority and responsibility for planning directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.
25	Inventories
	At the date of acquisition inventories are recognised at cost in the statement of financial performance.
	Where inventories are acquired as part of a non-exchange transaction the inventories are measured at fair value as at the date of acquisition.
	Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge the lower of cost and current replacement value.
	The cost of inventories is assigned by using the weighted average cost basis.

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

26	Public-Private Partnerships
	Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.
	A summary of the significant terms of the PPP agreement the parties to the agreement and the date of commencement thereof together with the description and nature of the concession fees received the unitary fees paid rights and obligations of the department are recorded in the notes to the financial statements.
27	Employee benefits
	The value of each major class of employee benefit obligation (accruals payables not recognised and provisions) is disclosed in the Employee benefits note.

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

### 1. ANNUAL APPROPRIATION

### 1.1 ANNUAL APPROPRIATION

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for Provincial Department (Voted funds).

		2018/19		201	7/18
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
ADMINISTRATION	332 154	332 154	-	318 664	318 664
TRANSPORT INFRASTRUCTURE	2 825 907	2 825 907	-	2 227 006	2 227 006
TRANSPORT OPERATIONS	2 537 507	2 537 507	-	2 390 247	2 390 247
TRANSPORT REGULATION	294 077	294 077	-	312 729	312 729
GAUTRAIN	1 945 268	1 945 268	-	1 833 694	1 833 694
Total	7 934 913	7 934 913	-	7 082 340	7 082 340
1.2 CONDITIONAL GRANTS					
			Note	2018/19	2017/18
				R'000	R'000
Total grants received				3 043 023	2 817 750
2. DEPARTMENTAL REVENUE					
Tax revenue				3 961 563	3 717 041
Sales of goods and services other than capital assets			2.1	58 464	54 029
Interest, dividends and rent on land			2.2	14	13
Sales of capital assets			2.3	-	7 245
Transactions in financial assets and liabilities			2.4	22 187	5 496
Total revenue collected				4 042 228	3 783 824
Departmental revenue collected				4 042 228	3 783 824
2.1 SALES OF GOODS AND SERVICES OTHER THA	AN CAPITAL ASSET	rs			
Sales of goods and services produced by the depa	rtment			58 462	53 735
Sales by market establishment				367	207
Administrative fees				52 804	50 209
Other sales				5 291	3 319
Sales of scrap waste and other used current goods				2	294
Total				58 464	54 029

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		Note	2018/19	2017/18
			R′000	R'000
2.2	INTEREST DIVIDENDS AND RENT ON LAND			
Inter	est		14	13
Tota	I		14	13
2.3	SALE OF CAPITAL ASSETS			
Tano	jible assets		-	7 245
_	achinery and equipment	39	-	7 245
Tota	I		-	7 245
2.4	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES			
	ivables		693	480
	ivables or Receipts including Recoverable Revenue		693 21 494	5 016
Tota			21 494 — — <b>22 187</b>	<b>5 496</b>
				3 490
3.	COMPENSATION OF EMPLOYEES			
3.1	SALARIES AND WAGES			
	salary		439 076	424 316
Perfo	ormance award		10 238	8 842
Servi	ce Based		1 498	1 277
Com	pensative/circumstantial		19 896	20 919
Perio	dic payments		4 019	3 735
Othe	r non-pensionable allowances		83 873	83 526
Tota	I		558 600	542 615
3.2	SOCIAL CONTRIBUTIONS			
Emp	loyer contributions			
Pensi	ion		56 643	54 732
Medi	ical		38 322	36 429
Barga	aining council		157	151
Tota	I		95 122	91 312
Tota	l compensation of employees		653 722	633 927
Avera	age number of employees		1 795	1 840

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Note	2018/19	2017/18
		R'000	R'000
4. GOODS AND SERVICES			
Administrative fees		2 389	1 309
Advertising		5 725	4 291
Minor assets	4.1	1 477	5 074
Bursaries (employees)		1 409	700
Catering		1 996	1 684
Communication		6 573	13 619
Computer services	4.2	18 041	22 482
Consultants: Business and advisory services		24 714	24 662
Infrastructure and planning services		25 801	17 835
Laboratory services		1 979	62
Scientific and technological services		-	-
Legal services		18 448	16 139
*Contractors		1 259 268	791 917
Audit cost – external	4.3	6 251	5 560
Fleet services		7 595	8 656
Inventory	4.4	45 795	13 495
Consumables	4.5	78 454	78 232
Operating leases		24 008	20 007
Property payments	4.6	56 621	50 435
Rental and hiring		-	390
Transport provided as part of the departmental activities		29	92
Travel and subsistence	4.7	12 604	11 758
Venues and facilities		2 545	2 048
Training and development		6 416	8 095
Other operating expenditure	4.8	8	
Total		1 608 146	1 098 542

\*The related line item relates to routine road repairs maintenance undertaken by the Department during the applicable financial periods. The additional expenditure incurred by the Department during the current financial year was necessitated by the increased deterioration in the Provincial road network which posed a hazard to road safety.

### 4.1 MINOR ASSETS

Tangible assets	1 477	5 074
Machinery and equipment	1 477	5 074
Total	1 477	5 074

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note <b>2018/19</b>	2017/18
	R'000	R′000
4.2 COMPUTER SERVICES		
External computer service providers	18 041	22 482
Total	18 041	22 482
4.3 AUDIT COST – EXTERNAL		
Regularity audits	5 933	5 164
Computer audits	318	396
Total	6 251	5 560
4.4 INVENTORY		
Clothing material and accessories	2 387	2 617
Fuel oil and gas	-	368
Materials and supplies	27 749	5 646
Other supplies	<i>4.4.1</i> 15 659	4 864
Total	45 795	13 495
4.4.1 OTHER SUPPLIES		
*Other	15 659	4 864
Total	15 659	4 864
*The expenditure relates to the purchase of Departmental "Face	Nalue" forms from Government Printing Works for the print	
p ,	e value Torris from Government Filliting Works for the print	ting of vehicle licences.
4.5 CONSUMABLES	e value Tollis Holli Government Filliang Works for the plint	ting of vehicle licences.
	2 277	ting of vehicle licences. 2 186
4.5 CONSUMABLES		
4.5 CONSUMABLES  Consumable supplies	2 277	2 186
4.5 CONSUMABLES  Consumable supplies  Household supplies	2 277 1 419	2 186 787
4.5 CONSUMABLES  Consumable supplies  Household supplies  Building material and supplies	2 277 1 419 498	2 186 787 1 059
4.5 CONSUMABLES  Consumable supplies  Household supplies  Building material and supplies  IT consumables	2 277 1 419 498 113	2 186 787 1 059 227
4.5 CONSUMABLES  Consumable supplies  Household supplies  Building material and supplies  IT consumables  Other consumables	2 277 1 419 498 113 247	2 186 787 1 059 227 113
4.5 CONSUMABLES  Consumable supplies  Household supplies  Building material and supplies  IT consumables  Other consumables  Stationery printing and office supplies	2 277 1 419 498 113 247 76 177	2 186 787 1 059 227 113 76 046
4.5 CONSUMABLES  Consumable supplies  Household supplies  Building material and supplies  IT consumables  Other consumables  Stationery printing and office supplies  Total	2 277 1 419 498 113 247 76 177	2 186 787 1 059 227 113 76 046
4.5 CONSUMABLES  Consumable supplies  Household supplies  Building material and supplies  IT consumables  Other consumables  Stationery printing and office supplies  Total  4.6 PROPERTY PAYMENTS	2 277  1 419 498 113 247  76 177 78 454	2 186 787 1 059 227 113 76 046 78 232

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19	2017/18
		R′000	R'000
4.7 TRAVEL AND SUBSISTENCE			
Local		12 354	10 714
Foreign		250	1 044
Total	_	12 604	11 758
4.8 OTHER OPERATING EXPENDITURE			
Resettlement costs		8	-
Total	_	8	-
5. INTEREST AND RENT ON LAND			
*Interest paid		14 652	38 633
Total		14 652	38 633
6. PAYMENTS FOR FINANCIAL ASSETS			
6. PAYMENTS FOR FINANCIAL ASSETS			
Debts written off	6.1	<u>85</u>	233
Total		<u>85</u>	233
6.1 DEBTS WRITTEN OFF			
Ex-employees		85	233
Total		85	233
Total debt written off	<u> </u>	85	233
7. TRANSFERS AND SUBSIDIES			
Provinces and municipalities	34, Annex 1A	1 900	1 750
Departmental agencies and accounts	Annex 1B	1 945 268	1 833 694
Public corporations and private enterprises	Annex 1C	2 239 153	2 052 599
Households	Annex 1D	50 155	118 206
Total	_	4 236 476	4 006 249

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note	2018/19 R′000	2017/18 R′000
8. EXPENDITURE FOR CAPITAL ASSETS			
Tangible assets		1 049 465	1 009 165
Buildings and other fixed structures	31.1	1 034 803	984 738
Machinery and equipment	29.1	14 662	24 427
Intangible assets		12 764	211
Software	30.1	12 764	211
Total		1 062 229	1 009 376
8.1 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL AS	SETS – 2018/19		
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	1 049 465	<u>-</u>	1 049 465
Buildings and other fixed structures	1 034 803	-	1 034 803
Machinery and equipment	14 662	-	14 662
Intangible assets	12 764	<u>-</u>	12 764
Software	12 764	-	12 764
Total	1 062 229	<u> </u>	1 062 229
8.2 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL AS	SETS – 2017/18		
	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	1 009 165	<u>-</u>	1 009 165
Buildings and other fixed structures	984 738	-	984 738
Machinery and equipment	24 427	-	24 427
Intangible assets	211	<u> </u>	211
Software	211	-	211
Total	1 009 376	<u> </u>	1 009 376

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

			٨	lote	2018/19	2017/18
					R'000	R′000
8.3 FINANCE LEASE EXPENDITURE INCL	UDED IN EX	PENDITURE FOR	CAPITAL ASSETS			
Tangible assets					2 453	3 255
Machinery and equipment					2 453	3 255
Total					2 453	3 255
9. CASH AND CASH EQUIVALENTS						
Consolidated Paymaster General Account					701 470	619 364
Cash on hand					79	79
Total					701 549	619 443
10. PREPAYMENTS AND ADVANCES						
Staff advances					<u>-</u>	<u>-</u>
Travel and subsistence					-	-
Total					<u> </u>	<u>-</u>
10.1 PREPAYMENTS (EXPENSED)						
		Amount as at 1 April 2018	Less: Received in the current year	Add or Less: Other	Add: Current Year prepayments	Amount as at 31 March 2019
	Note	R'000	R'000	R'000	R'000	R'000
Goods and services		3 311	(3 311)	-	27	27
Total		3 311	(3 311)	-	27	27
		Amount as at 1 April 2017	Less: Received in the current year	Add or Less: Other	Add: Current Year prepayments	Amount as at 31 March 2018
	Note	R'000	R′000	R'000	R'000	R'000
Goods and services		882	(882)	-	3 311	3 311
Total		882	(882)	-	3 311	3 311

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

### 11. RECEIVABLES

		2018/19				2017/18	
		Current	Non-current	Total	Current	Non-current	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	14	-	14	970	-	970
Recoverable expenditure	11.2	369	=	369	19	-	19
Staff debt	11.3	2 252	-	2 252	2 241	-	2 241
Other debtors	11.4		786	786	-	786	786
Total		2 635	786	3 421	3 230	786	4 016

### 11.1 CLAIMS RECOVERABLE

	Note	2018/19	2017/18
	11 and Annex 3	R′000	R'000
Provincial departments		14	22
Public entities		-	948
Total	_	14	970
11.2 RECOVERABLE EXPENDITURE (DISALLOWANCE ACCOUNTS)			
Sal:Reversal Control:CA		114	17
Sal:Pesion Fund:CL		-	1
Sal:Fin Institution Study Loans:CL		-	1
Deposit Account:Dom		181	-
Receipt Deposit Control:Dom		72	-
Sal:Tax Debt:CA		1	-
Pension Recoverable Acc		1	-
Total		369	19
11.3 STAFF DEBT			
Brea ch of Contract Ex-employee		266	251
Employees		170	596
Ex-employees		1 725	1 310
Supplier		91	84
Total	_	2 252	2 241
11.4 OTHER DEBTORS			
*Other		786	786
Total	_	786	786

\*Included in other debtors is amount that relates to security deposit for the leased building at the Xavier Driving License Testing Centre (DLTC).

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note	2018/19	2017/18
	R′000	R′000
11.5 IMPAIRMENT OF RECEIVABLES		
Estimate of impairment of receivables	164	186
Total	164	186
12. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND		
Opening balance	295 380	137 457
Prior period error	255 300	137 437
As restated	295 380	137 457
Transfer from statement of financial performance (as restated)	359 603	295 380
Paid during the year	(295 380)	(137 457)
Closing balance	359 603	295 380
13. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FU	ND —	
Opening balance	325 142	278 132
Prior period error	525 142	-
As restated	325 142	278 132
Transfer from Statement of Financial Performance (as restated)	4 042 228	3 783 824
Paid during the year	(4 023 917)	(3 736 814)
Closing balance	343 453	325 142
14. PAYABLES – CURRENT		
Amounts owing to other entities	-	246
Other payables 14.1	367	1 176
Total	367	1 422
-		
14.1 OTHER PAYABLES		
Sal:ACB Recalls:CA	97	2
Sal:Pension Fund:CL	1	-
EBT Rejection Acc:Dom	-	9
Sal:Income Tax:CL	123	214
Sal:Reversal Control:ACC	-	-
Oustanding Payments:Dom	25	-
Sal:Persal EBT Control Acc:Dom	-	720
Bank Adjustment Acc:Dom	119	125
Telephone Control Acc:CL	-	106
Cancel Cheque/Re-Issue (Pers)	2	
Total	367	1 176

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note	2018/19	2017/18
	R′000	R′000
15. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES		
Net surplus/(deficit) as per Statement of Financial Performance	4 401 831	4 079 204
Add back non cash/cash movements not deemed operating activities	(3 257 528)	(2 980 421)
(Increase)/decrease in receivables – current	595	(748)
(Increase)/decrease in prepayments and advances	-	-
(Increase)/decrease in other current assets	-	-
Increase/(decrease) in payables – current	(1 055)	(107 533)
Proceeds from sale of capital assets	-	(7 245)
Proceeds from sale of investments	-	-
(Increase)/decrease in other financial assets	-	-
Expenditure on capital assets	1 062 229	1 009 376
Surrenders to Revenue Fund	(4 319 297)	(3 874 271)
Surrenders to RDP Fund/Donor	-	-
Voted funds not requested/not received	-	-
Own revenue included in appropriation	-	-
Other non-cash items	-	-
Net cash flow generated by operating activities	1 144 303	1 098 783
16. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES		
Consolidated Paymaster General account	701 470	619 364
Cash on hand	79	79
Total	701 549	619 443

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R′000
<ul><li>17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS</li><li>17.1 CONTINGENT LIABILITIES</li></ul>			
Liable to Nature			
Claims against the department	Annex 2A	656 180	711 760
Intergovernmental payables (unconfirmed balances)	Annex 4	606	3 606
*Other	Annex 2A	-	-
Total		656 786	715 366

\*Other: The Department on behalf of the Gauteng Province has in existence a concession agreement with Bombela Consortium for the design, construction and operation of a rapid rail link between Pretoria and Johannesburg, and Johannesburg and O.R. Tambo International Airport, consisting of 80km's of rail and 10 stations. Included as part of the concession agreement are the terms and conditions under which a Patronage Guarantee is paid to the Concessionaire to ensure sustained quality services. The amount paid is assessed on the difference between Minimum Required Total Revenue and the Actual Total Revenue as defined in the Concession Agreement after considering the actual performance of the Concessionaire during the period under review. It is foreseen that a Patronage Guarantee will be paid for the next 12 months. However, no reliable estimate of the amount payable can be established at this stage of the process due to the uncertainty surrounding the nature and timing of the events that contribute to the determination of the Patronage Guarantee. The management and oversight of the concession agreement for the Gautrain Rapid Rail Link Project is undertaken by the Gautrain Management Agency, a schedule 3C provincial public entity which was established in terms of the Gautrain Management Act, Act No 5 of 2006.

### 17.2 CONTINGENT ASSETS

### Nature of contingent asset

Total	190 232	190 232
Construction for the upgrade of provincial road 374 (Beyers Naude Avenue) between Peter Road and the N14	10 000	10 000
Design and review of various intersections within Allandale and Woodmead Road	97 410	97 410
Construction of Road K174 interchange (R42) with R59 (P156-2)	82 822	82 822

The Department discloses contingent assets in line with the Modified Cash Standard. The currently disclosed contingent assets arise from contribution agreements signed between a property developer and the Department. The contribution agreements provide for a possible asset to the Department in the form of various contributions that are relevant to the applicable project. The realisation of these various contribution will only be determined on the completion of the applicable project. The following projects are disclosed as contingent assets during the year under review. The amount disclosed is the best estimate of the potential financial effect for the department:

**Road K174**-The scope of work to be undertaken constitutes the investigation survey preliminary design detail design construction and monitoring of the project by a Professional Civil Engineer (ECSA registered).

**Allandale and Woodmead road**- The scope of work to be undertaken constitutes the investigation survey preliminary design detail design construction and monitoring of the project by a Professional Civil Engineer (ECSA registered).

**Road 374**- The scope of work to be undertaken constitutes the investigation survey preliminary design detail design construction and monitoring of the project by a Professional Civil Engineer (ECSA registered).

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Note	2018/19	2017/18
		R′000	R'000
18. COMMITMENTS			
Current expenditure			
*Approved and contracted		2 531 148	21 314
Approved but not yet contracted		-	-
		2 531 148	21 314
Capital expenditure			
Approved and contracted		2 604 020	3 711 498
Approved but not yet contracted		-	643 240
		2 604 020	4 354 738
Total Commitments		5 135 168	4 376 052

Commitment less than 1-year **R 3 405 727** Commitment more than 1-year **R 1 729 441** 

### 19. ACCRUALS AND PAYABLES NOT RECOGNISED

### 19.1 ACCRUALS

### Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	22 590	-	22 590	10 698
Interest and rent on land	-	-	-	-
Transfers and subsidies	10 756	-	10 756	125 611
Capital assets	43 653	-	43 653	73 803
Other	38 352	-	38 352	35 477
Total	115 351	-	115 351	245 589
Listed by programme level				
Administration			19 705	7 213
Transport Infrastructure			44 677	72 772
Transport Operations			8 336	125 359
Transport Regulations			42 633	40 245
Total			115 351	245 589

<sup>\*</sup>Included in the approved and contracted commitments is the total amount of approximately **R 2.528 billion** as a result of extension of bus subsidy contracts for twelve (12) months.

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

		Note	2018/19 R'000	2017/18 R'000
19.2 PAYABLES NOT RECOGNISED				
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	266	-	266	57
Interest and rent on land	-	=	=	-
Transfers and subsidies	-	=	=	-
Capital assets	-	-	-	4 294
Other	31	=	31	-
Total	297	-	297	4 351
Listed by programme level				
Administration			162	568
Transport Infrastructure			104	3 783
Transport Operations			=	-
Transport Regulations			31	-
Total		_	297	4 351
Included in the above totals are the following:				
Confirmed balances with other departments		Annex 3	1 467	7 521
Confirmed balances with other government entities		Annex 3	40 078	37 173
Total			41 545	44 694

Included in the year end accrual balance for 2018/19 is accrual totalling **R 1.490 million** that relate to projects which are being implemented on behalf of the department by the Gauteng Department of Infrastructure Development (DID). DID serves as an infrastructure implementing agent for the department.

### 20. EMPLOYEE BENEFITS

*Leave entitlement	34 977	32 970
Service bonus	19 044	18 362
Performance awards	10 802	9 436
Capped leave commitments	21 078	22 756
**Other	885	1 535
Total	86 786	85 059

<sup>\*</sup>Included herein is negative leave entitlement to the value of **R 327 539.70** which occurred as a result of the pro-rata calculation of leave taken as at 31 March 2019.

<sup>\*\*</sup>This amount is mainly relating to long service awards due to employees for serving the Department for longer than 20,30 and 40 years respectively.

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 21. LEASE COMMITMENTS21.1 OPERATING LEASES

2018/19	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	6 057	11 498	17 555
Later than 1 year and not later than 5 years	_	_	688	8 466	9 154
Total lease commitments	-	-	6 745	19 964	26 709
2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Note that the second se	R′000	R′000	R'000	R'000	R'000
Not later than 1 year	-	-	10 006	6 595	16 601
Later than 1 year and not later than 5 years	-	-	1 716	6 655	8 371
Total lease commitments	<del>-</del>	-	11 722	13 250	24 972
21.2 FINANCE LEASES**					
2018/19	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	4 121	4 121
Later than 1 year and not later than 5 years			-	2 189	2 189
Total lease commitments	-	-	-	6 310	6 310
2017/18	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R′000
Not later than 1 year	N 000	1. 000	K 000	3 639	3 639
Later than 1 year and not later than 5 years	-	-	_	2 261	2 261
Total lease commitments				5 900	5 900
iotal lease Collillicities	<u>-</u>	<u>-</u>		3 300	3 300

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2019

	Note	2018/19	2017/18
		R'000	R'000
22. ACCRUED DEPARTMENTAL REVENUE			
Tax revenue		519 285	362 869
Total		519 285	362 869
22.1 ANALYSIS OF ACCRUED DEPARTMENTAL REVENUE			
Opening balance		427 387	362 869
Less: amounts received		(3 961 563 )	(3 717 041)
Add: amounts recognised		4 071 422	3 793 248
Less: amounts written-off/reversed as irrecoverable		(17 961)	()11 689
Closing balance		519 285	427 387
22.2 ACCRUED DEPARTMENT REVENUE WRITTEN OFF			
Nature of losses			
**Writing off of interest in relation to outstanding road traffic act fees		17 961	11 689
Total		17 961	11 689

<sup>\*\*</sup>In terms of the signed service level agreements (SLA'), the Department levies interest on outstanding revenue collected on behalf of the Department by the approved agencies in relation to Motor Vehicle Licence and Registration. During each of the applicable financial years', the Department performed an assessment of the likelihood of receiving the interest levied which was concluded by the approval to write off a portion of the interest levied against the outstanding revenue.

### 23. IRREGULAR EXPENDITURE

### 23.1 RECONCILIATION OF IRREGULAR EXPENDITURE

Opening balance	2 212 198	4 425 558
Prior period error	-	-
As restated	2 212 198	4 425 558
Add: Irregular expenditure – relating to current year	2 259 116	2 086 924
Less: Prior year amounts condoned	<u> </u>	(4 300 284)
Closing balance	4 471 314	2 212 198
Analysis of awaiting condonation per age classification		
Current year	2 259 116	2 086 924
Prior years	2 212 198	125 274
Total	4 471 314	2 212 198

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2019

### 23.2 DETAILS OF IRREGULAR EXPENDITURE - ADDED CURRENT YEAR (RELATING TO CURRENT AND PRIOR YEARS)

Incident	Disciplinary steps taken/criminal proceedings	2018/19 R'000
Extension of Bus subsidy contracts, devolved from the National Department of Transport (NDoT).	The Department has referred this expenditure to the Provincial Treasury for review.	2 239 153
Extension of security and cleaning service contracts due to an ongoing ligation process.	The Department has referred this expenditure to the Provincial Treasury for review.	9 660
Construction of intermodal public transport facilities at the station precincts of Vereeniging.	The Department has referred this expenditure to the Provincial Treasury for review.	10 303

In addition to above irregular expenditure, the Department is alleged to have incurred irregular expenditure relating to the construction of road K46 (P79/1) between PWV5 and N14 (P158/2) (Diepsloot) – Phase 2. Such allegations and recommendations are contained in an investigat ion report initiated by the Gauteng Provincial Treasury. The content and allegations contained in the report were only made available to the Department at the end of June 2019 with no prior opportunity to provide comments or responses to the alleged transgressions. The Department believes the allegations need further examination due to the complexity of the issues which require thorough examination and assessment from the multiple disciplines of civil engineering, legal and accounting. Accordingly, the Department has decided to take the content of the report on independent review. Any confirmed irregular expenditure emanating from this independent review will be addressed appropriately in the forthcoming financial years in line with the requirements of the Modified Cash Standard.

### 24. FRUITLESS AND WASTEFUL EXPENDITURE

**Total** 

### 24.1 RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

	Note	2018/19	2017/18
		R'000	R'000
Opening balance		-	437
Prior period error	_		
As restated		-	437
Fruitless and wasteful expenditure – relating to current year		59 226	147 981
Less: Amounts resolved		-	(147 981)
Less: Amounts transferred to receivables for recovery	_	<u>-</u>	(437)
Closing balance		59 226	
24.2 ANALYSIS OF AWAITING RESOLUTION PER ECONOMIC CLASSIFICATION			
Current		120	-
Capital		-	-
Transfers and subsidies	_	59 106	
Total		59 226	-

In addition to above irregular expenditure, the Department is alleged to have incurred fruitless and wasteful expenditure relating to the construction of road K46 (P79/1) between PWV5 and N14 (P158/2) (Diepsloot) – Phase 2. Such allegations and recommendations are contained in an investigation report initiated by the Gauteng Provincial Treasury. The content and allegations contained in the report were only made available to the Department at the end of June 2019 with no prior opportunity to provide comments or responses to the alleged transgressions. The Department believes the allegations need further examination due to the complexity of the issues which require thorough examination and assessment from the multiple disciplines of civil engineering, legal and accounting. Accordingly, the Department has decided to take the content of the report on independent review. Any confirmed fruitless and wasteful expenditure emanating from this independent review will be addressed appropriately in the forthcoming financial years in line with the requirements of the Modified Cash Standard.

2 259 116

### **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2019

Note 2018/19 2017/18 R'000 R'000

### 24.3 ANALYSIS OF CURRENT YEAR'S (RELATING TO CURRENT AND PRIOR YEARS) FRUITLESS AND WASTEFUL EXPENDITURE

Incident	Disciplinary steps taken/criminal proceedings	2018/19 R'000
Interest paid on late payments	Under Investigation	120
Court Order	Under Investigation	59 106
Total		59 226
25. RELATED PARTY TRANSACTIONS		

### Revenue received

Tax revenue Total

The Gauteng Department of Roads and Transport is related to all Gauteng Provincial Government Departments and entities by virtue of being under the same control by Gauteng Premier and Gauteng Legislature. The department has two (2) entities under the control of the MEC; g-FleeT Management and Gautrain Management Agency (GMA), below are transactions made to both entities during the financial year (2018/19): g-Fleet Management R 17.860 and R 2.375 million respectively which are payments made for fleet services and salaries, these transactions were at arm's length. Gautrain Management Agency (GMA) R 1.945 billion (Total value of transfer payments made during the year).

Key Management Personnel are deemed to be related parties, for 2018/19 financial year a total amount of R 19.750 million was paid as compensation to Key Management Personnel. Please refer to note 34 for a detailed breakdown of payments made in 2018/19 financial year as compensation to Key Management Personnel.

### KEY MANAGEMENT PERSONNEL

	No. of Individuals	2018/19	2017/18
		R′000	R'000
Political office bearers (provide detail below)	1	1 978	1 978
Officials:			
Level 15 to 16	7	7 383	9 557
Level 14 (incl. CFO if at a lower level)	8	10 389	13 293
Total		19 750	24 828

The key management personnel identified by the Department are those persons having the authority and responsibility for planning, directing and controlling the activities of the department and can exercise significant influence and the power to participate in the financial and operating policy decision of the Department.

During February 2019, the Department's appointed Accounting Officer undertook paid special leave with the consent of the Premier of the Gauteng Province. The Premier in turn duly appointed an official from outside the Department's organisational structure to perform the function of Acting Accounting Officer until further notice.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

Note 2018/19 2017/18 R'000 R'000

## 27. PUBLIC PRIVATE PARTNERSHIP

 Concession fee received
 1 945 268
 1 833 694

 MTEF
 1 945 268
 1 833 694

The Department on behalf of the Gauteng Province has in existence a concession agreement with Bombela Consortium for the design, construction and operation of a rapid rail link between Pretoria and Johannesburg, and Johannesburg and O.R. Tambo International Airport, consisting of 80km's of rail and 10 stations. The management and oversight of the concession agreement for the Gautrain Rapid Rail Link Project is undertaken by the Gautrain Management Agency, a schedule 3C provincial public entity which was established in terms of the Gautrain Management Act, Act No 5 of 2006.

During 2018/19 financial year, The Department transferred **R 1.945 billion** to ensure business continuity and service delivery. For additional information pertaining to Gautrain asset please refer to GMA Annual Financial Statements.

## 28. PROVISIONS

	Note	2018/19	2017/18
		R'000	R'000
Retentions	28.1	37 942	21 254
Total		37 942	21 254

## 28.1 RECONCILIATION OF MOVEMENT IN PROVISIONS - 2018/19

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Total provisions R'000
Opening balance	21 254	-	-	21 254
Increase in provision	25 122	-	-	25 122
Settlement of provision	(11 215)	-	-	(11 215)
Unused amount reversed	2 781	-	-	2 781
Closing balance	37 942	-		37 942

## Reconciliation of movement in provisions - 2017/18

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Total provisions R'000
Opening balance	31 869	-	-	31 869
Increase in provision	8 434	-	-	8 434
Settlement of provision	(11 909)	-	-	(11 909)
Unused amount reversed	(7 140)	-	-	(7 140)
Closing balance	21 254	-	-	21 254

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2019

## 29. MOVABLE TANGIBLE CAPITAL ASSETS

ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R′000	R′000	R′000	R′000	R'000
MACHINERY AND EQUIPMENT	471 200	18	11 694	(1 855)	481 057
Transport assets	370 048	-	-	(1 501)	368 547
Computer equipment	47 559	-	4 012	(354)	51 217
Furniture and office equipment	23 727	-	601	-	24 328
Other machinery and equipment	29 866	18	7 081	-	36 965
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	471 200	18	11 694	(1 855)	481 057

Movable Tangible Capital Assets under investigation

Movable langible Capital Assets under investigation	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	1 530	33 750

Included in the asset register is a total amount of **R 33 750 million** relating to assets that could not be verified at year-end. The Department has achieved a 59% (R20 025 million) year in year reduction of the total unverified assets, these assets are incorporated in the loss control register, appropriate actions will be taken once the internal investigation has been finalized and necessary adjustments will be done during 2018/19 financial year. Please refer to the above table.

## 29.1 ADDITIONS

## ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current not paid (Paid current year, received prior year)	Total
	R′000	R′000	R′000	R′000	R′000
MACHINERY AND EQUIPMENT	14 662	-	(2 453)	(515)	11 694
Transport assets	963	-	(963)	-	-
Computer equipment	4 023	-	-	(11)	4 012
Furniture and office equipment	1 169	-	-	(568)	601
Other machinery and equipment	8 507	-	(1 490)	64	7 081
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	14 662	_	(2 453)	(515)	11 694

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 29.2 DISPOSALS

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R′000
MACHINERY AND EQUIPMENT	-	1 855	1 855	-
Transport assets	-	1 501	1 501	-
Computer equipment	-	354	354	_
TOTAL DISPOSAL OF MOVABLE TANGIBLE				
CAPITAL ASSETS	-	1 855	1 855	

## 29.3 MOVEMENT FOR 2017/18

## MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R′000	R′000	R′000	R′000
MACHINERY AND EQUIPMENT	477 542	9 571	21 300	37 213	471 200
Transport assets	365 690	9 581	5 283	10 506	370 048
Computer equipment	56 296	(4)	4 034	12 767	47 559
Furniture and office equipment	17 072	-	7 474	819	23 727
Other machinery and equipment	38 484	(6)	4 509	13 121	29 866
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	477 542	9 571	21 300	37 213	471 200

## 29.3.1 PROVISIONS

Note	2017/18
	R′000
NATURE OF PRIOR PERIOD ERROR	
Relating to 2017/18 [affecting the opening balance]	9 571
Relating to incorrect fair value adjustment	(10)
Relating to special designed vehicle for Roads construction Heavy Vehicle Simulator (HVS)	9 581
Total prior period errors	9 571

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2019

## 29.4 MINOR ASSETS

MOVEMENT IN MINOR ASSETS	PER THE ASSET REGIS	TER FOR THE YEA	R ENDED AS A	T 31 MARCH 2019		
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R′000	R′000	R'000	R′000	R'000	R′000
Opening balance	-	21	_	38 729	-	38 750
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	1 578	-	1 578
Disposals	-	-	-	(187)	-	(187)
TOTAL MINOR ASSETS	-	21	-	40 120	-	40 141
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	7	-	7
Number of minor assets at cost	-	8	-	29 532	-	29 540
TOTAL NUMBER OF MINOR						
ASSETS	-	8	-	29 539	-	29 547
			·			

## **Minor Capital Assets under investigation**

		R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Intangible assets	2	1
Machinery and equipment	6 593	8 823

Value

Number

As per the principles of the modified cash standard, included within the total movable tangible minor capital assets are 6411 items of assets that are under investigation totalling of **R 8.823 million**. These items relate to assets that could not be verified during the year-end verification process and are clearly reflected as such within the Departments asset register. The Department has achieved a 57% (R6.800 million) year in year reduction of the total unverified assets. Appropriate actions will be taken once the internal investigations have been finalized and necessary adjustments will be done during 2019/20 financial year.

MOVEMENT IN MINOR ASSETS	PER THE ASSET REGIS	TER FOR THE YEA	R ENDED AS A	T 31 MARCH 2018		
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R′000	R′000	R'000	R′000	R'000	R′000
Opening balance	_	101	_	33 871	_	33 972
Prior period error	_	-	_	(5)	_	(5)
Additions	-	-	-	5 251	-	5 251
Disposals	-	(80)	-	(388)	-	(468)
TOTAL MINOR ASSETS	-	21	-	38 729	-	38 750
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	21 870		21 870
TOTAL NUMBER OF MINOR ASSETS	-	-	-	21 870	-	21 870

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## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2019

MOVABLE ASSETS WRITTEN OFF FO	OR THE YEAR ENDED	AS AT 31 MARCH 2018

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	86	-	23 879	-	23 965
TOTAL MOVABLE ASSETS WRITTEN OFF	-	86	-	23 879	-	23 965

## 29.4.1 PRIOR PERIOD ERROR

2017/18	Note
R'000	

## **NATURE OF PRIOR PERIOD ERROR**

Relating to 2017/18 [affecting the opening balance]

Relating to minor land additions (5)

**Total prior period errors** 

## 30. INTANGIBLE CAPITAL ASSETS

## MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening Balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	25 793	-	-	-	25 793
TOTAL INTANGIBLE CAPITAL ASSETS	25 793	-	-	-	25 793

## Intangible Capital Assets under investigation

intalligible capital Assets under investigation	Number	Value R'000
Included in the above total of the intangible capital assets per the asset register are assets that are under investigation:		
Software	1	5

As per the principles of the modified cash standard, included within the total intangible capital assets is 1 item of intangible asset that is under investigation totalling of **R5000**. This item could not be verified during the year-end verification process and is clearly reflected as such within the Departments asset register. Appropriate actions will be taken once the internal investigations have been finalized and necessary adjustments will be done during 2019/20 financial year.

(5)

(5)

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## **30.1 ADDITIONS**

## ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash	Non-Cash	(Develop- ment work in progress – current costs)	Received current year not paid (Paid current year received prior year)	Total
	R′000	R′000	R'000	R′000	R'000
SOFTWARE	12 764	-	(12 764)	-	-
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	12 764	-	(12 764)	-	<u>-</u>

## **30.2 MOVEMENT FOR 2017/18**

## MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening Balance	Prior period error	Additions	Disposals	Closing Balance
	R′000	R'000	R'000	R'000	R′000
SOFTWARE	25 589	-	211	(7)	25 793
TOTAL INTANGIBLE CAPITAL ASSETS	25 589	-	211	(7)	25 793

## 31. IMMOVABLE TANGIBLE CAPITAL ASSETS

## MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening Balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	39 521 626	-	902 099	(1 553)	40 422 172
Dwellings					
Other fixed structures	39 521 626	-	902 099	(1 553)	40 422 172
•					<u>_</u>
LAND AND SUBSOIL ASSETS	254 297		96 332	-	350 629
Land	254 297	-	96 332	-	350 629
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	39 775 923	-	998 431	(1 553)	40 772 801

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 31.1 ADDITIONS

ADDITIONS TO IMMOVABLE TANGIBLE CAPITA	AL ASSETS PER ASSET F	EGISTER FOR	THE YEAR ENDED	31 MARCH 2019	
	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R′000	R'000	R′000	R′000	R′000
BUILDING AND OTHER FIXED STRUCTURES	938 471	438 686	(475 058)	-	902 099
Dwellings	-	-	-	-	
Other fixed structures	938 471	438 686	(475 058)	-	902 099
LAND AND SUBSOIL ASSETS	96 332	_	-	-	96 332
Land	96 332	-	-	-	96 332
TOTAL ADDITIONS TO IMMOVABLE					
TANGIBLE CAPITAL ASSETS	1 034 803	438 686	(475 058)	-	998 431
31.2 DISPOSALS					
DISPOSALS OF IMMOVABLE TANGIBLE CAPITA	AL ASSETS PER ASSET I	REGISTER FOR	THE YEAR ENDED	31 MARCH 2019	
	Sold for cash	Non-cash disposal	Total disposals		Cash Received Actual
	R′000	R'000	R'000		R′000
BUILDING AND OTHER FIXED STRUCTURES	-	1 553	1 553		-
Other fixed structures	-	1 553	1 553		-
TOTAL ADDITIONS TO IMMOVABLE					
TANGIBLE CAPITAL ASSETS	-	1 553	1 553	_	
31.3 MOVEMENT FOR 2017/18					
MOVEMENT IN IMMOVABLE TANGIBLE CAPITA				31 MARCH 2018	
	Opening Balance	Prior peri	Additions	Disposals	Closing Balance
	R'000	R′0	00 R′000	R'000	R′000
BUILDINGS AND OTHER FIXED STRUCTURES	39 141 202		- 380 658	(234)	39 521 626
Dwellings			200 550	(0.2.1)	20 504 505
Other fixed structures	39 141 202		- 380 658	(234)	39 521 626
LAND AND SUBSOIL ASSETS	235 619		- 18 678	-	254 297
Land	235 619		- 18 678	-	254 297
TOTAL INANAOVA DIE TANICIDIE CADITALIA			200 220	(22.1)	20 775 022
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSET	TS 39 376 821		- 399 336	(234)	39 775 923

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 31.4. CAPITAL WORK-IN-PROGRESS

CADITAL MODIZ IN DDOCDE	CC AC AT 24 MAADCH 2040
CAPITAL WORK-IN-PROGRE	:55 A5 A1 31 MAKCH 2019

	Note	Opening balance	Prior period	Additions	Disposals
A	nnexure 6	Dalatice	error		
		R'000	R'000	R'000	R'000
Buildings and other fixed structures		1 631 751	938 471	(902 099)	1 668 123
Intangible assets		17 973	12 764	-	30 737
TOTAL		1 649 724	951 235	(902 099)	1 698 860

	Number o	f projects	2018/19
AGE ANALYSIS ON ONGOING PROJECTS	Planned Construction not started	Planned Construction started	Total R'000
0 to 1 Year	16	2	213 388
1 to 3 Years	36	15	771 122
3 to 5 Years	75	7	683 613
Total	127	24	1 668 123
Accruals and payables not recognised relating to Capital WIP	Note	2018/19	2017/18
	IVOLE	2010/13	2017/10

Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress

TOTAL

14 022	62 574
14 022	62 574

R'000

R'000

## **CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018**

	Note	Opening balance 1 April 2017	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2018
	Annexure 6	R′000	R′000	R′000	R'000	R′000
Buildings and other fixed structures		-	29 049	-	-	1 631 751
Intangible assets		-	17 973	-	-	17 973
TOTAL		-	47 022	-	-	1 649 724

	Number o	of projects	2017/18
AGE ANALYSIS ON ONGOING PROJECTS	Planned Construction not started	Planned Construction started	Total R'000
0 to 1 Year	17	5	693 753
1 to 3 Years	33	10	450 469
3 to 5 Years	75	2	458 480
Total	125	17	1 602 702

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2019

## 31.5 S42 IMMOVABLE ASSETS

Assets subjected to transfer in terms of S42 of the PFMA - 2018/19

BUILDING AND OTHER FIXED STRUCTURES	Number of assets	Value of assets R'000
*Non-residential buildings	4	150 340
TOTAL	4	150 340

The reported Section 42 transfer to be affected during the 2019/2010 financial year relates to capital construction and refurbishments affected by the Department in respect of four (4) structures comprising of three Driving Licence Testing Centres and one laboratory. The related expenditure will be transferred in the 2019/20 financial year to the Gauteng Department of Infrastructure Development (DID) as the custodian of the related properties.

## 32. PRINCIPAL-AGENT ARRANGEMENTS

## 32.1 DEPARTMENT ACTING AS THE PRINCIPAL

	Fee pa	aid
	2018/19	2017/18
	R′000	R′000
Ekurhuleni Metropolitan Municipality	346 074	334 263
Mogale City	29 454	29 217
Sedibeng Municipality	73 418	69 045
*Randfontein Municipality	-	15 714
*Westonaira Municipality	-	7 931
City of Johannesburg	297 064	272 740
Tshwane Metropolitan Municipality	193 862	174 392
South African Post Services	159 220	153 396
Merafong District Municipality	12 515	12 274
*Randwest Municipality	24 453	1 874
Total	1 136 060	1 070 846

The above municipalities are collecting revenue on behalf of the Department in terms of the Road Traffic Act. For the service they render on behalf of the Department they are entitled to a range between 20% or 100% agency fee (commission) as per signed service level agreement.

The Department of Infrastructure Development (DID) is facilitating the projects of rehabilitation maintenance and construction of DLTCs on behalf of the Department. No agency fees were paid to DID in the current financial year.

GMA was established to co-ordinate, manage and play an oversight role in terms of the implementation and operational side of Gautrain Rapid Rail Link Project. For additional information pertaining to transfers to GMA please refer to Note 8 and 27.

The City of Tshwane Metropolitan Municipality is providing subsidised bus service for Mamelodi and Southern, Eastern, Northern and Pretoria CBD on behalf of the Department. No agency fees were paid to the City of Tshwane in the current financial year.

#In or around February 2018 Westonaria and Randfontein Municipality respectively were merged into Randwest Municipality hence the variance between the current and prior year agency fees paid.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
32.2 DEPARTMENT ACTING AS THE AGENT 32.2.1 REVENUE RECEIVED FOR AGENCY ACTIVITIES			
Total		<del>-</del> -	-

The Department is collecting Pay As You Earn (PAYE) on behalf of South African Revenue Services (SARS) as required by Income Tax Act no agency fees have been received in this regard.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2019

## 33. STATEMENT OF CONDITIONAL GRANTS RECEIVED

		GR	GRANT ALLOCATION	Z			SPENT	NT		2017/18	7/18
NAME OF DEPARTMENT	Division of Revenue Act/ Provincial Grants	Roll	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	Under / (Over- spending)	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Public Transport Operation Grant	2 306 888	69 123	(82 000)		2 294 011	2 294 011	2 078 324	215 687	91%	2 155 063	1 906 072
Provincial Roads Maintenance Grant	742 522	'			742 522	742 522	742 275	247	100%	656 183	655 732
EPWP Intergrated Grant for Prov	6 490		ı		6 490	6 490	6 490		100%	6 504	6 504
	3 055 900	69 123	(82 000)		3 043 023	3 043 023	2 827 089	215 934		2 817 750	2 568 308

# 34. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

		GRANT ALLOCATION	OCATION			TRANSFER	
NAME OF MUNICIPALITY	DoRA and other transfers	Roll	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Mun B/Acc: Vehicle Licenses Mun	2 500	1	1	2 500	1 900	1	•
TOTAL	2 500	•	•	2 500	1 900		•

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

(UNAUDITED SUPPLEMENTARY SCHEDULE)

for the year ended 31 March 2019

## **ANNEXURE 1A**

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

		GRANTA	GRANT ALLOCATION			TRANSFER			SPENT	L		2017/18	8
NAME OF MUNICIPALITY	DoRA and other transfers	Roll Ac	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re- allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual Transfer
	R'000	R'000	R'000		R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Mun B/Acc: Vehicle Licenses Mun	2 500	•	'	2 500	1 900	1	'	'	1	1		2 000	1 750
TOTAL	2 500	•	•	2 500	1 900			•				2 000	1 750

## **ANNEXURE 1B**

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

		TRANSFER ALLOCATION	LLOCATION		TRANSFER	SFER	2017/18
DEPARTMENT/ AGENCY/ ACCOUNT	Adjusted Appropriation Act	Roll	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Prov DA: Gauntrain Man Agency	1 945 268	•		1 945 268	1 945 268	100%	1 833 694
TOTAL	1 945 268			1 945 268	1 945 268		1 833 694

## **ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**

(UNAUDITED SUPPLEMENTARY SCHEDULE)

for the year ended 31 March 2019

**ANNEXURE 1C** 

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

		TRANSFER ALLOCATION	LLOCATION			EXPENDITURE	ITURE		2017/18
NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Subsidies	2 463 790	•		2 463 790	2 239 153	%6'06	•	2 239 153	2 315 535
Public Transport Operation Grant	2 294 011	ı	•	2 294 011	2 078 324	%9.06	1	2 078 324	2 155 063
Northwest Star Demarcation	169 779	•	•	169 779	160 829	94.7%	•	160 829	160 472
TOTAL	2 463 790			2 463 790	2 239 153	%6.06	•	2 239 153	2 315 535

**ANNEXURE 1D** 

STATEMENT OF TRANSFERS TO HOUSEHOLDS

		TRANSFER ALLOCATION	LLOCATION		EXPENI	EXPENDITURE	2017/18
ноизеногря	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
H/H: Empl S/Ben: Injury on duty	870	•		870	1 499	172%	1 040
H/H: Empl S/Ben: Leave gratuity	3 460	•		3 460	3 554	103%	3 005
H/H: Claims Against State (Cash)	3 200	•	•	3 200	45 102	1409%	93 000
H/H: Empl S/Ben: PST Retirement Benefit	09	•	•	09		%0	
TOTAL	7 590	•	,	7 590	50 155		97 045

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

(UNAUDITED SUPPLEMENTARY SCHEDULE)

for the year ended 31 March 2019

## **ANNEXURE 1E**

STATEMENT OF GIFTS DONATIONS AND SPONSORSHIPS RECEIVED

		2018/19	2017/18
NAME OF ORGANISATION	NATURE OF GIFT DONALION OR SPONSORSHIP	R'000	R'000
Received in kind			
Hwibidu Security Services Cc	PA system for sports event	•	7
AVBOB	Metals for sports event	•	_
Old Mutual Limited	Old Mutual Hamper (diary, pen, mug, small fan, cooler bag and lunch)	_	•
Gauteng Provincial Legislature	Picnic pack	2	
TOTAL		3	8
ANNEXURE 1F STATEMENT OF GIFTS DONATIONS AND SPONSORSHIPS	3SHIPS MADE		
NATIIRE OF GIFT DONATION OR SPONSORSHIP		2018/19	2017/18
		R'000	R'000
Made in kind			
Sponsorship for the UATP/I Transport conference and exhibition made to Intelligent Transport Society South Africa	tion made to Intelligent Transport Society South Africa	750	•
Donation of Computer equipments (58) and office furniture (8) to Gr St Thomas Anglican Church and Regatammogo Sports Development	Donation of Computer equipments (58) and office furniture (8) to Growing Champion, Masomelezane Foundation, Nkateko ya Ntsako Home Base Care, St Thomas Anglican Church and Regatammogo Sports Development	532	ı
TOTAL		1 282	•

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

(UNAUDITED SUPPLEMENTARY SCHEDULE)

for the year ended 31 March 2019

## **ANNEXURE 2A**

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019

Nature of Liability	Opening Balance 1 April 2018	Dpening Balance Liabilities incurred 1 April 2018 during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities paid/ Liabilities cancelled/ recoverable reduced during (Provide details the year	Closing Balance 31 March 2019
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
*Claims against the department	711 760	429 121	(484 701)	•	656 180
TOTAL	711 760	429 121	(484 701)	•	656 180

<sup>\*</sup>The amount totalling R 484.7 million disclosed in this annexure as liabilities cancelled, reduced or paid is not a reflection of the actual amount paid by the Department in terms of any court settlement. This balance reflects the impact of the full claim that was initially lodged against the Department in relation to any claim which has either been settled or dismissed by the relevant courts or prescribed in terms of law.

## **ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**

(UNAUDITED SUPPLEMENTARY SCHEDULE)

for the year ended 31 March 2019

## **ANNEXURE 3**

**CLAIMS RECOVERABLE** 

	Confirmed balance outstanding	ice outstanding	Unconfirmed balance outstanding	ance outstanding	Total	-E	Cash in transit at year end 2018/19	t at year end 8/19
Government Entity	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Limpopo Department of Public Works Roads and Infrastructure	•	22		•	,	22	•	•
Sub Total		22				22		
Other Government Entities								
g-FleeT Management	,	948	•	•		948	1	•
Sub Total	1	948		ı	ı	948	1	•
TOTAL		970				970	•	

## **ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**

(UNAUDITED SUPPLEMENTARY SCHEDULE)

for the year ended 31 March 2019

## **ANNEXURE 4**

	Confirmed balance outstanding	e outstanding	Unconfirmed balance outstanding	ce outstanding	TOTAL		Cash in transit at year end 2018/19	ear end 2018/19
GOVERNMENT ENTITY							Payment date up to six (6) working days	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	before year end	Amount
DEPARTMENTS					200	20 1		
Current								
National Department of Justice and Constitution Development	914	3 751	909	1 402	1 520	5 153	•	•
Government Printing Works	-	85	•	ı	-	85	ı	ı
Department of Public Service and Administration	552	440	•	338	552	778	•	1
Gauteng Department of Infrastructure Development		3 2 4 2	•	ı	•	3 242	•	1
Department of Labour	•	8	•	ı	•	8	ı	•
TOTAL	1 467	7 521	909	1 740	2 073	9 261		•
OTHER GOVERNMENT ENTITY								
Current								
g-FleeT Management	1 751	1 721	•	1 866	1 751	3 587	1	1
Road Traffic Management Corporation (RTMC)	28 461	26 765	•	ı	28 461	26 765	•	1
Driving Licence Card Account (DLCA)	8 626	8 687	•	1	8 626	8 687	1	1
Road Traffic Infringement Agency	1 240	•	-	1	1 240	1	1	1
TOTAL	40 078	37 173	•	1 866	40 078	39 039	Ī	•

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

(UNAUDITED SUPPLEMENTARY SCHEDULE)

for the year ended 31 March 2019

## **ANNEXURE 5**

INVENTORIES

Introduction	Note	Quantity	2018/19	Quantity	2017/18
invelitories			R'000		R'000
Opening balance		80 392	28 444	72 680	26 414
*Add: Additions/Purchases – Cash		135 782	45 795	50 951	13 495
(Less): Issues		(128 546)	(37 274)	(43 239)	(11 465)
Add/(Less): Received current not paid (Paid current year received prior year)		2 024	613	•	•
Add/(Less): Adjustments		1	1	1	1
Closing balance		89 652	37 578	80 392	28 444

<sup>\*</sup>The increase in the current year additions is mainly in relation to road maintenance material that was purchase the Departments routine road maintenance unit.

## **ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**

(UNAUDITED SUPPLEMENTARY SCHEDULE) for the year ended 31 March 2019

**ANNEXURE 6** 

**MOVEMENT IN CAPITAL WORK IN PROGRESS** 

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2019

		Opening balance	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance	
		R'000	R'000	R'000	R'000	
BUILDINGS AND OTHER FIXED STRUCTURES		1 631 751	938 471	(902 099)	1 668 123	
Other fixed structures		1 631 751	938 471	(902 099)	1 668 123	
		17 973	12 764	•	30 737	
Computer Software		17 973	12 764		30 737	
		1 649 724	951 235	(902 099)	1 698 860	
MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2018	Opening balance	Prior period error	Current Year Capital WIP	Ready for use (Asset register) / Contract	Closing balance	
	R'000	R'000	R'000	terminated R'000	R′000	
BUILDINGS AND OTHER FIXED STRUCTURES	1 017 300	29 049	661 252	(75 850)	1631 751	
Other fixed structures	1 017 300	29 049	661 252	(75 850)	1 631 751	
	ı	17 973	•	•	17 973	
Computer Software	•	17 973	•	•	17 973	

TOTAL

1 649 724

(75850)

661 252

47 022

1 017 300





## g-FleeT MANAGEMENT ANNUAL REPORT 2018/2019 FINANCIAL YEAR

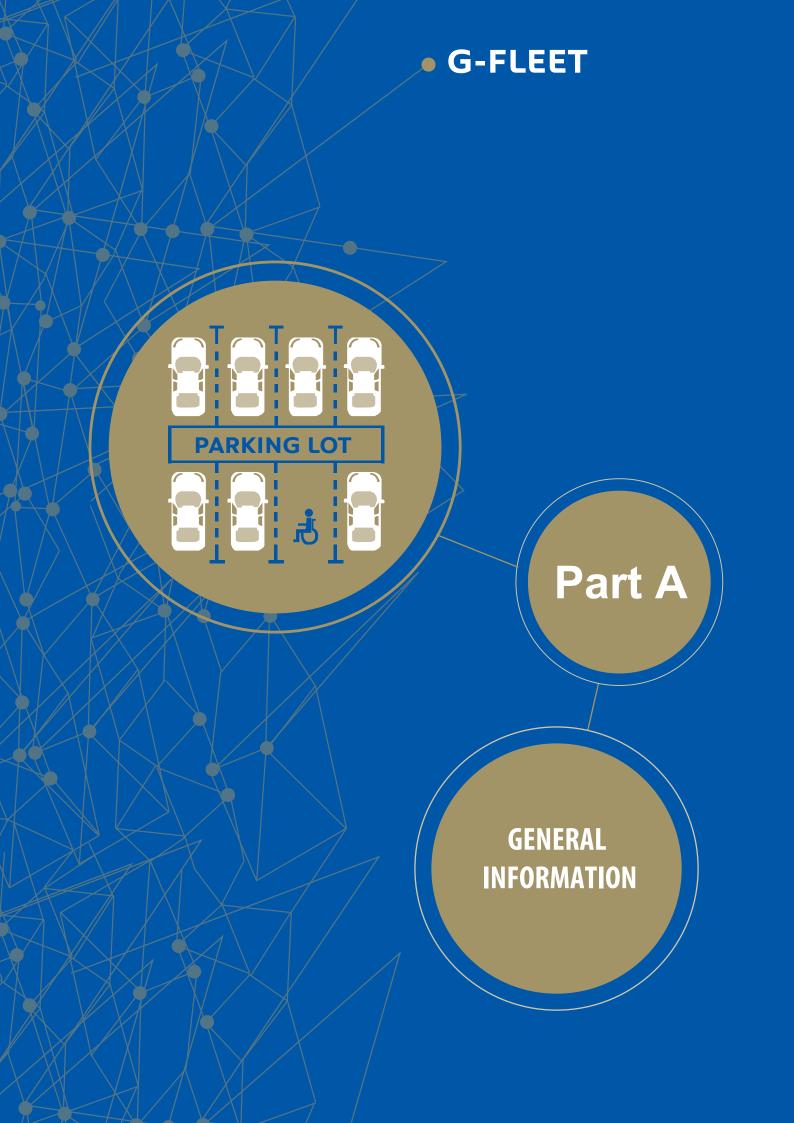
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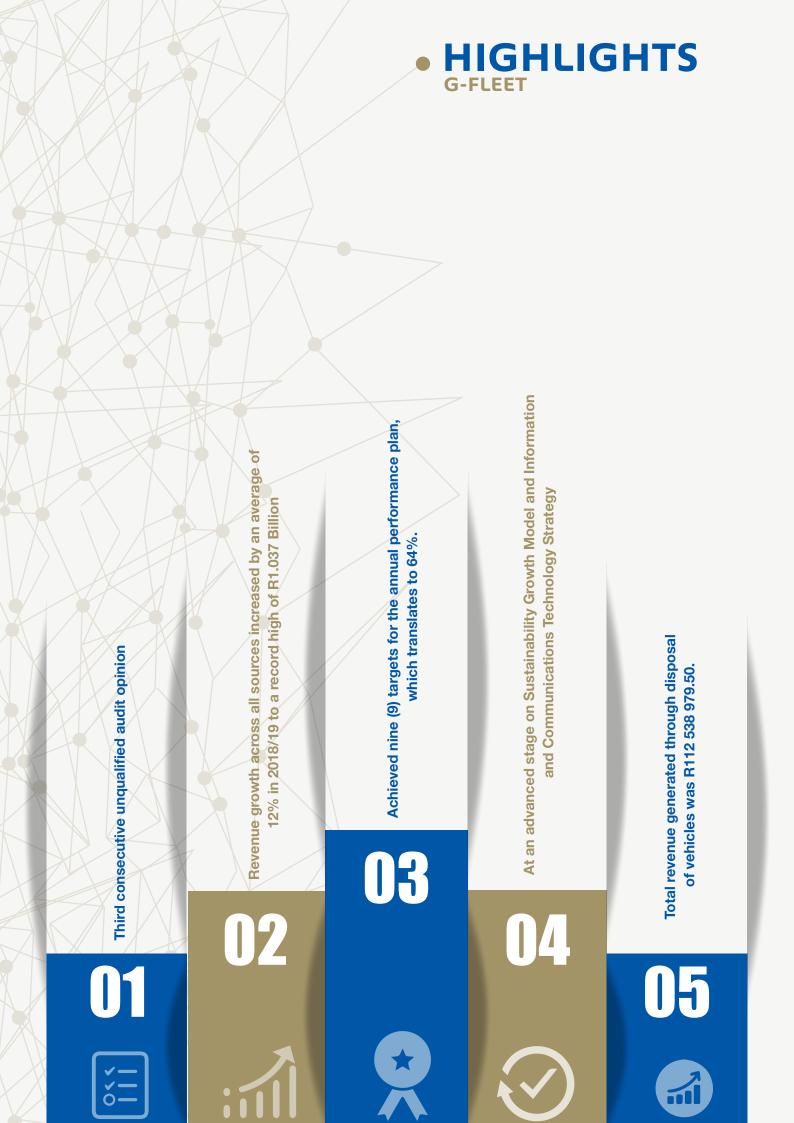
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## 1. TRADING ENTITY GENERAL INFORMATION

NAME OF TRADING ENTITY: g-FleeT Management

PHYSICAL ADDRESS: 76 Boeing Road East

Bedfordview

2008

**POSTAL ADDRESS:** Private Bag X1

Bedfordview

2008

 TELEPHONE NUMBER:
 +27 11 372 8600

 FAX NUMBER:
 +27 086 669 6926

 WEBSITE ADDRESS:
 www.gfleet.gov.za

## 2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA Auditor-General of South Africa

**BAC** Bid Adjudication Committee

BAS Basic Accounting System

**B-BBEE** Broad-Based Black Economic Empowerment

CFO Chief Executive Officer
CFO Chief Financial Officer
COO Chief Operations Officer
CSD Central Supplier Database

**DPSA**Department of Public Service and Administration

**EAP** Employee Assistance Programme

FIS Fleet Information System
FML Full Maintenance Lease
GAS Gauteng Audit Service

**GDH** Gauteng Department of Health

GDID Gauteng Department of Infrastructure Development

GDRT Gauteng Department of Roads and Transport

**HDI** Historically Disadvantaged Individual

**HOD** Head of Department

ICT Information and Communication Technology

OHS Occupational Health and Safety

OTP Open Tender Process
POC Proof of Concept

**PFMA** Public Finance Management Act

TR Treasury Regulations

MEC Member of Executive Council

MTEF Medium-Term Expenditure Framework

SCM Supply Chain Management

SCOPA Standing Committee on Public Accounts

SITA State Information and Technology Agency

**SLA** Service Level Agreement

**SMME** Small, Medium and Micro Enterprises

SMS Senior Management Service

TMR Transformation, Modernisation and Re-industrialisation

VCT Voluntary Counselling and Testing



MS NOXOLO MANINJWA

## CHIEF EXECUTIVE OFFICER G-FLEET MANAGEMENT

## 3. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER (CEO)

## **OVERVIEW OF FINANCIAL YEAR**

The Entity is mandated to provide effective, competitive, efficient and reliable fleet services to government departments. These services are offered to all spheres of government. During the financial year under review, the Entity owned and managed a fleet of approximately 8 000 vehicles and continued to offer various government departments a variety of fleet management services including:

- Full maintenance leases (FMLs).
- Short-term motor rentals.
- Chauffer driven.
- Fuel card services (for paying for fuel, toll gate fees etc.).
- Managed maintenance.
- Telematics.
- Accident management.

- Roadside assistance.
- Licence and traffic fines administration.

The 2018/19 financial year has been another positive year for g-FleeT Management Trading Entity. The Entity continued to implement various strategies and policies to ensure that it is financially viable and sustainable. The Entity achieved its third consecutive unqualified opinion with findings for the 2017/18 financial year from the Auditor-General of South Africa (AGSA). This was achieved through concerted efforts by both staff and management in ensuring that the Entity improves on governance, financial management matters as well as guidance and oversight performed by the various committees that the Entity accounts to.

With regards to the overall performance of the Entity against targets set out in the approved 2018/19 Annual Performance Plan, the Entity achieved eight (8) targets which translates to 53% performance rate.

The Entity aims to be sustainable and ensure profitable growth in revenue by implementing initiatives aimed at

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## CHIEF EXECUTIVE OFFICER REPORT

attracting and retaining customers. The overall revenue growth across all sources increased by an average of 2L;% in 2018/19 to a record high of R1.015 billion.

The implementation of the Sustainability Model and Information and Communication Technology (ICT) Strategy are at an advanced stage. The full implementation of these strategies will be concluded in the 2019/20 financial year.

## TOP MANAGEMENT'S PERSPECTIVE OF THE ENTITY

The Entity has made great strides in improving the internal controls and governance. The Entity has continued to render customer-centric fleet management services and also ensured that it remains financial sustainable. Notwithstanding the challenges, the leadership and officials are committed to the vision of the Entity to "Keep government service delivery on the move."

## **ACHIEVEMENTS**

## **Pool fleet rental services**

The Entity achieved 85.14% in terms of the average rental utilisation of pool vehicles this signifies 17.25% over achievement of the annual target of 67%. The over achievement can be attributed to the correct management of the fleet size, good condition of the pool vehicles and increased demand from client departments.

## **Vehicle tracking**

As part of the Entity's endeavours to safeguard its vehicles and ensure that it provides client departments with a reliable fleet, the Entity continued to provide vehicle tracking and monitoring systems through outsourced channels. The Entity managed to achieve the annual target of tracking 93% of in-service vehicles (excluding exempted vehicles). The Entity experienced delays in awarding the tender for a Comprehensive Vehicle Tracking System advertised through the Open Tender Process (OTP). The bid evaluation and finalisation of the probity audit report have been concluded and the award is anticipated to be concluded in the first quarter of the 2019/20 financial year.

## **Provision of Reliable Fleet to Client Departments**

The Entity continued to procure vehicles at discounted options through the National Treasury Transversal Contract (RT57).

Through effective systems for the procurement of new vehicles and disposal of old vehicles, the Entity managed to maintain an average age of fleet at less than four years for the financial year under review. This is a positive achievement, which ensures that the Entity delivers on its mission of "Providing a reliable fleet to meet client needs." The Entity prides itself that 70% of the vehicles in the fleet are less than four years old. The cost of acquiring the new vehicles represented approximately 49.50% of the Entity's total actual expenditure for the financial year under review.

## **Marketing and Communication**

The Entity has recognised the strategic importance of communicating with clients and stakeholders to keep them informed of developments, promote the products, services and to obtain feedback that will inform interventions to improve the business. In the financial year under review, in its efforts to enhance clients' experiences, communication with clients and stakeholders has been carried through by publishing the Entity's developments and performance reports on the website; one-on-one meetings and engagements were held with all levels of clients/stakeholders for the personal touch and Transport Forums were held in different provinces to obtain a collective view and appreciation of needs, wants and challenges in the various regions through information sharing. These engagements feed into the future strategic plans and changes that the organisation will put in place for the benefit of our clients' experiences.

The Entity endeavours to maintain positive relations with clients and address their business needs. Key Account Managers continued to have regular visits to client departments. The different operational systems, namely the Fleet Information System (FIS), the Tracking System and the Fuel Management System, that are provided to client departments, also aid in providing platforms that deliver more targeted and relevant information to our clients.

During the 2019/20 financial year, the Entity will undertake projects to revamp the existing internet website, review the Marketing and Communication Strategy, as well

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as the Customer Retention and Acquisition Strategies. Furthermore, the Entity will implement an advertising campaign targeted at current and potential customers. All these initiatives are aimed at improving the Entity's communication and growing its business.

## **Customer Satisfaction Survey**

The Entity is focused and committed to serving customers and enhancing the customer experience. During the financial year under review, a customer satisfaction survey was conducted to assess the current levels of clients' satisfaction with our products and services and the impact of the recommendations implemented from the 2016/17 Customer Survey. In the new study, the Entity achieved an overall customer satisfaction level of 74%, which surpassed the planned target of 70%. This achievement serves as a demonstration of the positive impact of ongoing interventions aimed at improving the Entity's operations and the overall quality of services offered to client departments.

## 2017/18 Audit Opinion

In our continued efforts to turn the Entity around and make it sustainable, one of the key indicators that demonstrate the effectiveness of our interventions is the positive opinion received from the Auditor-General of South Africa (AGSA). To this end, the Entity managed to achieve an unqualified opinion with findings for the 2017/18 financial year, making it a third time in a row.

## **New Vehicle Preparation**

To ensure that our clients deliver uninterrupted service delivery, the Entity managed to prepare new vehicles for collection by clients within 18 days, thereby exceeding the set target of 20 business days. This achievement was due to concerted efforts by committed staff and further interventions implemented throughout the year.

## Information and Communication Technology (ICT) Strategy

For the Entity to remain relevant and efficient, investment on human capital and technology cannot be restrained. The Entity further harnessed the power of ICT to optimise operations. To this end, the Microsoft Office 365 and the PABX telephone systems were fully implemented. The market research was conducted to assist management to have a better understanding and perspective of the Fleet Information System industry and to further assist management to make the right decision when procuring the new Fleet Information System.

The Entity will implement the recommendations from the report to ensure that the system that is procured responds to the needs of the business.

## **Auction**

The Entity continued to dispose old and obsolete vehicles through the auctioning process. With regards to the new Key Performance Indicator (KPI) – auctioning of old vehicles – the Entity exceeded the set target of 80% during the year under review. The Entity disposed of 1 360 vehicles through public auctions held throughout the financial year under review. The total revenue generated through disposal of vehicles was R 112, 538, 979.60.

The table below outlines the number of vehicles disposed and revenue generated during the financial year under review

## Revenue collection - disposal of vehicles through public auctions

NO.	AUCTION DATE	FLEET SOLD (#)	TOTAL PROCEEDS (R)
1	26 and 27 September 2018	408	R 29, 835, 384.85
2	11 and 12 December 2018	471	R 37, 234, 878.01
3	27 and 28 March 2019	471	R 41, 530, 024.03
	11 April 2018, 07 May 2018, 05 June 2018, 06 June 2018, 13 June 2018, 04 July 2018, 11 October 2018, 23 October 2018, 29 November 2018, 21 January 2019	10 (Judges' vehicles)	R 3, 938, 692.72
	TOTAL	1 360	R 112, 538, 979.60

Table 1. Revenue collection – disposal of vehicles

The proceeds from the sales of the redundant vehicles have increased by 51% as compared to the previous financial year. The increase can be attributed to the increase in the auction intervals, conditions of the vehicles auctioned and a better bidder turnout for the auctions held during the financial year under review. The disposal process is informed by the approved Asset Management Policy.

## **Revenue Collection – Leases**

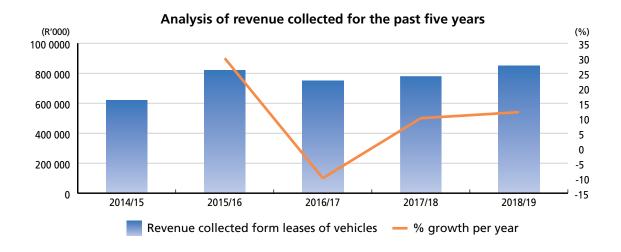
Consistent with the approved Debtors Management Policy, the Entity has continued to enforce a robust debt collection plan which was aimed at maximising and collecting outstanding debts due to the Entity from various client departments in relation to leases of vehicles.

Because of concerted efforts undertaken by the Entity, an aggregate amount of R865 million was actively collected from client departments during the 2018/19 financial year. The increase constitutes 10% in comparison to the amount of R784 million collected in the 2017/18 financial year.

The below table and graphic presentation provides a synopsis of the revenue collection growth in the past five years:

	2014/15	2015/16	2016/17	2017/18	2018/19
Source of revenue			R'000		
Revenue collected from leases of vehicles	633, 101	819, 042	730, 993	784, 370	865, 056
% growth per year		29%	-11%	7%	10%

Table 1.1 Revenue collection growth over the past five years



## Contribution towards Transformation, Modernisation and Re-industrialisation (TMR)

The Broad-Based Black Economic Empowerment (B-BBEE, Act 53 of 2003, as amended by Act 46 of 2013), promotes the achievement of the constitutional right to equality, increases broad-based and effective anticipation of black people in the economy and promote a higher growth rate, increases employment and more equitable income distribution; and establishes a national policy on B-BBEE so as to promote the economic unity of the nation, protect

the common market, and promote equal opportunity and equal access to government services.

The Gauteng Provincial Government has committed itself to viable economic empowerment of all black people (historically disadvantaged individuals), in particular women, youth and people with disabilities through diverse but integrated socio-economic strategies. It has set its equity targets relating to B-BBEE for all provincial departments and entities in the province to be met on monthly basis.

The table below outlines the provincial target currently:

Total awarded to Historically Disadvantaged Individuals (HDIs) companies  Total awarded to WOM OWNED companies			Total awarded to YOUTH OWNED companies	Total awarded to Persons with Disabilities (PWDs) OWNED companies
	80	30	10	2

Table 1.2. Provincial Procurement equity targets

Furthermore, the Gauteng Provincial Government has committed to achieve 30% of provincial spend on goods and services to support the Township Economy Revitalization (TER) programme. Reporting on this is currently done by the Provincial Treasury and Provincial Supply Chain Management. The Entity has committed

itself to strive to meet the provincial targets as set by the Office of the Premier.

In addition, the Entity has developed a Sourcing Strategy for the 2019/20 financial year to show its commitment to meeting the targets and also to enable the Entity to monitor the targets on a regular basis.

The tables below show the improvement the Entity has achieved in the 2018/19 financial year compared to the 2017/18 year:

CONTRACTS AWARDED TO ENTERPRISES OWNED BY: HDIs									
	2017/18		2018/19						
TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)	TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)				
108	8.82	19, 022, 709.44	154	63	215, 284, 488.62				

Table 1.3: Analysis of awards to HDIs

CONTRACTS AWARDED TO ENTERPRISES OWNED BY: WOMEN									
	2017/18		2018/19						
TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)	TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)				
61	6.12	13, 210, 717.81	153	32	117, 471, 371.36				

Table 1.4: Analysis of awards to women

CONTRACTS AWARDED TO ENTERPRISES OWNED BY: YOUTH								
	2017/18		2018/19					
TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)	TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)			
28	1.19	2, 566, 352.33	13	9	23, 443, 610.51			

Table 1.5: Analysis of awards to youth

CONTRACTS AWARDED TO ENTERPRISES OWNED BY: PWDs								
	2017/18		2018/19					
TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)	TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)			
3	3.64	78, 439.74	1	0	13, 758.48			

Table 1.6: Analysis of awards to PWDs

## Percentage of maintenance spend on (automotive) township business

With regards to expenditure on Gauteng automotive township business, the Entity managed to achieve the annual target of 4%, with a focus on designated groups. Through a targeted approach more contracts were awarded to businesses owned by historically disadvantaged individuals, women, youth and PWDs. This achievement is in line with the Entity's commitment to contribute towards the provincial priority of revitalising the township economy.

## **Organisational and Employee Environment**

The Entity is committed to maintaining a professional and supportive workplace built on mutual trust between employees and management. The Entity further seeks to foster an environment where communication among officials and to client departments is open, honest and responsive, in line with the Batho Pele principles as well as one in which performance is recognised and growth and development is encouraged. The Entity further seeks to support the wellbeing of its officials through various employee wellness programmes.

## **Challenges Faced by the Entity**

The financial year under review has not been without its challenges. The following outlines some of the challenges experienced by the Entity.

## **Traffic Fines**

In relation to the management of traffic fines, the Entity continues to experience challenges in the Western Cape province. Due to unpaid fines, caused by the re-routing of fines to client departments, the Entity gets blocked on e-Natis and is unable to renew vehicle licenses. In the financial year under review, the Entity attended court proceedings in different municipalities to negotiate, cancel or re-route the traffic fines. Alternative options are being explored to address the re-routing of fines.

The Administrative Adjudication of Road Traffic Offences (AARTO) Bill has been approved and the Road Traffic Infringement Agency (RTIA) is awaiting the proclamation date by the President to implement the AARTO Act (Act 46

of 1998). The RTIA will assist in multiple online re-routing of traffic fines where the information is provided by the Transport Officer (proxy).

## **VIP SELF-DRIVE**

The Entity achieved 42.36% of the average rental utilisation for VIP self-drive, which is below the annual target of 67%. The underachievement is, among other things, attributed to a decreased demand from client departments. The Entity will ensure that the fleet for self-drive is aligned to the envisaged demand for the product during the 2019/20 financial year.

## Maintenance and repairs of vehicles

The Entity provides the managed maintenance services through the National Treasury Transversal Tender (RT46). The Entity did not achieve its set target of "average turnaround time for accidents and mechanical repairs" due to the misalignment of the accident repairs process with the RT46 service provider and the failure by the RT46 service provider to efficiently manage the accident reports.

The reviewed accident repairs process which was implemented in the 2017/18 financial year did not yield the desired outcome. Consequently, an alternative process was agreed on with the RT46 service provider to expedite the accident repairs process in instances where the service provider is unable to deliver on the turnaround time.

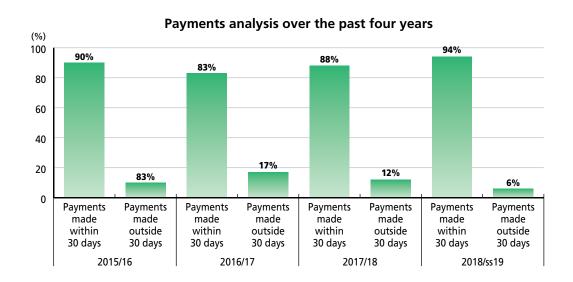
## 30 Day payments

The Entity strives to ensure compliance with laws and regulations and has thus improved on the percentage of payments made within 30 days. The Entity recorded a 6% increment in contrast to the overall 88% of payments made within 30 days in the 2017/18 financial year (from 88% to 94% for the 2018/19 financial year).

The following table depicts the analysis and performance of the Entity in terms of achieving absolute compliance in paying service providers within 30 days over the past four years.

FINANCIAL YEARS								
2015/16		2016/17		2017/18		2018/19		
Payments made within 30 days	Payments made outside 30 days							
90%	10%	83%	17%	88%	12%	94%	6%	

Table 1.7 Payments analysis over the past four years.



The Entity will continue to implement internal controls and innovative mechanisms to enhance the procure-to-pay cycle.

## **Organisational Environment**

The Entity continued to utilise the organogram approved in 2014. The process of approving the proposed Service Delivery Model, Business Case and the proposed Organisational Structure that was updated in February 2017 is not yet concluded. During the financial year under review, the Entity had 219 officials under its employ. The Entity's vacancy rate was reduced by 10% during the financial year under review and it now stands at 23%. Further to the uplifting of the moratorium, the Entity prioritised the filling of critical posts – most of the critical posts are in the technical fields. The process of advertising critical posts commenced towards the end of the 2018/19 financial year and the Entity will endeavour to fill all critical posts and other vacant funded posts by the end of the 2019/20 financial year.

## **Reduction Of Debtors Days**

The Entity aggressively implemented the approved Debtors Management Policy and, despite the financial constraints experienced by several client departments, managed to reduce the percentage decrease in average debtor's days by 13.09%, which is 6.91% short of the annual target of 20%. The highest-owing client departments were constantly engaged through various debt collection processes and meetings, and subsequently payments plans were submitted by client departments which reported financial difficulties. The Entity will continue to enforce the payment plans submitted by client departments.

## The Sustainability Model

The Entity commenced implementing some of the identified projects of the approved Sustainability Model during the 2018/19 financial year. The Entity will continue to work with the Gauteng Department of Infrastructure Development to ensure that the tender for the Phase 2 Infrastructure Projects is awarded before the end of the 2019/20 financial year. The Entity will further ensure that all projects identified and completed in the Sustainability Model will be implemented during the 2019/20 financial year.

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## **Future Plans**

In the new financial year, the Entity will continue with implementation of Phase 2 of the Sustainability Model and the ICT Strategy. It is imperative for the Entity to fast-track the completion of the Phase 2 Sustainability Projects. The Entity will engage with the relevant stakeholders to ensure that all projects are successfully implemented.

Continuous efforts will also be directed at implementing recommendations from the 2018/19 Customer Survey Report. The Entity will aggressively strive to address challenges on service offerings that received low satisfaction ratings from client departments.

## The vehicle tracking tender

The Comprehensive Vehicle Tracking Solution tender for the Entity is envisaged to be awarded in the first quarter of 2019/20 financial year. The bid evaluation and probity audit phase have been finalised. The tracking solution will not only provide vehicle tracking information, but will also provide critical information pertaining to the use of State vehicles, concentration, driver behaviour and driver profiling. In turn, this valuable information can be utilised

in decision-making and cost-cutting. Various client departments will have a better understanding of their fleet and the use of vehicles.

## The Fleet Information System (FIS)

The Entity will continue with the process of procuring the new FIS, as per recommendations from the market research conducted in conjunction with Gauteng Provincial Treasury in the past financial year. It is envisaged that the new system will respond to the needs of the current business environment, and subsequently assist with modernising the fleet management operations.

## OVERVIEW OF THE FINANCIAL RESULTS OF THE TRADING ENTITY

## STATEMENT OF FINANCIAL PERFORMANCE

## **RECEIPTS**

The results of the actual collections for the 2018/19 and the comparative year are depicted in Table **2.3.4.1** below:

Table 2.3.4.1: Revenue collected

	2018/19			2017/18			
Entity receipts	Budget	Actual amount collected	(Over)/under collection	Estimate	Actual amount collected	(Over)/under collection	
	R'000	R'000	R'000	R'000	R'000	R'000	
Revenue from exchange transactions — leasing of vehicles	836 000	865 056	(29 056)	760 000	784 370	(24 370)	
Revenue from non-exchange transactions – interest from bank, accident claims and tender income	42 000	56 085	(14 085)	20 447	50 428	(29 981)	
Transport fees	1 500	1 899	(399)	1 680	1 532	148	
Auction fees	63 945	112 539	(48 594)	60 900	74 632	(13 732)	
Total	943 445	1 035 579	(92 134)	843 027	901 357	(67 935)	

As per statement of financial performance, total revenue from services rendered by the Entity increased to R 1,015 billion (2017/18: R 994.268 million). Revenue from leasing of vehicles increased by 4% to R 835.245 million (2017/18: R 796.127 million). This can be attributed to the continued support of client departments.

The interest earned from a positive bank account increased by 15% to R 55.798 million (2017/18: R 48.103 million). The increase is due to higher balances in funds held with

financial institutions and the investment account opened with South African Reserve Bank which offers a higher return.

The revenue from the auctioning of vehicles increased by 51% to R 112.541 million (2017/18: R 74.601 million). The increase is attributed to the increase in the auction intervals, the condition of the vehicles auctioned and a better turnout for the auctions held during the financial year under review.

Table 2.3.4.2: Expenditure versus budget

	2018/19				2017/18		
Programme name	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	
Office of the CEO	3 371	3 213	158	5 390	4 886	504	
Office of the COO	444	445	(1)	1 690	1 131	559	
Office of the CFO	8 891	6 647	2 244	10 769	10 630	139	
Financial services	15 923	13 917	2 007	15 558	14 705	853	
Corporate Services	60 352	33 453	26 899	56 631	38 454	18 177	
Marketing and Communication	12 257	10 329	1 928	11 367	9 237	2 130	
Maintenance Services	156 009	138 328	17 681	119 218	131 158	(11 940)	
Transport Support Service	236 786	230 517	6 268	226 862	211 004	15 858	
Permanent Fleet	429 080	462 153	(33 073)	343 320	291 847	51 473	
VIP and Pool Services	21 508	18 329	3 179	16 213	17 466	(1 253)	
Total	944 620	917 330	27 290	807 018	730 518	76 501	

The total expenditure increased by 25.57% to R 917.330 million (2017/18: R730.518 million). The increase in expenditure is due to a significant increase in capital expenditure (acquisition of vehicles), employee costs, repairs and maintenance expenditure and, largely, to cost of sales.

The acquisition of vehicles increased by 61% to R454.663 million (2017/18: R282.322 million). The drastic increase was due to an increase in demand for replacement vehicles by various client departments and the Entity's VIP and Pool Unit.

The employee costs increased by 4% to R 84.628 million (2017/18: R 80.725 million). This increase is due to general salary increase.

The cost of sales increased by 47% to R131.386 million (2017/18: R89.167 million). This can be attributed to more vehicles sold than the previous financial year.

The surplus for the financial year decreased by 8% to R 267.241 million (2017/18: R 291.721 million). The decrease is the result of 5% increase in expenditure as opposed to 1% increase in revenue from exchange transactions.

## STATEMENT OF FINANCIAL POSITION

The Entity has a strong asset base which is reflective of the operations. Significant asset classes include finance lease receivables, property, plant and equipment and cash funds. The liabilities are limited to finance lease obligation and payables which arise from the entity's operations.

The carrying value of non-current assets increased by 13% to R 1.482 billion (2017/18: R 1.314 billion). The Entity acquired motor vehicles to the value of R 454.663 million. There were also additions to furniture and fixtures R 1.408 million and assets under construction improvements R 3.702 million.

The receivables from exchange transactions decreased by 7% to R 229.615 million (2017/18: R 246.908 million). The debtor's days decreased by 13% (the ratio indicating debt levels to revenue generated from such debtors) is 101 days on 31 March 2019 (31 March 2018: 117 days).

The Entity could convert its debt receivable into cash and this is reflected in the increase of cash funds to R 1.053 billion (2017/18: R 894.9 million).

The Accumulated Surplus increased from R 2.406 billion on 31 March 2018 to R 2.673 billion on 31 March 2019.

#### **CASH FLOW STATEMENT**

The cash generated from operating activities increased to R 1.035 billion (2017/18: R 894.602 million). This is mainly due to increase in debt collection from client departments, interest earned and proceeds from auction.

The cash spent on investing activities was at levels of R 2.940 million higher than the previous financial year. This is mainly due to increase in vehicle purchases. The acquisition of property, plant and equipment increased to R 301.150 million (31 March 2018: R 295.977 million).

#### **TARIFFS**

The vehicles are purchased through the RT57 transversal contract administered by National Treasury and after delivery are captured onto the FIS. The Entity operates primarily under two tariff regimes being the "old" model tariffs and Full Maintenance Lease (FML) tariffs. "Old" model tariffs have existed since 2002 and the FML tariffs were introduced in 2007.

The FML tariffs are more closely aligned to the costs that need to be recovered in respect of each individual vehicle leased to a client department. As such, all new vehicle leasing arrangements entered into are under FML arrangements and the "old" model tariffs are being phased out. Most vehicles are currently leased out under the FML tariff regime.

The structure of tariffs is such that over the lease term the Entity will recover the cost of the vehicle to ensure that the vehicle can be replaced at the end of its useful life. Tariffs also consider the direct and indirect costs required to maintain the vehicle over the lease term. Direct costs include the costs of a maintenance plan for routine preventative maintenance, routine tyre replacements, tracking and licensing. The indirect costs are encompassed in an administration fee, which covers the cost of the Entity's staff and infrastructure, and non-routine repairs. Future expected inflation is added to these costs upfront and charged evenly each month.

The costs of fuel, oil and toll gates are incurred by client departments using fuel cards. These costs are charged to client departments monthly based on the actual costs incurred on the fuel cards allocated to them. No exceptions, discounts or free services are offered to client departments

The tariffs have been reviewed in the current financial period, the tariff structure was submitted to Provincial Treasury for approval.

#### **FREE SERVICES**

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

#### **SALES OF CAPITAL ASSETS**

The following categories of assets were disposed through a public auction in line with the approved Assets Management Policy:

- Vehicles that reached the end of their respective life cycles.
- Vehicles damaged in accidents.
- Vehicles that have high mileage.
- Vehicles that have high repair costs.

# UNAUTHORISED, FRUITLESS AND WASTEFUL EXPENDITURE

No new irregular expenditure was incurred in the financial year under review, other than irregular contracts reported in the prior years. Irregular expenditure relates to the expiry of contracts relating to the leasing of property for the four regional offices (Cape Town, Durban, East London and Bloemfontein).

Cases of fruitless and wasteful expenditure from previous financial years were written off in line with the recommendations from the investigation report and no transactions of fruitless and wasteful expenditure were reported during the financial year under review.

#### **SUPPLY CHAIN MANAGEMENT**

All orders and acquisitions that are below the R500 000 thresholds are administered by the Entity while tenders are awarded by the Departmental Bid Adjudication Committee (BAC) of which the Entity has a representative. All other Bid Committee functions such as bid specifications and bid evaluations are executed by the Entity.

In the financial year under review, there were no tenders awarded by the BAC relating to the Entity.

# GIFTS AND DONATIONS RECEIVED IN KIND FROM NON-RELATED PARTIES

The Entity received gifts such as calendars, notebooks, pens, mugs, etc. The Entity also received test drives from different vehicle manufacturers. All these gifts are signed and fully declared in the Entity's register for gifts and donations.

# EXEMPTIONS AND DEVIATIONS RECEIVED FROM NATIONAL TREASURY

The Trading Entity received two deviations in terms of the Public Finance Management Act (PFMA, Act 1 of 1999) or Treasury Regulations for the following services:

- 1. Security.
- 2. Vehicle tracking.

#### **EVENTS AFTER THE REPORTING DATE**

There are no subsequent events to be reported upon at this stage.

#### **ACKNOWLEDGEMENTS/APPRECIATION**

I wish to thank the Member of the Executive Council (MEC) and the Head of Department (HOD) who have vested a great deal in assisting g-FleeT management during these challenging times. I would also like to thank g-FleeT management and staff for their committed dedication and hard work in striving to achieve the mandate of the Entity.

Dannywa

Ms. N. Maninjwa

Chief Executive Officer g-FleeT Management

**Date: 31 July 2019** 

# 4. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the Annual Report are consistent.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Entity for the financial year ended 31 March 2019.

Mr. M. Mampuru Accounting Officer

**Gauteng Department of Roads and Transport** 

Date: 31 July 2019

# 5. STRATEGIC OVERVIEW

## 5.1 Vision

We keep government service delivery on the move.

## 5.2 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.

## 5.3 Values

Furthermore, core values applicable to the provincial government were revised and reflect as follows:

"...Competence, Accountability, Integrity and Responsiveness..."

These values are all underpinned by the concept of team work and will apply to the Entity as well as to all officials of g-FleeT. A detailed description of what each core value encapsulates is outlined below:

CORE VALUES	DETAILED DESCRIPTION
	We commit to be competent and excellent at all times.
	We undertake to deliver services with passion, excitement and enthusiasm.
COMPETENCE	<ul> <li>Our people are able to do the tasks they are appointed to do, live our values and always strive for excellence.</li> </ul>
	- We all deliver on our outcomes and targets with quality, on budget and in time.
	- We demonstrate an understanding of and work together to achieve our role in our Constitutional and electoral mandate.
	We pledge to be answerable to our stakeholders in the execution of our mandate and service delivery activities.
	We commit to deliver a service that meets our stakeholders' expectations.
ACCOUNTABILITY	– We have a clear understanding of our objectives, roles, delegations and responsibilities.
ACCOUNTABILITY	– We are committed to deliver agreed outputs on time.
	– We hold each other accountable and know we can trust to do and we say we will.
	<ul> <li>As individuals, we take responsibility and ownership for our outcomes and accept the consequences of failure to do so.</li> </ul>

CORE VALUES	DETAILED DESCRIPTION
	We commit to be ethical, professional, principled, fair and just in our conduct.
	We pledge to uphold sound principles of institutional management and efficient systems and processes in service delivery.
INTEGRITY	- We seek for truth and greater understanding of it in each situation and we do the right things.
INTEGRITY	– We are honest, show respect and live out our positive values.
	– We are reliable and trustworthy, doing what we say we will.
	- There are no grey areas with integrity applying at all levels in all instances, ensuring we are corrupt free.
	We shall be approachable, receptive and quick to respond to stakeholder needs.
	We take our fellow public servants seriously, listening and hearing their voice. (listening a lot and talking less)
RESPONSIVENESS	- We respond with action timeously, always asking: is this the right response? Where could we potentially be wrong? How can we do it better?
	- We engage collaboratively with each other, our stakeholders and the media providing full information.
	<ul> <li>Our focus is the past, present and future public service citizens, and responding as their government for the best results for the people we serve. They tell us how well we respond.</li> </ul>

#### 6. LEGISLATIVE AND 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 utilisation of government-owned transport.

Regulation 19 issued in terms of the PFMA (1999) governs the operations of the organisation in terms of its policy and reporting framework, establishment, capital requirements, disposal of assets, surrender of surplus funds and financial reporting. In addition, the following legislative mandates are applicable:

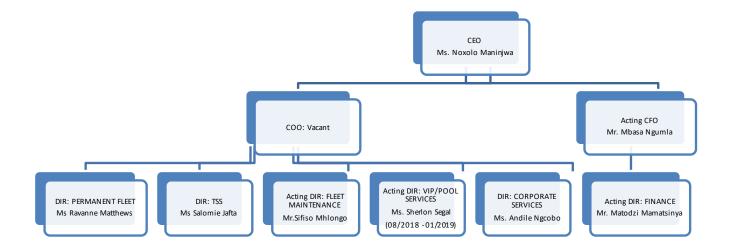
- Cross-Border Road Transport Act (Act 4 of 1998).
- Road Traffic Act (Act 29 of 1989).
- Public Finance Management Act (Act 1 of 1999).
- National Environmental Management Act (Act 107 of 1998).
- Road Traffic Management Corporation Act (Act 20 of 1999).
- National Road Traffic Act (Act 93 of 1996).
- National Road Traffic Safety Act (Act 12 of 1972).
- Gauteng Transport Framework Revision Act (Act 8 of 2002).
- Gauteng Public Passenger Road Transport Act (Act 7 of 2001).
- Gauteng Transport Infrastructure Act (Act 8 of 2001).
- Gauteng Planning and Development Act (Act 3 of 2003).
- Provincial Road Traffic Act (Act 10 of 1997).
- Gauteng Toll-Roads Bill (2005).
- Road Traffic Act (Act 29 of 1989).
- Administrative Adjudication of Road Traffic Offences Act (Act 46 of 1998).
- Gauteng Transport Framework Revision Amendment Act (Act 8 of 2002).

# 6.1 Policy and other mandates

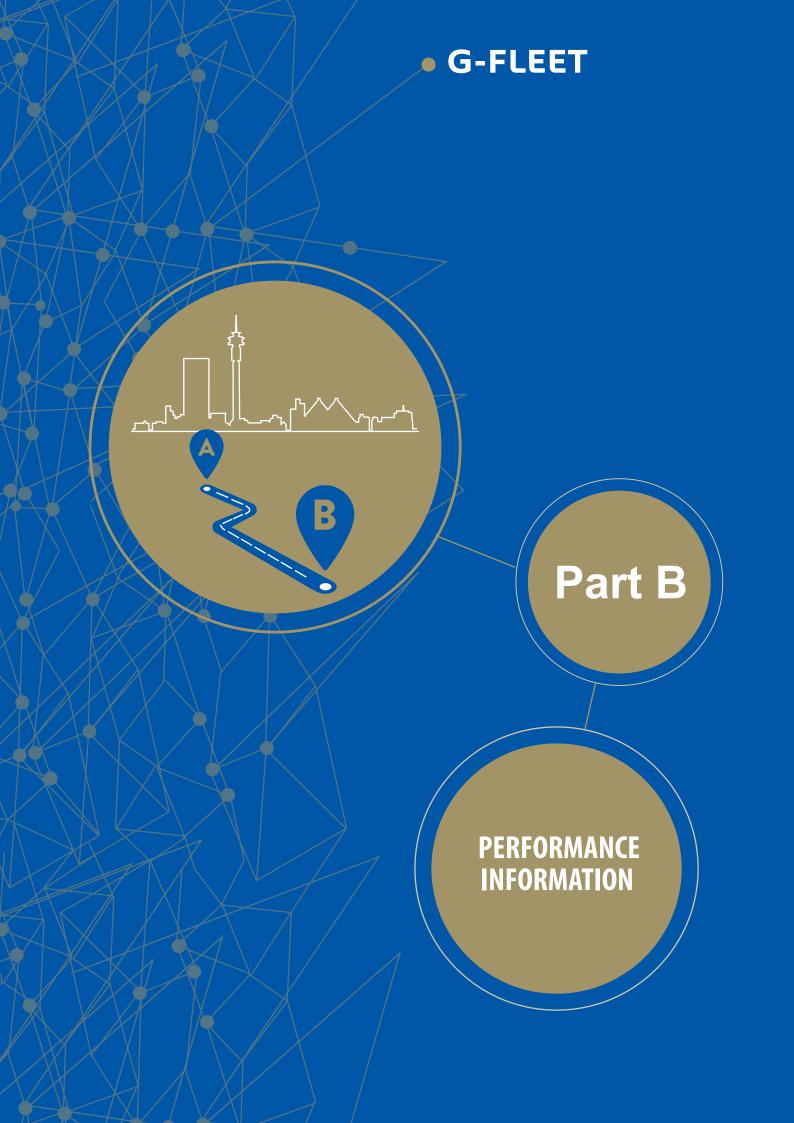
The following policy mandates are applicable:

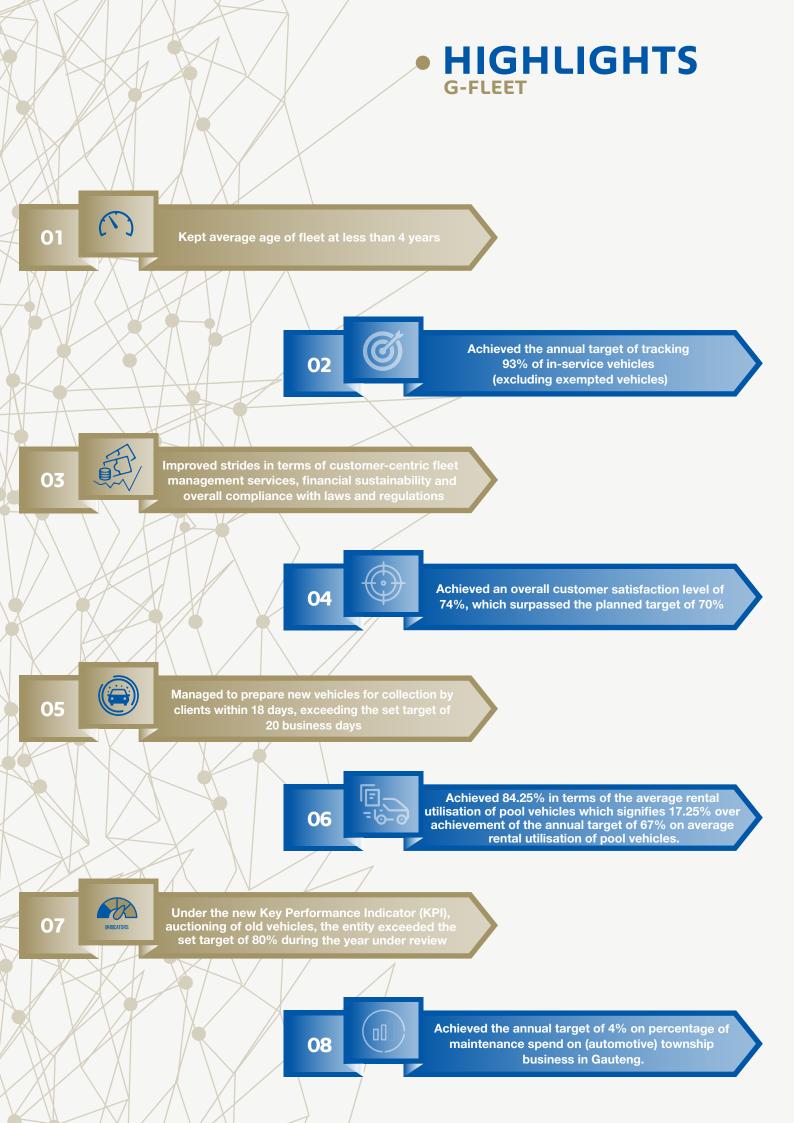
- White Paper on National Transport Policy.
- National Land Transport Strategic Framework.
- Provincial Policy and Legislative Mandates
- Gauteng White Paper on Transport Policy.
- Gauteng Transport Legislative Framework.
- Gauteng Legislation on Development Planning.

## 7. ORGANISATIONAL STRUCTURE









# 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the *Predetermined Objectives* heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 318-322 of the Report of the Auditor General, published as Part E: Financial Information.

## 2. OVERVIEW OF ENTITY PERFORMANCE

#### **SERVICE DELIVERY ENVIRONMENT FOR 2018/19**

This section deals with external factors that have had an impact on the ability of the Entity to deliver on its commitments during the financial year.

#### RT46 fuel and maintenance services contract

During the financial year under review, the Entity continued to experience challenges with the RT46 service provider in terms of a misalignment of the accident repairs process. The process was reviewed and implemented. However, the reviewed process did not yield the desired results and an alternative process was implemented.

### The under-serviced debt owed to the Entity by its client departments

The Entity managed to reduce the percentage decrease in average debtors' days by 13.09% which is 6.91% short of the annual target of 20%. The highest owing client departments were constantly engaged through various debt collection meetings and processes. Payment plans were submitted by various client departments which reported to have financial difficulties.

In line with the approved Debtors Management Policy, the Entity continued to enforce vigorous debt collection mechanisms to collect outstanding debt from various client departments. The Entity will continue to enforce the payment plans submitted by client departments.

# 2.1 Organisational environment for 2018/2019

This section deals with internal factors that have an impact on the ability of the Entity to deliver on its commitments during the financial year under review.

**Improve audit outcome**: The process of implementing the Sustainability Plan and the ICT Strategy to improve the performance and internal control systems of the Entity are still is ongoing. The completion and implementation of identified projects from these two strategic documents will be finalised during the 2019/20 financial year.

**Protect movable assets through vehicle tracking**: The appointment process of the new service provider through an OTP experienced challenges in the process of awarding the tender. However, the award is envisaged to be concluded in quarter one of the 2019/20 financial year.

**Vacancy rate**: The Entity continues to experience challenges with its vacancy rate. The vacancy rate is currently at 23%. The proposed Service Delivery Model, Business Case and the proposed Organisational Structure reviewed in 2017 are not yet approved. The process of filling critical and funded posts has commenced and the Entity envisages that all critical posts will be filled by end of the 2019/20 financial year.

#### 3. STRATEGIC OUTCOME-ORIENTED GOALS

The following strategic priorities/goals represents the 2014-2019 Strategic Plan and 2018/2019 Annual Performance Plan, to facilitate the Turnaround Strategy and achievement of the Entity's Medium-Term Expenditure Framework (MTEF) goals:

Strategic goal 1 (summary)	Provide fleet management services that are effective, efficient and client-focused.		
Goal statement	Provide reliable fleet and quality services to meet our client's needs in an effective and efficient manner.		
Justification	This goal will ensure that services offered to client meet expectations and that public funds are utilised to provide a service to support the mandates of client departments.		
Strategic goal 2 (summary)	Sustainable and well-governed organisation.		
Goal statement	Ensure a well-run organisation by designing and maintaining effective systems and process that will result in optimal use of the Entity.		

This goal will ensure that financial processes, systems and controls will be implemented and

#### 4. PERFORMANCE INFORMATION BY PROGRAMME

# 4.1 Programme 1: Operational Management Services

This programme is responsible for providing fleet management services that are effective, efficient and client-focused.

monitored by staff with the requisite expertise.

The following is the sub-programme structure:

- Permanent Fleet.
- Finance.

Justification

- Fleet Maintenance.
- Communication.

Strategic objective 1: Provide clients with reliable and cost effective fleet.

	Programme name: OPERATIONAL MANAGEMENT SERVICES								
Strategic objectives	Performance indicator	Actual achievement 2017/18	Planned target	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations (reason)			
Provide clients with reliable and cost effective fleet.	Average age of fleet.	3.4 years	≤ 4 years	3.6 years	0.4 years	The procurement of new vehicles and the disposal of the redundant vehicles resulted in a positive outcome on the age of the Entity's fleet.			
	Percentage of vehicles auctioned.	New KPI	80%	91%	+11%	Over-achievement is attributed to the increase in the auction intervals, conditions of the vehicles auctioned and a better bidder turnout for the auctions.			

Strategy to overcome areas of under performance:

N/A

Changes to planned targets and objectives

None.

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## **Linking performance with budgets**

# **Programme expenditure**

		2018/19		2017/18			
Sub- programme name	Final Actual (Over)/under appropriation expenditure expenditure			Final appropriation	Actual expenditure	(Over)/under expenditure	
Permanent Fleet	429 080	462 153	(33 073)	343 320	291 847	51 473	
Fleet Maintenance	15 923	13 917	2 006	15 558	14 705	853	
Total	445 003	476 070	(31 067)	358 878	306 552	52 326	

**Permanent Fleet**: The over-expenditure within the Permanent Fleet sub-programme was due to an increase in demand for additional and replacement vehicles by various client departments as well as from the internal VIP and Pool units. However, the expenditure did not result in over-expenditure within the programme.

**Finance**: The under-expenditure of R2 million (12% of allocated amount) can be attributed to the fact that the salaries of the three employees transferred to the Gauteng Department of Roads and Transport (GDRT), are still paid by the Entity and this expenditure is subsequently recouped from the Department.

Strategic objective 2: To Provide quality and value-added client service by monitoring vehicle location and maintaining turn-around times of 20 days for services to achieve client satisfaction of 70%.

The following is the sub-programme structure:

- Transport Support Services.
- Fleet Maintenance.
- Customer Management Services.

	Programme name: OPERATIONAL MANAGEMENT SERVICES									
Strategic objectives	Performance indicator	Actual achievement 2017/18	Planned target	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations (reason)				
To Provide quality and value-added client service by monitoring vehicle location and maintaining turn-around	Percentage of inservice vehicles tracked.	93.6% (6230)	93%	93.1% (6655)	+0.1%	Total current fleet = 7 391 less the exempt vehicles of 250 = 7 141.  100% in-service vehicles = 7 141.  Exempt vehicles National Prosecuting Authority 115 Justice 124 Premier 5 Mineral Resources 6 Total = 250				
times of 20 days for services to achieve client satisfaction of 70%.	Average turnaround time for accidents and mechanical repairs.	23.5 days	20 days	37.5 days	-17 days	Misalignment of accident repairs process with the RT46 Service Provider, and the failure by the service provider to efficiently manage accident reports.				
	Percentage of client satisfaction level for all g-FleeT's client departments.	89% (2016/17)	70%	74%	+4%	Survey results indicate clients are satisfied with the Entity's service by 4% more than targeted.				

# Strategy to overcome areas of under performance

**Maintenance**: Continuous monitoring of the new accident repairs process that has been reviewed, realigned and implemented, and the engagement mandate that has been updated with the service provider.

#### Changes to planned targets and objectives

None.

### Linking performance with budgets

# **Programme expenditure**

Sub programma		2018/19		2017/18			
Sub-programme name	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	
Transport Support Services	236 786	230 517	6 269	226 862	211 004	15 858	
Fleet Maintenance	156 009	138 328	17 681	119 218	131 158	(11 940)	
Customer Management Services	12 257	10 329	1928	11 367	9 237	2 130	
Total	405 052	379 174	25 878	357 447	351 399	6 048	

**Fleet Maintenance**: The reason for under-expenditure is due to the increased withdrawal, and disposal of vehicles that has reached their economic/replacement life circle as per g-FleeT's Replacement Plan i.e. strategic objective annual target with the standard lease parameters of three years/100 000 km (client contract parameters). Old model vehicles with high mileage contribute to the high maintenance costs of vehicles, and their replacement cuts down the overall fleet maintenance costs.

## 4.2 Programme 2: Corporate and Financial Management

This programme is responsible for ensuring a well-run organisation by designing and maintaining effective systems and processes that will result in optimal use of the entity's assets in delivery of services.

The following are the sub-programme structures:

- Permanent Fleet.
- VIP and Pool Services.
- Finance.
- Information and Communication Technology (ICT).
- Corporate Services.

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.

	Programme name: Operations and Finance									
Strategic objectives	Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations (reason)				
	Average number of business days from delivery of vehicle to g-FleeT to active vehicle contract with client (lease vehicles only from Permanent Unit).	23 business days	20 business days	18 business days	+2 day	Concerted effort and interventions throughout the year produced a final positive result.				
Optimise	Average percentage of rental days utilised for VIP self-drive vehicles.	64.84%	67%	42.36%	-24.64%	Decrease in client demand.				
return on investment	Average percentage of rental days utilised for Pool vehicles.	91.14%	67%	85.14%	+17.25%	Elevated demand from clients				
	Annual tariff structure submitted to Treasury for approval.	Memo submitted to Provincial Treasury.	Implementation of the approved tariff 2018/19 financial year. Review of tariff for the 2019/20 financial year for submission to Provincial Treasury for approval.	Approved tariffs structure implemented for 2018/19 financial year. Reviewed annual tariff structure for 2019/20 submitted to Provincial Treasury for approval.	n/a	n/a				

Programme name: Operations and Finance continued									
Strategic Performance achievement Planned target achiev	Deviation tual from planned vement target to actual /2019 achievement for 2018/2019								
Optimise return on investment (MOU) be g-FleeT ar National S of Govern signed.  Senior ma change managem training.  Occupation Health and	peveloped.  research impleted.  quotation  ft 365 ted.  ted.  Service delivery model consultation with labour.  Service delivery model request approval from the Department of Public Service and Administration (DPSA).  ent  Skills development plan partially implemented.  Delayed; vacant post advert done by March 2019 for critical posts (ICT specialists).  Moratorium for filling all vacant posts was lifted by the GDRT in September 2018 and the Entity delayed in filling all and only advertised one ICT post before the end of March 2019.  Meetings did not take place.  Finalisation of documents with the GDRT delayed.  Moratorium for filling all vacant posts was lifted by the GDRT in September 2018. The Entity has since commenced the process of filling all critical posts.  Delay in sourcing of service providers.								

	Programme name: Operations and Finance continued									
Strategic objectives	Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations (reason)				
	Implementation of Sustainability Model.	33% partially achieved.	Phase 2 implementation of Sustainability Model.	Not Achieved. Phase 2 implementation of Sustainability Model.	Communications Implementation of client satisfaction survey recommendations.	Different approach recommended from the Office of the Premier; draft document developed.				
					• Stakeholder management (Transport Forum).					
					Brand management (review of corporate identity) partially done.					
					Security • Implementation of awareness session cyber space security.	Lack of resources				
					• Implementation of g-FleeT Security Plan partially done.					
Optimise return on				Driver 2: Digital, technology and analytics	Recruitment of ICT staff.	Moratorium for filling all vacant posts was lifted by the GDRT in September				
investment				CRM system rollout.		2018 and the Entity delayed in filling all and				
				Market research for FIS completed.		only advertised one ICT post before the end of March 2019.				
				• eDRMS quotation signed off.		march 2015.				
				Microsoft 365 implemented.						
				-PABX Implemented.						
				Driver 4: Customer	Corporate identity project finalised.	None				
				Client satisfaction survey report issued.						
				Four Transport Forums completed.						
				Awareness session for cyber space security.	None	None				
				Driver 5:	PIP for approved	None				
				Capital allocation plan approved.	Capex projects.					

	Programme name: Operations and Finance continued								
Strategic objectives	Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations (reason)			
Optimise return on investment	Percentage decrease in average debtor days.	Decreased by 2% (117 days)	20%	13.09%	6.91%	Gauteng Department of Health (GDH) and Department of Infrastructure Development (GDID) owe 52% and 7% of the Entity's outstanding debtors respectively. Both departments have since submitted payment plans since they have financial difficulties.			

**VIP**: The Entity will review the target for the 2019/20 financial year.

**Implementation of Sustainability Model**: The Entity will continue to work with the GDID to ensure that the tender for the Phase 2 Infrastructure Projects is awarded before the end of the 2019/20 financial year. The Entity will further ensure that all projects identified and not yet completed in the Sustainability Model will be implemented during the 2019/20 financial year.

**Average collection days**: The Entity managed to reduce its collection days by 13.09% instead of 20%. The GDH owes about 50% of total debtor's book of the Entity. The GDH encountered financial problems during the 2018/19 financial year and were not able to honour their obligations towards the Entity.

The Entity will continue to enforce the payment plan received from this client department. Furthermore, the Entity will continue to implement the Debtor's Management Policy with a view to collect timeously.

# Changes to planned targets and objectives

None.

# **Linking performance with budgets**

#### **Programme expenditure**

Sub programma		2018/19		2017/18			
Sub-programme name	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	
VIP and Pool Services	21 508	18 329	3 179	16 213	17 466	(1 253)	
Finance	15 923	13 917	2 006	15 558	14 705	853	
Total	37 431	32 246	5 185	31 771	32 171	(400)	

#### **VIP and Pool Services:**

The directorate spent 85% of its allocated budget. Underspending can be attributed to the unspent salary due to the resignation of the director during the fourth month of the financial year under review and to delays in implementing projects that were approved for implementation during the 2018/19 financial year.

## **Corporate Services**

The delays in a number of the projects outlined and planned within corporate services for the financial year for the most part caused the underspending of the unit. Inter stakeholder dependencies i.e. Municipalities, supply chain processes etc. Innovative strategies were implemented to address the issues, however in respect of other stakeholders' processes and procedures needed to be acknowledged and adhered too.

Strategic objective 2: Engender organisational and culture change

# To build and maintain a healthy organisation with effective operations.

Programme name: Operations and Finance						
Strategic objectives	Performance indicator	Actual achievement 2017/18	Planned target 2018/19	Actual achievement 2018/19	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations (reason)
	Percentage of undisputed invoices paid within 30 days from receipt of invoice.	88% (1 591) invoices paid within 30 days.	100%	94%	6%	The Entity will work very closely with Document Management Centre (DMC) within the Provincial Treasury to ensure all exceptions in terms of scanning and processing of invoices are executed in line with the Service Level Agreement.
	Audit outcome (Auditor-General).	Unqualified opinion for 2016/17 financial year.	Unqualified audit for 2017/18.	Unqualified opinion with findings 2017/18.	n/a	n/a
	Phase 2	50% of Phase 1	Phase 2	Phase 2	Not Achieved	CRM:
Engender organisational and culture change	Implementation of ICT Strategy.	implemented.	implementation of ICT Strategy.	Implementation of ICT Strategy: FIS market research was completed. PABX implemented Microsoft 365 implemented	CRM eDRMS	Lack of commitment from e-Gov. The system is finalised but not installed. The training is yet to be conducted before roll-out of the system. <b>eDRMS</b> :  The approval for additional licenses was referred by BAC to Provincial Treasury, PT advised DRT CIO to consult the State Information and Technology Agency (SITA) for the procurement of these additional licenses. The SITA process is at evaluation stage from the first of April 2019.
	Percentage of maintenance expenditure on Gauteng township businesses (automotive).	% (R6 286 398.55).	4%	4% (R 827 718.36).	N/A	Continuous monitoring of the engagement mandate as implemented.

# Strategy to overcome areas of underperformance

**30 day payments**: The Entity will ensure that all invoices have purchase orders created and price adjustments for vehicles purchased through the RT57 transversal contract are monitored and fast tracked. Furthermore, the Entity will engage the Document Management Centre Unit within Provincial Treasury regarding the scanning of third party claims.

**Implementation of ICT Strategy**: The Client Relations Management System will be rolled-out during the 2019/20 financial year and officials will be trained on the system during the first quarter of the 2019/20 financial year.

# Changes to planned targets and objectives

None.

# Linking performance with budgets

# **Programme expenditure**

Sub-programme name	2018/19			2017/18		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Services	60 352	33 453	26 899	56 631	38 454	18 177
Total	60 352	33 453	26 899	56 631	38 454	18 177

## **Corporate Services**

The underspending is attributed to the following:

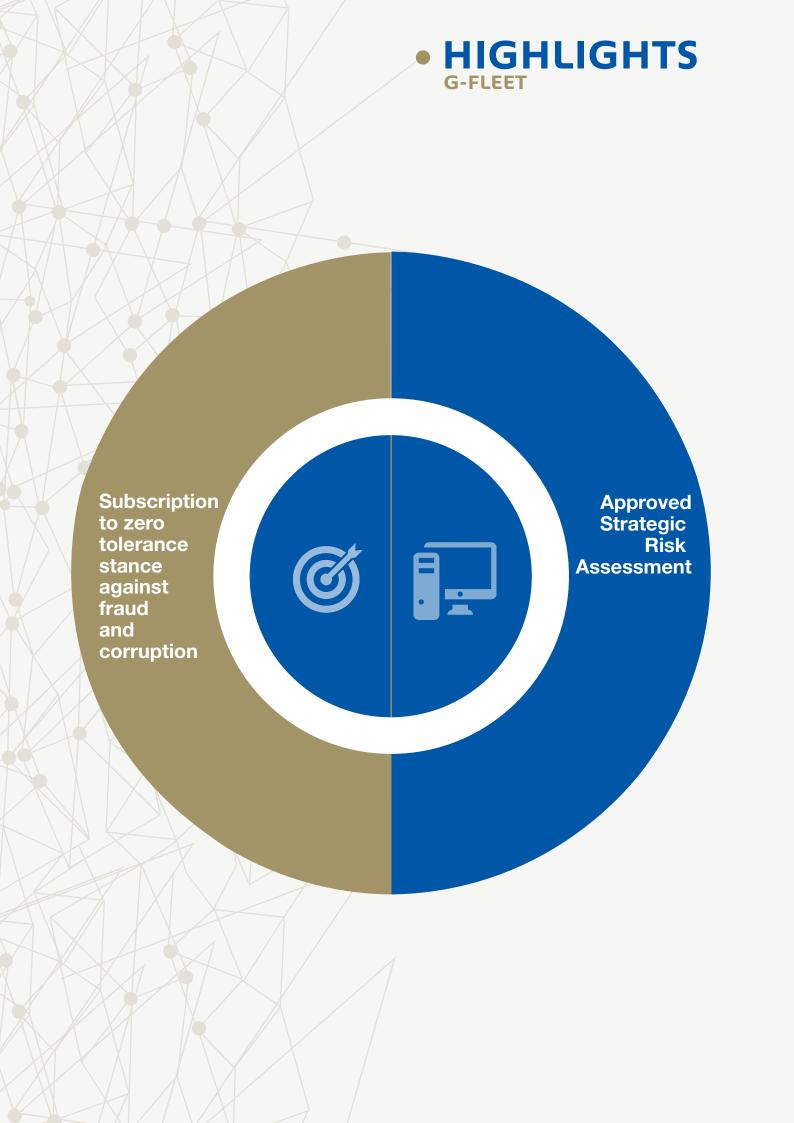
- CRM eGov is developed free of charge.
- Market Research Provincial Treasury developed the research for q-FleeT at no cost.
- PABX eGov through Gauteng Broadband Network implemented the solution without charging.
- eDRM DRT-ICT still in the procurement process through SITA, after DRT CIO was directed to so by Provincial Treasury and BAC.

# 5. CAPITAL INVESTMENT

# 5.1 Capital Investment, Maintenance and Asset Management Plan

	2018/19			2017/18		
Infrastructure projects	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	424 930	456 772	(31842)	336 164	297 802	38 362
Existing infrastructure assets	0	0	0	0	0	0
Upgrades and additions	14 520	3 702	10 818	5 004	2 185	2 819
Rehabilitation, renovations and refurbishments	0	0	0	0		0
Maintenance and repairs	0	0	0	0	0	0
Infrastructure transfer	0	0	0	0	0	0
Current	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Total	439 450	460 474	(21 024)	341 168	299 987	41 181





#### 1. INTRODUCTION

Good governance is the cornerstone of every successful organisation; thus, it is paramount that the Entity ensures that its values are well defined and are entrenched in all structures of the organisation especially at the executive and management level. The Entity always strives to maintain and improve its standards of good governance through the concerted efforts of various management committees.

### 2. RISK MANAGEMENT, FRAUD AND CORRUPTION

Risk management is an essential function in ensuring that the Entity employs effective and co-efficient means in managing the risks that can hinder the objectives of the Entity from being attained. There is commitment from the executive of the Entity to ensures that the Risk Management Committee is constantly functional and that there is active involvement of senior management and leadership in risk governance.

The Risk Management Committee was chaired by an independent person and who has assisted tremendously assisted in establishing the risk management systems and processes and developing risk management tools. However, his contract expired in September 2018. The process of appointing the new Risk Management Committee chairperson has begun and the successful candidate will commence work in the 2019/20 financial year. The Entity's Risk Management Committee continued to function under the guidance of the deputy chairperson.

The progress on the risk management of the Entity is reported to the Cluster 04 Audit Committee on a quarterly basis and constant efforts are made by the Entity to mitigate the significant risks by implementing the recommendations made by the Cluster 04 Audit Committee.

The Entity has, in the financial year under review, conducted risk assessments for the strategic risks, operational risks, compliance risks inter alia and the emerging risk are also identified and recorded. The action plans are put in place to mitigate against the materialisation of the identified risks or to minimise the impact of the risks should the risk materialise. The Gauteng Audit Services (GAS) assists the Entity in improving the effectiveness of the action plans and the strategic risks responses.

The Entity subscribes to the zero-tolerance stance against fraud and corruption. In a bid to ensure that the fraud and corruption activities are eliminated, the Entity works in partnership with the GDRT and Gauteng Provincial Treasury. The approved Fraud Prevention Plan is implemented and the implementation of the action plans is monitored.

### PROGRESS MADE IN ADDRESSING THE IDENTIFIED RISKS

Through the strategic risk assessment, the Entity identified nine strategic risks that needed to be closely monitored. Most action plans have been implemented to address the risks, while other action plans are still in progress of being implemented.

The performance and progress of the risk management is monitored and reported at the Risk Management Committee on quarterly basis. The Committee provides the risk mitigating factors and monitors the movement of risk ratings with the view of improving the control environment. The Risk Management Committee review the progress of implementation of recommendation on audit findings, performance report, OHS report, ICT report, risks report and other matters relating to risks.

The contract of the RT46 service provider (Transit Solutions) came to an end on 31 March 2019, an extension was approved by National Treasury for another 12 months however, their partner Standard Bank who provided the banking services did not extend the contract with them. Thus, banking services were to be migrated to a new banking partner, Absa Bank. The Entity conducted an operational risk assessment on the migration of banking services from Standard Bank to Absa Bank to mitigate against the risks that can disrupt the operations and the business activities of the Entity and thus hinder it in carrying out its mandate and obligations to client departments.

#### 3. MINIMISING CONFLICT OF INTEREST

The Entity, through the internal control systems monitored by the Office of the MEC, ensures that all Senior Management Service (SMS) members declare their interest on annual basis in line with the requirements of the Public Service Commission.

Employees on level 1 to 12 are encouraged to request permission to perform work outside their normal remunerative work. In relation to the Supply Chain Management processes, directors of all companies submitting quotations with the intention to provide goods or services are required to complete SBD 4 Declaration forms.

The Internal Audit section from Gauteng Audit Services conducts a data analysis review biannually to evaluate whether legislative requirements and/or prescripts are adhered to. The scope of this Audit initiative includes 'the identification of officials in the service of the Department who are also listed as directors/ shareholders in a company trading with Gauteng Provincial Government departments or entities.'

#### 4. CODE OF CONDUCT

The Entity utilises the Department of Public Service and Administration (DPSA) Code of Conduct. Cases of misconduct are escalated to the GDRT for investigation and recommendations from the investigations are implemented by management.

# 5. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

#### The establishment of the Occupational Health and Safety (OHS) Committee

The Entity is in the process of the re-establishment of the OHS Committee. The focus during the financial year under review has been to get the senior management and members of the OHS Committee trained in the various areas of specialisations in alignment with the OHS Act (1993).

Addressing the OHS issues in the organisation has been a focal point particularly through the plans of the Facilities and Securities Unit. The Facilities and Securities Unit continued to implement the recommendations from the OHS Audit Report approved in March 2017. A major delay that has been experienced with the Phase 2 infrastructure projects will contribute extensively in addressing OHS issues related to the dilapidated and old infrastructure within the Head Office premises.

Continuous monitoring and maintenance of the facilities will be done. A major concern is the support from the staff in ensuring that once OHS issues in their environment have been addressed and rectified, they ensure the upkeep and respect for the property.

The organisation will continue to manage the issues and address them accordingly within the resources available and will continue to create a conducive environment for staff to contribute to the service delivery, morale and productivity in the Entity.

# 6. PORTFOLIO COMMITTEES

# Portfolio Committee questions emanating from the 4th Quarter Report for 2017/18

Reference no.	Question/recommendation	Department's response
01	g-FleeT management is requested to provide progress on the debtors' report per client department and proposed intervention.	For the first two months of the 2018/19 financial year, through various interventions, the Entity managed to collect R133.815 million from several client departments. Part of this amount was from the GDH, which is currently topping the list of the outstanding balances.
		GDH has sent a commitment letter to settle the opening balance of R11.082 million in two years with the first tranche of R25 million already paid in May 2018. The second tranche will be in April 2019, and the last in April 2020. The payment plan further proposes to settle all current charges in full within 30 days.
		The billing for the month of May 2018 will be processed on or before 10 June 2018.
	The Entity should outline its budget allocation in line with its planned targets for 2018/19 financial year.	The budget for the 2018/19 financial year is indicative of the concerted efforts undertaken by the Executive Management to transform the Entity into a preferred fleet management services provider for all spheres of government. The Annual Performance Plan (APP) for the 2018/19 financial year continues to align and support the following key strategic priorities embedded in the Turnaround Strategy and 2014-19 Strategic Plan:
		Provide fleet management services that are effective, efficient and client focused.
		2. Establish a sustainable and well-governed organisation.
		The allocated budget for the 2018/19 financial year is R944.620 million. Notably, the budget for Phase 2 Infrastructure Upgrade Projects has increased to R94.9 million to cater for the new Administration Building, the renovation of the Panel-beating Building, the renovation of the Wellness Centre Building and other security related upgrades.
		A large percentage of the Entity's budget is allocated for acquisition of new motor vehicles and spending on goods and services.
		The fleet recapitalisation budget has been kept at R333 million to ensure that the Entity provides its clients with a reliable fleet that is customer-orientated and to keep the average age of the allocated fleet to less than four years old. Furthermore, the budget for fleet maintenance has been increased by 32% to R157 million to ensure that the Entity's fleet is well-maintained and compliant to the Road Traffic Act (1996) and other relevant prescripts.
	g-FleeT management should provide the committee with progress report on the interventions in place to enhance the achievement of planned performance in line with the allocated budget.	Notwithstanding the common challenges that impacts on the general performance of the Entity, the Entity started the 2018/19 financial year on a positive trajectory in terms of its spending patterns.
		Overall, the Entity has spent R193.956 million (21%) of the approved budget of R944.620 million in the current financial year.
		The Phase 2 Infrastructure Projects is implemented through the GDID. The Entity will continue to monitor the spending patterns to ensure there is no under or over spending across all programmes.

The table below outlines progress by the Entity on the interventions in place to enhance the achievement of planned performance in line with the allocated budget

No.	Performance Indicator	Proposed Intervention	Progress
1.	Percentage of in-service vehicles tracked.	Award the new comprehensive tracking tender in the 2018/19 financial year.	<ul> <li>The probity auditor for the Open Tender was appointed by Gauteng Provincial Treasury in June 2018.</li> <li>The Bid Specification Committee for the Comprehensive Vehicle Tracking Solution sat on numerous occasions to finalise the tender specifications and the tender is envisaged to be advertised by 15 September 2018.</li> </ul>
2.	Average turnaround time for accidents and mechanical repairs.	Delays on accident repairs are due to the misaligned RT46 accident repairs process.	<ul> <li>The Entity continues to experience challenges with the RT46 service provider.</li> <li>The Entity has also updated the mandate with the RT46 service provider with the view of improving the turnaround times for accidents and mechanical repairs.</li> <li>The Entity will continue to engage the RT46 service provider with the view of improving the quality of reports and reducing the turnaround times for submitting information requested by both external and</li> </ul>
			<ul> <li>The Entity will request the AGSA through National         Treasury to audit the systems and processes used by the         RT46 service provider to generate maintenance reports         that are used as part of the portfolio of evidence.</li> </ul>
3.	Average number of business days from delivery of vehicle to active vehicle contract (permanent vehicles only).	The Transport Support Services Business Unit to fast-track the fitment of tracking units with the service provider.	The extension of the vehicle tracking contract for single continuation was finalised and the Service Level Agreement was effective from 01 April 2018.
	(permanent venicles only).		<ul> <li>The Entity has cleared the backlog for fitments of the tracking units and also installed tracking units on the new vehicle intake for the first quarter of the current financial year.</li> </ul>
4.	Average rental utilisation of available VIP self-drive.	Low demand from clients and vehicles booked at the Entity's Fleet Maintenance Workshop for mechanical assessment and repairs.	There has been improvement in terms of monitoring the turnaround time for vehicles that have been booked for mechanical assessment and repairs.
6.	Development of Sustainability Model.	To expertise the implementation of the projects.	<ul> <li>In progress. The identified projects have been included in the Operational Plans for all relevant business units and the implementation of the approved projects are monitored on quarterly.</li> </ul>
7.	Percentage decrease in average debtor days.	Demand a payment plan from this client signed by delegated official on how they will settle both current charges and R111 million owed as at 31 March 2018.	The Entity is implementing all approved standard operating procedures. Furthermore, the Debtor's Management and Revenue Management have been approved and are currently being implemented by the Entity.
			<ul> <li>The GDH owes the Entity approximately R99 million which constitutes 40% of the Entity's total debtors.</li> <li>Excluding GDH's balance, the Entity would have at least reduced the average collection days by 26%.</li> </ul>

No.	Performance Indicator	Proposed Intervention		Progress
8.	Implementation of ICT Strategy/ Plan	Consult and escalate with e-Government systems process management regarding the development of the Customer Relationship Management System.	•	Customer Relationship Module for ICT and Facilities is expected to go live by 31 August 2018, while the Call Centre Module remains under development due to the testing of integration between SAP and the FIS.
		Engage with outstanding business units, and also escalate to the management of the GDRT regarding the Electronic Document Records Management System.	•	All business requirements and scoping have been finalised and submitted to the GDRT. The project will be implemented in the current financial year.
		The Entity to acquire a dedicated specialist in the fleet industry to assist drawing the RFI specification for the research in order to attract qualified and	•	With the assistance from e-Government and the GDRT, the Request for Information (RFI) will be advertised by 15 September 2018 and the market research document will be finalised by the end of the current financial year.
		knowledgeable service providers.	•	A task team comprising of Department of e-Government and the GDRT: ICT has been established to stabilise FIS and to ensure that the system performs the required basic functions.
			•	Part of the functions of this task team is to prepare terms of reference for the market research; the project will be implemented in line with the approved Procurement Plan for the current financial year.

# Questions emanating from the 1st Quarter Report for 2018/19

Reference no.	Question/recommendation	Department response
01	The Entity should provide the list of highest owing departments in the first quarter and the age analysis of these outstanding debts from the previous financial years.	During the first quarter of 2018/19 financial year, the Entity collected a total of R205.729 million from various client departments (R49.225 million relating to the top ten client departments). As a strategic partner of these state organs, the Entity will continue to engage with these departments to ensure timeous settlement of outstanding balances and resolution on disputes.
02	Provide the Committee with the number of vehicles not yet fitted with the tracking system. The Entity should also indicate	There are currently 981 vehicles not fitted with a tracking system. Please refer to the breakdown below:
	which measures have been put in place to	180 vehicles identified for auction.
	ensure location of these vehicles.	333 vehicles of high profile have been exempted upon the request of the client departments.
		9 new vehicles were not fitted with the tracking system during the 1st quarter and were fitted with the tracking system during the 2nd quarter of the current financial year and have been dispatched to clients.
		• 459 vehicles were not fitted with tracking system and were dispatched to clients due to the unavailability of the tracking units.
		The Entity obtained approval from Gauteng Provincial Treasury for a single source continuation with the current service provider for a period of twelve months and the contract was effective from 01 April 2018. The Entity is still awaiting confirmation dates from the client departments for fitment of the tracking system.
		Measures put in place to ensure location of these vehicles:
		The Entity has 1500 tracking units on hand and a list with all vehicles not fitted with tracking was sent to client departments to make the vehicles available for fitment of the tracking system. The tracking system will also be de-installed from the 180 vehicles identified for auction and will therefore reduce the number of vehicles not fitted with the tracking system. The Entity's Asset Verification Team, Licence Renewal Section and the petrol card transaction are also assisting the Entity to identify where the vehicles are currently being utilised.

# Below is the list of the ten highest owing departments as at 31 July 2018.

No	Name of Department	Amount
1	Gauteng Department of Health	R99 597 176.67
2	Office of the Chief Justice	R29 559 373.92
3	Gauteng Department of Social Development	R11 649 579.83
4	Gauteng Department of Education	R11 639 863.23
5	Gauteng Department of Community Safety	R8 807 949.35
6	Gauteng Department of Infrastructure Development	R8 711 741.14
7	Department of Justice and Constitutional Development	R8 502 423.46
8	National Prosecuting Authority of South Africa	R7 388 811.18
9	National Department of Rural Development and Land Reform	R6 662 838.60
10	South African National Defence Force	R6 195 039.38
	TOTAL	R198 714 796.76

# Questions emanating from the 2nd Quarter Report for 2018/19

Reference no.	Question/recommendation	Department response
01	g-FleeT Management should implement intervention plan to ensure attainment of planned targets in line with allocated funds. Provide the committee with progress reports,	The process of monitoring the performance of the Entity on both financial and predetermined objectives perspective is on-going. The aim is to ensure that the Entity is performing optimally and implement interventions where necessary with a view of guaranteeing the spending patterns correlates to the achievement of planned targets where it is practicable.
		Out of the 15 planned targets for the financial year, 4 were achieved, 7 not achieved and the remaining 4 are in progress and due for reporting in the fourth quarter. Of concern, 2 of the 7 targets that could not be achieved in the second quarter are completely dependent on the RT46 service provider to perform and honour their contractual obligations.
		Regarding the expenditure, the Entity had to reduce the budget for Phase 2 Infrastructure Project from R94 million to R15 million during the budget adjustment period. The reduction was because of delays in approving the designs by the Ekurhuleni Metropolitan Municipality and the R80 million was moved from building and other fixed to the acquisition of motor vehicles line item to acquire new vehicles for VIP & Pool Services.
02	The Department should implement the measures/sanctions in place, mindful of the impact of service delivery, on all client departments defaulting on payments. Provide the committee with a detailed report.	The Entity continues to implement the Debtors Management Policy and has also implemented the following measures to ensure that defaulting client departments service their debt.
		Issued letters of intent to suspend petrol cards to all owing client departments.
		The Entity visited numerous client departments that were owing two invoices and more and the purpose of the visits was to profile and understand the challenges of these client departments and to further encourage them to ensure that all accounts are settled within thirty (30) days as prescribed by Treasury Regulations.
		Through these engagements and other debt collection methods, the Entity managed to over achieve its revenue collection target for the third quarter of the current financial year by 35% (R 82,267,454).
		Despite numerous engagements and follow-ups, the client departments below still did not make payments or provide reasons for their failure to settle their outstanding balances. Consequently, the Entity has issued an instruction to the RT46 service provider to suspend the petrol cards effective from 1 February 2019, for the following client departments: (i) Department of International Relations and Cooperation and (ii) the South African National Defence Force.

# Below are the three client departments who have submitted their enforceable payment plans:

No.	Name of Client Department	Status
1.	Gauteng Department of Health	The client department is complying to the terms and conditions of payment plan. The payment for the month of January 2019 is in progress.
2.	Gauteng Department of Infrastructure Development	The client department is complying to the terms and conditions of payment plan. The payment for the month of January 2019 is in progress.
3.	National Prosecuting Authority	The payment plan was agreed on during the meeting held on 25 January 2019.

# Questions emanating from the 3rd Quarter Report for 2018/19

Reference no.	Question/recommendation	Department response
01	The Entity should explain the poor financial performance in the Office of	The underexpenditure for the Office of the CEO, Office of the COO as well as the Financial Accounting programmes is attributed to the following:
	the CEO, Office of the COO as well as the Financial Accounting programme.	Office of the CEO
	Tillancial Accounting programme.	The underspending under the goods and services budget is attributed to cost containment measures implemented during the cause of the current financial year in line with the Treasury directives.
		Office of the COO
		The underspending under the goods and services budget is attributed to few or no activities performed in the Office of the COO that have financial implications. The functions of the COO are currently performed by the Office of the CEO.
		Financial Accounting
		The underspending under compensation of employees is attributed to delays in filling of vacant posts. The Entity is at an advanced stage of advertising the approved critical posts.

# Recommendation responses on the implementation of the House Resolutions on the focused intervention study

Reference no.	Question/recommendation	Department response
01	The plans to ensure the effective and efficient functionality of the FIS.	The Proof of Concept (POC) was done by the SITA with the Entity's Information and Communications Technology team. The User Requirement Specification (URS) has been completed and was presented on 22 November 2018. The Entity's business units made amendments and were sent to SITA for corrections. The Entity's business units confirmed the document as a true reflection of the business processes. The revised POC will be presented to senior management team by 28 February 2019. SITA will then implement the proposed system changes upon acceptance of their quotation by the Entity.
		The Entity's submission for the appointment of a service provider to provide third line of support functions was submitted and presented to the Departmental Bid Adjudication Committee (BAC) and the BAC recommended to the Accounting Officer the approval for the appointment of GESS to provide third line support and maintenance and train three system champions for a period of 24 months' subject to the following:
		g-FleeT must provide records of their meeting with Treasury where it was agreed that the HOD may make a decision regarding the matter and which must form part of the submission to the HOD.
		• g-FleeT to consider the three conditions that Treasury used as the basis of declining the previous submission i.e. (1) Market research, (2) Advertisement of posts and (3) Training of the system champions.
02	The recruitment and hiring of senior	The Chief Executive Officer was appointed effective from 1 September 2018.
	management i.e. CEO, CFO and COO.	The Entity, through the Gauteng GDRT Human Resources Unit, is in a process of recruiting the Chief Operations Officer and Chief Financial Officer and the process is envisaged to be concluded by end of the current financial year.

Reference no.	Question/recommendation	Department response
03	The filling of funded vacant posts in Regional Offices.	The Entity's decision to request approval from the Head of Department for GDRT to advertise and appoint officials on a 24- month basis to address the capacity needs in Regional Offices, is still under consideration.
		The process of recruiting drivers is envisaged to be completed by end of the current financial year.
04	The signing of enforceable payment plans by all owing client departments.	In an attempt to collect all monies owed by client departments, the Entity issued letters of intent to suspend petrol cards to all owing client departments. In addition, during the third quarter (Q3) of the current financial year, the Entity visited numerous client departments that owed two invoices and more. The purpose of the visits was to profile and understand the challenges of these client departments and to further encourage them to ensure that all accounts are settled within 30 days as prescribed by Treasury Regulations.
		Through these engagements and other debt collection techniques, the Entity managed to over achieve its revenue collection target for the third quarter of the current financial year by 35% (R 82 267 454).
05	The implementation of suspension of petrol cards for defaulting client departments.	Despite numerous engagements and follow-ups, the client departments below still did not make payments or provide reasons for their failure to settle their outstanding balances. Consequently, the Entity has issued an instruction to the RT46 service provider to suspend the petrol cards effective 1 February 2019, for the following client departments:
		DIRCO.
		South African National Defence Force (Two units with different accounts).
		Notwithstanding the letters of intent to suspend petrol cards for defaulting client departments, there are currently three client departments that are delaying settling their accounts due to disputed charges on their invoices. The Entity through its key accounts managers is working with the client departments to reconcile their inventory and respective accounts.
		It is worth mentioning to the Committee that at least 43% of the entire debtors' book is made up of the GDH and they have provided a payment plan which is enforceable and is monitored on monthly basis.
06	The plans to ensure accessibility of employee self-service systems in Regional Offices for taking leave, payslips, overtime, performance management and other related services.	The ICT Unit created profiles for Regional Office users and issued them with new computers. The Entity's HR will provide training on ESS for the officials from the Regional Offices during the HR Roadshow scheduled for 20-21 February 2019.
07	The plans to ensure that all challenges experienced by Regional Offices with Standard Bank/Stannic are resolved timeously.	The new accident repairs process has been implemented effective from 27 November 2019.
		2. The access and training on the RT46 service provider's fleet management system for the regional offices is currently being facilitated.
08	Investigate the possibility of a business model for utilising local suppliers closer to the Regional Offices and possible expansion of the Regional Offices.	3. The clause relating to the repairs of vehicles within the 50-km radius is part of the engagement mandate and is being implemented by the RT46 service provider and monitored by the Entity.
		4. With regards to expansion of the Regional Offices, the Entity will conduct the cost benefit analysis for establishing new Regional Offices or disestablishing the existing Regional Offices in line with the proposed Service Delivery Model.

# 7. STANDING COMMITTEE ON PUBLIC ACCOUNTS (SCOPA) RESOLUTIONS

Resolution No.	Subject	Response by the Department	Resolved (Yes/No)
4.1.1.2	That the MEC provides the Committee with a progress report detailing the effectiveness of measures put in place to curb the recurrence of errors in the financial statements within 30 days after adoption hereof and thereafter every quarter continuing up until the end of June 2018.	All critical positions within the organisation were identified and a submission requesting to advertise critical posts has been approved by the Member of the Executive Council. The posts will be advertised and filled by end of Quarter 4 by the Entity.  All approved Standard Operating Procedures are being implemented and monitored monthly. With effective from November 2017, the Entity has introduced the process of compiling monthly financial statements as part of month-end procedures.	Ongoing.
4.2.1.2	That the department provides the committee with a progress report detailing the effectiveness of measures put in place to address weaknesses in predetermined objectives, within 30 days after adoption and thereafter every quarter continuing up until the end of June 2018.	There have been numerous engagements with the appointed service provider aimed at improving the quality of portfolio of evidence for achieved performance information, this includes both formal and informal communications. Information for Q1 and Q2 has been given to Internal Audit and AGSA as part of planned interim audits.	Ongoing.
		The interim audits were planned to start in mid- February 2018 and internal audit team started auditing the performance information in January 2018.	
		Feedback from these institutions will give an independent assessment which will assist the Entity in identifying areas that still require attention.	
4.3.1.2	That the Entity develop and implement action plan to address audit findings as well as adequately review the financial statements to ensure accuracy and completeness of reported information and provide the Committee with a progress report detailing the effectiveness of the action plans within 30 days after adoption hereof and thereafter every quarter continuing up until the end of June 2018.	Both Q1 and Q2 financial statements were reviewed by Gauteng Provincial Treasury.  Through engagements, the Gauteng Provincial Treasury has also agreed to extend their reviewing process to monthly interim financials effective from January 2018.  GRAP trainings are attending on an annual basis to enhance technical skills and understanding of applicable standards and is planned to take place	Ongoing
4.3.2.1.2	That the CEO intensify performance and consequence management processes to eliminate findings on irregular expenditure and provides the committee with a progress report detailing the effectiveness of measure put in place to	in March2018 through the Gauteng Provincial Treasury.  The Departmental Ethics, Anti-Fraud and Corruption Unit is currently investigating all instances of irregular expenditure incurred until 30 September 2017. Corrective action will be taken upon finalisation of the investigation process.  The Standard Operating Procedure for Purchases	Ongoing
	address challenges relating to irregular expenditure within 30 days of adoption hereof and thereafter every quarter continuing up until the end of June 2018.	and Accounts payable has been fully implemented.  As part of a continuous skills development process the members of middle management within the Entity were subjected to Bid Committee training during the month of November 2017.	

Resolution No.	Subject	Response by the Department	Resolved (Yes/No)
4.3.2.2.2	That the Accounting Officer implement consequence management to recover funds from the implicated officials as well as to eliminate findings on fruitless and wasteful expenditure and provides the Committee with a progress report detailing the effectiveness of measures put in place to address these challenges within 30 days of adoption hereof and thereafter every quarter continuing up until the end of June 2018.	The Departmental Ethics, Anti-Fraud and Corruption Unit is currently investigating all instances of fruitless and wasteful expenditure incurred until 30 September 2017. Corrective action will be taken upon finalisation of the investigation process.	Yes
4.3.2.3.2	That the MEC intensify performance and consequence management processes to eliminate findings on non-compliance with key legislation and provides the committee with a progress report detailing the effectiveness of measures put in place to address challenges related to payment of service providers within 30 days of adoption hereof and thereafter every quarter continuing up until end of June 2018	SAP has been fully implemented and the Purchase and Accounts Payable Standard Operating Procedure is being continuously implemented.  With effect from Q2 the Entity paid all their service providers within 30 days after receiving their invoices.	Yes, ongoing
4.3.2.3.2	That the MEC hold the CEO accountable for timely implementation of action plans and honouring commitments and provides the committee with a progress report detailing the effectiveness of measures put in place in addressing payment of service providers within 30 days of adoption hereof and thereafter every quarter up until end of June 2018	SAP has been fully implemented and the Purchase and Accounts Payable Standard Operating Procedure is being continuously implemented.  With effect from Q2 the Entity paid all their service providers within 30 days after receiving their invoices.	Yes. Ongoing.
4.4.1.1	That the MEC provides the Committee with a progress report detailing the effectiveness of measures put in place to address poor leadership in the Department within 30 days of adoption hereof and thereafter every quarter continuing up until the end of June 2018.	Investigations around lost vehicles are on-going and have not yet concluded.  These meetings are designed to strengthen stewardship and accountability. Such forums also provide the Executive with a bird's eye view of the state of affairs on both financial and performance management.	Ongoing.
4.5.1.1	That the department provides the committee with a progress report detailing the status of the investigations within 30 days of adoption hereof and thereafter every quarter continuing up until end of June 2018.	Investigations around lost vehicles are on-going and have not yet concluded.	Yes

### 8. PRIOR MODIFICATION TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Irregular expenditure (non-compliance with PFMA, 1999 and procurement processes).	2014/15	All irregular expenditure transactions are being investigated. The Entity is currently in a process of implementing the recommendations from the investigation report, a memo to condone irregular expenditure has been sent to the Gauteng Provincial Treasury.
		No new irregular expenditure has been incurred by the Entity in 2018/19 financial year, other than the expenditure incurred on prior year irregular contracts or appointments, in all these instance the Entity achieved value for money. These transactions are closely monitored with a view of eradicating any future irregular expenditure.
Fruitless and wasteful expenditure (non-compliance with PFMA, 1999).	2014/15	All fruitless and wasteful expenditure transactions are being investigated.
		No fruitless and wasteful expenditure was incurred by the Entity in 2018/19 financial year. In line with the recommendations from the Departmental Anti- fraud and Corruption Unit all fruitless and wasteful expenditure relating to prior years has been resolved.
Contractual obligations and money owned by the Entity were not settled within 30 days (non-compliance with PFMA, 1999).	2014/15	The Entity has achieved 94% compliance rate in terms of paying services providers with the prescribed 30 days' period in terms of the PFMA (1999) and Treasury Regulations. The Entity will continue to implement measures aimed at achieved 100% compliance rate.
		SAP has been fully implemented and the Purchases and the Accounts Payable Standard Operating Procedure is being continuously implemented.

#### 9. INTERNAL CONTROL UNIT

The Accounting Officer through monitoring and management of the drivers of Internal Control ensures that set control objectives have the required control mechanisms and activities in place that will monitor and evaluate controls. The Accounting Officer continually assess and evaluate internal control to assure that the control activities in place are effective, efficient and transparent and updated when necessary. The Auditor-General also conducts an assessment on the drivers of Internal Control of the entity and the recommendations are taken into considerations when improvements of the control weakness are put in place.

Through strategic risk and operational risk assessments control weaknesses and control gaps are identified and strengthened and new action plans put in place.

The internal audit section from GAS performs reviews on g-FleeT processes and through the audit findings and audit recommendations the identified inadequate controls or lack of controls are strengthened or developed and new effective and efficient ones put in place.

#### 10. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2019.

#### **Audit Committee and Attendance**

The Audit Committee consists of the external Members listed hereunder and is required to meet a minimum of at least two times per annum as per provisions of the Public Finance Management Act (PFMA). In terms of the approved Terms of Reference (GPG Audit Committee Charter), five meetings were held during the current year, i.e. three meetings to consider the Quarterly Performance Reporting (financial and non-financial) and two meetings to review and discuss the Annual Financial Statements and the Auditor-General of South Africa's (AGSA) Audit and Management Reports.

#### **Non-Executive Members**

Name of Member	Number of Meetings attended
Mr. Stanley Ngobeni (Chairperson)	02
Mr. George Higgins	05
Ms. Given Sibiya	02
Ms. Janice Meissner (Former Chairperson)	01
Mr. Leon Langalibalele	01

#### **Executive Members**

In terms of the GPG Audit Committee Charter, officials listed hereunder are obliged to attend meetings of the Audit Committee:

# **Compulsory Attendees**

Name of Member	Number of Meetings attended
Mr. Noxolo Maninjwa (Chief Executive Officer)	05
Mr. Mbasa A. Ngumla (Acting Chief Financial Offic	er) 05
Mr. Solomon Kodisang (Chief Risk Officer)	05
Mr. Lutendo Makhadi (Acting Chief Audit Executiv	e) 04
Mr. Kweyama Velile (Chief Audit Executive)	01

The Audit Committee noted that the Chief Executive Authority attended all five scheduled Audit Committee meetings. Therefore, the Audit Committee is satisfied that the Entity adhered to the provisions of the GPG Audit Committee Charter.

The Members of the Audit Committee met with the Senior Management of the Entity, Auditor-General and Internal Audit, collectively to address risks and challenges facing the Entity. A number of in-committee meetings were held to address control weaknesses and deviations within the Entity.

## **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 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, 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, internal audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is usually achieved by means of review of internal controls, the identification of corrective actions and suggested enhancements to the internal control processes and risk management. From the various reports of the internal auditors, the management and audit reports of the Auditor General South Africa, it was noted that matters were reported indicating deficiencies in the system of internal controls in areas pertaining to financial reporting, asset management, reporting on pre-determined objectives and compliance with laws and regulations.

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#### The following were areas of concern:

In some instances the system on internal control for the period under review was found to be adequate and ineffective and there is a room for improvement in so far as addressing internal audit findings timeously and implementation of consequence management. Some of the issues/concerns raised by Internal Audit during year were raised by the AGSA.

The Audit Committee is of the view that management should continue strengthening the internal control environment together with the development and implementation of internal control universe.

#### Commendation:

The Audit Committee has observed that the overall control environment of the Entity has continued to improve year on year.

#### Information and Communication Technology (ICT) Governance

The Audit Committee also reviewed the ICT Governance, assets and systems status and comfort levels from the assurance providers, and key enhancements were reported as well as the reporting functionality of the system Internal and External audit decreased which is a concern for the Audit Committee. This continues to be a high risk for the Entity which needs to be mitigated against.

#### **Internal Audit**

The Accounting Officer is obliged, in terms of the PFMA, to ensure that the Entity has a system of internal audit under the control and direction of the Audit Committee. In the case of the Gauteng Provincial Government (GPG), the Internal Audit Function is shared amongst Entities and departments in the Province.

The Internal Audit team managed to execute and complete substantial all original approved risk based audit projects within the allocated budget hours and time-frames. Furthermore, The Audit Committee is satisfied that the Internal Audit plan represents a clear alignment with the key risks, has adequate information systems coverage, and a good balance across the different categories of audits, i.e. risk-based, mandatory, performance, computer and follow-up audits. It is against this backdrop that the following conclusion must be understood that the internal audit unit under the leadership of the Acting Chief Audit Executive in material respect was found to be effective and adds value to the whole value chain and managed to discharge its functions and responsibilities during the year under review. Management should put more effort in implementing the agreed action plans to address the previously reported audit findings in order to improve the overall controls within the Entity.

#### **Risk Management**

Progress on the risk management was reported to the Audit Committee on a quarterly basis. The Audit Committee is of the opinion that Entity's risk management maturity level is material satisfactorily, although there are areas that still require improvement. Management should continue to take full responsibility for the entire Enterprise Risk Management Process and continue to support the Chief Risk Officer to even further enhance the performance of the Entity. The Audit Committee would like to see the continued improvement in the maturity of risk management.

#### **Performance Management**

The review of effectiveness and functionality of the performance management system (which includes analysis of management prepared quarterly performance reports and related internal audit reports) by Audit Committee revealed a need to strengthen current performance management and reporting system.

The quality of quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee reviewed the quality, accuracy, uselessness, reliability and appropriateness of quarterly and annual financial reporting and the Audit Committee is satisfied with the content and quality of financial and non-financial quarterly reports prepared and submitted by the Accounting Officer of the Entity during the year under review and confirms that the reports were in compliance with the statutory reporting framework. The Audit Committee would like to commend the Entity for reporting monthly and quarterly to Treasury as is required by the PFMA. The Audit Committee

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recommends that the Entity should fully comply with section 40(1) of the PFMA, in so far as management's review and monitoring of financial reports and performance information reports.

#### Compliance with the relevant laws and regulations

A number of non-compliance with the enabling laws and regulations were noted by Audit Committee, Management, Internal Audit and AGSA during the year. As result, the Audit Committee recommended development and implementation of an effective compliance management system with an objective of addressing the issues of non-compliance with laws and regulations.

### **Forensic Investigations**

Investigations into alleged financial irregularities, financial misconduct and fraud were completed during the year under review. Certain investigations are still in the process of finalisation. Various measures were recommended including taking action against the identified officials and this was in the process of finalisation. The recommendations are at various stages of implementation.

#### **Evaluation of Annual Financial Statements**

The Audit Committee undertook the following activities related to Annual Financial Statements:

- Audit Committee reviewed the draft annual financial statements prepared by the Entity before the submission of the
  annual financial statements to the external auditors for audit the audit committee meeting held on 27 May 2019,
  and recommended them for audit.
- Audit Committee reviewed the final audited annual financial statements prepared by the Entity. The Audit Committee is material satisfied that that the annual financial statements have been prepared in terms of the Modified Cash Standard (MCS) and the PFMA.

#### **Evaluation of Annul Report**

The Audit Committee undertook the following activities related to annual report:

- Audit Committee evaluated draft annual report (including performance report) the audit committee meeting held on 27 May 2019 and recommended the report for audit after further refinement by management.
- Audit Committee reviewed and evaluated audited annual report (including performance report) the audit committee
  meeting held on 22 July 2019. The Audit Committee is satisfied the final adjust annual report does comply with PFMA
  and relevant guidelines

### **Audit Improvement Plan for 2017/18**

The Audit Committee reviewed and monitored the implementation of prior year audit findings on quarterly basis. It is the view of the Audit Committee that there is a room for improvement in this regard in so far as timeous implementation and resolving findings by the external auditors as well as addressing the root-causes relating to the weakness identified by the external auditors.

## **Auditor-General's Report for 2018/19**

The Audit Committee reviewed Audit Report, Management Report and Management's response thereto at the audit committee meeting held on 22 July 2019. The Audit Committee concurs with and accepts the conclusion and audit opinion of the AGSA on the Annual Financial Statements and Performance Report. The Committee is of the view that the audited financial statements and performance report be accepted and read together with the report of the AGSA. The Audit Committee confirms that it has been actively involved throughout the audit process and has been thoroughly appraised of the issues highlighted in the audit report.

The Audit Committee also notes the key issues identified by the AGSA in the management letter, and has assessed Management's action to mitigate any financial or performance reporting risks associated with these matters. The Committee is satisfied that given the implementation of effective and efficient controls, these matters should be adequately dealt with in future periods.

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The external audit function performed by the AGSA is independent of the Entity. The Audit Committee has met with the AGSA to ensure that there are no unresolved issues and acknowledges the diligence and cooperation of the AGSA's team.

## One-on-One Meeting with the Accounting Officer

The Audit Committee has met with the Accounting Officer for the Entity to address unresolved issues.

## **One-on-One Meetings with the Executive Authority**

The Audit Committee has met with the Executive Authority for the Entity to apprise the MEC on the performance of the Entity.

#### Conclusion

The Audit Committee strongly recommends that the Entity should prioritise root-cause identification and analysis, implementation of consequence management, and regular monitoring of the audit action plans for both internal and external audit in order to achieve the required effectiveness in governance, accountability and clean administration.

Furthermore, The Audit Committee is encouraged and appreciates an improvement in the communication between the Accounting Officer, Senior Management, the AGSA and the Internal Audit which if continued can strengthen the Corporate Governance initiatives within the Entity.

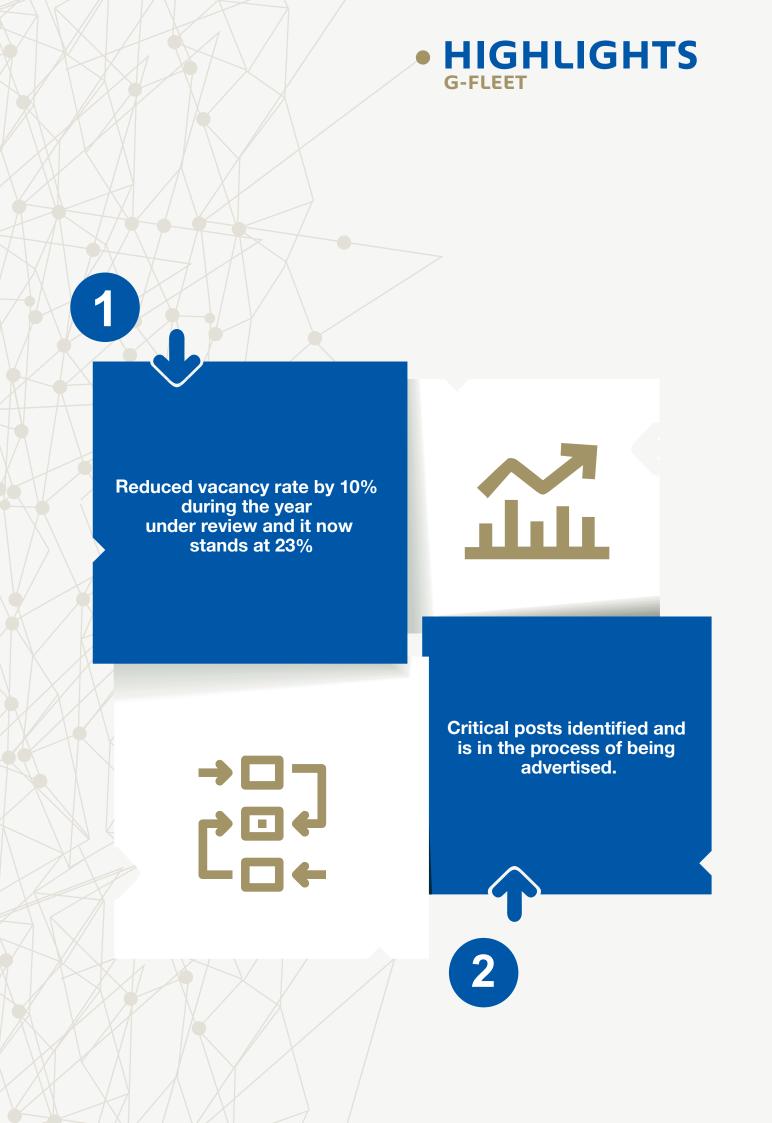
Ms. Janice Meissner

**Chairperson of the Audit Committee** 

31 July 2019







#### 1. INTRODUCTION

As the Entity approaches the end of the of the five-year Human Resource Strategic Plan, The Entity has been focusing on ensuring that the work environment is safe and conducive for employees to perform their duties effectively and efficiently.

The Entity continued to utilise the organogram approved in 2014. The process of approving the proposed Service Delivery Model, Business Case and the proposed Organisational Structure that was updated in February 2017 is not yet concluded. During the financial year under review, the Entity had 219 officials under its employ. The Entity's vacancy rate was reduced by 10% during the financial year under review and it now stands at 23%. Further to uplifting of the moratorium, the Entity prioritised the filling of critical posts, most of the critical posts are in the technical fields. The process of advertising critical posts commenced towards the end of the 2018/19 financial year and the Entity will endeavour to fill all critical posts and other vacant funded posts by the end of the 2019/20 financial year.

The Entity ensured that all courses attended by officials are Sector Education and Training Authority accredited. The Entity's main focus was to train as many officials in line with the approved 2018/19 Training Plan. The Training Plan is based on the agreed training requirements between staff members and the supervisors in line with the Performance Management System. This approach aims to ensure that to ensure that trained officials positively contribute to the productivity of the various directorates within the Entity and further gives the staff members an advantage for growth in their chosen area of expertise. A total of 251 of staff were trained including interns for 2018/19 financial year.

The improvement for compliance with Performance Management and Development Systems is encouraging; the new changes to the format have been welcomed by most staff. Continued training on the policies and procedures of the Entity and the Department have taken place throughout the financial year.

#### 2. EMPLOYEE HEALTH AND WELLNESS PROGRAMME

The fostering of good labour relations and having staff that are well informed and nurtured by the organisation has been a priority for the Wellness and Labour Relations Unit. The wellbeing of our staff, the Entity's capital resources, is high on the agenda through several activities that have been rolled out to address pertinent arears of concern to address their holistic health, work environment and a good balance between their personal and work life.

The Entity is committed to providing staff with a platform to be heard and to reach out for assistance through the Employee Assistance Programme (EAP). There have been roadshows that keep staff informed on their responsibilities to the Entity and also the responsibilities of the Entity to them; covering topics such as pension, injury on duty, occupational health and safety, employee assistance and labour matters. Screenings that have aided in giving staff updated information on health matters included HIV/AIDs, cancer, alcoholism, mental health, etc.

Careways continues to be the EAP service provider used by the Gauteng Provincial Government departments and through them we have been able to refer several staff members that require assistance in a number of areas of their life that contribute to their work life and environment. Careways, a 24-hour service, provides staff and their immediate family members with confidential support and advice on health and personal issues.

Corporate Services will continue to put our staff in the forefront of our plans and uphold the policies of the Entity in collaboration with our staff to increase productivity and boost the morale as we strive for success in all areas of our organisation.

## 3. HR OVERSIGHT STATISTICS

## 3.1 Personnel Related Expenditure

The following tables provide a summary of the final audited personnel related expenditure by programme and salary bands. It provides an indication of the following:

- Amount spent on personnel.
- Amount spent on salaries, overtime, homeowners allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2018 and 31 March 2019

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Office of the CEO	3 213	3 660	0	0	0	1 220
Office of the COO	445	445	0	0	0	148
Office of the CFO	6 647	1 063	0	0	0	532
Financial services	13 917	13 304	0	0	2%	4 435
Corporate Services	33 453	10 386	1 237	0	1%	3 462
Marketing and Communication	10 329	9 302	0	0	1%	3 101
Maintenance Services	138 328	10 221	0	0	1%	3 407
Transport Support Services	230 517	11 798	0	0	1%	3 933
Permanent Service	462 153	6 927	0	0	1%	2 309
VIP/Pool Services	18 329	18 038	0	0	2%	6 013
Total	917 331	85 144	1 237	0	9%	28 560

Table 3.1.2 Personnel costs by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Personnel expenditure (R'000)	% of total personnel cost	Number of employees	Average personnel cost per employee (R'000)
Lower skilled (levels 1-2)	3 349	4%	38	88
Skilled (levels 3-5)	23 720	28%	103	230
Highly skilled production (levels 6-8)	29 028	34%	77	377
Highly skilled supervision (levels 9-12)	22 230	26%	34	654
Senior and top management (levels 13-16)	6 817	8%	5	1 363
Total	85 144	100%	257	331

Table 3.1.3 Salaries, overtime, Home Owners' Allowance (HOA) and medical aid by programme for the period 1 April 2018 and 31 March 2019

	Salaries		Over	time	Home owne	rs' allowance	Medical aid	
Programme	Amount (R'000	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Office of the CEO	3 660	4%	0	0%	16	0%	22	0%
Office of the COO	445	1%	0	0%	0	0%	48	0%
Office of the CFO	1 063	2%	0	0%	43	0%	68	0%
Financial Management	13 304	15%	6	0%	305	0%	678	1%
Corporate Services	10 386	12%	10	0%	271	0%	567	1%
Marketing and Communication	9 302	11%	0	0%	216	0%	360	0%
Maintenance Services	10 221	12%	31	0%	323	1%	695	1%
Transport Support Services	11 798	14%	7	0%	331	1%	694	1%
Permanent Service	6 927	8%	0	0%	224	0%	358	0%
VIP/Pool Services	18 038	21%	1 284	2%	760	1%	904	1%
Total	85 144	100%	1 338	2%	2 489	3%	4 394	5%

Table 3.1.4 Salaries, overtime, HOA and medical aid by salary band for the period 1 April 2018 and 31 March 2019

	Sala	aries	Over	time	Home owners allowance		Medical aid	
Salary bands	Amount (R'000	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (levels 1-2)	3 349	4%	20	0%	32	0%	16	0%
Skilled (levels 3-5)	23 720	27%	1 039	2%	1 039	1%	1 754	2%
Highly skilled production (levels 6-8)	29 028	34%	209	0%	209	1%	1 948	2%
Highly skilled supervision (levels 9-12)	22 230	26%	69	0%	69	1%	585	1%
Senior management (level 13-16)	6 817	9%	0	0%	0	0%	91	0%
Total	85 144	100%	1 338	2%	2 489	3%	4 394	5%

## 3.2 Employment and vacancies

The tables in this section summarise the position of the entity with regards to employment and vacancies.

The following tables summarise the number of posts in the establishment, the number of employees, the vacancy rate and whether there are any employees that are additional to the establishment.

This information is presented in terms of three key variables:

- Programme.
- Salary band.
- Critical occupations.

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1 Employment and vacancies by programme as on 31 March 2019

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
SMS (levels 13-16)	8	4	1%	1
Levels 11-12	17	14	1%	0
Levels 7-10	107	84	8%	0
Levels 1-6	143	108	13%	0
Total	275	210	23%	1

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2019

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Lower skilled (levels 1-2)	8	3	2%	0
Skilled (levels 3-5)	124	107	6%	0
Highly skilled production (levels 6-8)	90	65	9%	0
Highly skilled supervision (levels 9-12)	45	31	5%	0
Senior management (levels 13-16)	8	4	1%	1
Total	275	210	23%	1

## 3.3 Filling of SMS posts

Table 3.3.1 SMS post information as on 31 March 2019

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary level 16	0	0	0	0	0%
Salary level 15	1	1	100%	0	0%
Salary level 14	1	0	0%	1	100%
Salary level 13	6	3	50%	3	50%
Total	8	4	50%	4	50%

Table 3.3.2 SMS post information as on 30 September 2018

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary level 16	0	0	0	0	0%
Salary level 15	1	1	100%	0	0%
Salary level 14	1	0	0%	1	100%
Salary level 13	6	3	50%	3	50%
Total	8	4	50%	4	50%

Table 3.3.3 Advertising and filing of SMS post for the period 1 April 2018 and 31 March 2019

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	0	0	0%	0	0%
Salary level 16	0	0	0	0	0%
Salary level 15	1	1	100%	0	0%
Salary level 14	1	0	0%	1	100%
Salary level 13	6	3	50%	3	50%
Total	8	4	50%	4	50%

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS – advertised within six months and filled within 12 months after becoming vacant for the period 1 April 2018 and 31 March 2019

## Reasons for vacancies not advertised within six months

The moratorium was instituted during November 2016 and was lifted in September 2018/19.

## Reasons for vacancies not filled within six months

The moratorium was instituted during November 2016, it was lifted in September 2018/19, and advertisements for critical posts were done by end of March 2018/19.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2018 and 31 March 2019

Reasons for vacancies not advertised within six months

None.

#### Reasons for vacancies not filled within six months

The moratorium was instituted during November 2016, it was lifted in September 2018/19, and advertisements for critical posts were done by end of March 2018/19.

#### 3.4 Job evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in an organisation. In terms of the regulations, all vacancies on salary level 9 and higher must be evaluated before they are filled. The following table 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 3.4.1 Job Evaluation by salary band for the period 1 April 2018 and 31 March 2019

	Number of		% of posts	Posts u	ograded	Posts dov	vngraded
Salary band	posts on approved establishment	Number of jobs evaluated	evaluated by salary bands	Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	8	0	0%	0	0	0	0
Skilled (Levels 3-5)	124	0	0%	0	0	0	0
Highly skilled production (Levels 6-8)	90	0	0%	0	0	0	0
Highly skilled supervision (Levels 9-12)	45	0	0%	0	0	0	0
SMS Band A	8	0	0%	0	0	0	0
SMS Band B	0	0	0%	0	0	0	0
SMS Band C	0	0	0%	0	0	0	0
SMS Band D	0	0	0%	0	0	0	0
Total	275	0	0%	0	0	0	0

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2018 and 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability					

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2018 and 31 March 2019

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	0	0	0
0	0	0	0	0
Total number of employee	es whose salaries exceeded	the level determined by jo	b evaluation	0
Percentage of total emplo	oyed			0%

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2018 and 31 March 2019

Gender	African	Asian	Coloured	White	White Tot	
Female	0	0	0	0		0
Male	0	0	0	0		0
Total	0	0	0	0		0
Employees with a disability	0	0	0	C	)	0
Total number of empl	loyees whose remun	eration exceeded the	grade determined by	job evaluation in 2016	5/17	0

# 3.5 Employment changes

This section provides information on changes in employment over the financial year. 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 and critical occupations.

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Number of employees at beginning of period- April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	2	0	0	0%
Skilled (Levels 3-5)	105	1	7	8%
Highly skilled production (Levels 6-8)	76	0	4	5%
Highly skilled supervision (Levels 9-12)	34	0	2	6%
SMS		1		
Band A	6		1	33%
SMS	0	0	0	
Band B				0%
SMS Band C	0	0	0	0%
SMS Band D	0	0	0	0%
Total	223	2	14	7%

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 and 31 March 2019

Critical occupation	Number of employees at beginning of period - April 2018	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative related, permanent	14	0	0	0
All artisans in the building metal machinery etc., permanent	9	0	0	0
Building and other property caretakers, permanent	3	0	0	0
Bus and heavy vehicle drivers, permanent	1	0	0	0
Cleaners in offices workshops hospitals etc., permanent	6	0	0	0
Client information clerks (switchboard/receptionist, information clerks), permanent	0	0	0	0
Computer programmers, permanent	1	0	0	0
Finance and economics related, permanent	3	0	0	0
Financial and related professionals, permanent	2	0	0	0
Financial clerks and credit controllers, permanent	3	0	0	0
HoD/CEO, permanent	1	0	0	0
Human resources, organisational development and related professionals, permanent	4	0	0	0
Human resources clerks, permanent	1	0	0	0
Human resources related, permanent	9	0	0	0
Information technology related, permanent	1	0	0	0
Library mail and related clerks, permanent	3	0	0	0
Light vehicle drivers, permanent	9	0	0	0
Material-recording and transport clerks, permanent	1	0	0	0
Messengers porters and deliverers, permanent	3	0	0	0
Motor vehicle drivers, permanent	1	0	0	0
Other administration and related clerks and organisers, permanent	55	0	0	0
Other administrative policy and related officers, permanent	12	0	0	0
Other occupations, permanent	1	0	0	0
Secretaries and other keyboard operating clerks, permanent	6	0	0	0
Senior managers, permanent	6	0	0	0
Trade labourers, permanent	16	0	0	0
Total	172	0	0	0

#### Notes

The CORE classification, as prescribed by the DPSA, should be used for completion of this table.

The table below identifies the major reasons some staff left the Department.

Table 3.5.3 Reasons why staff left the Department for the period 1 April 2018 and 31 March 2019

Termination type	Number	% of total resignations
Death	2	1%
Resignation	4	2%
Expiry of contract	0	0%
Dismissal – operational changes	2	1%
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	6	3%
Transfer to other Public Service departments	0	0%
Other		
Total	14	7%
Total number of employees who left as a % of total employment	14	7%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2018 and 31 March 2019

Occupation	Employees 1 April 2018	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Clerks	0	0	0	0	0
Technicians and associate professionals	0	0	0	0	0
Total	0	0	0	0	0

Table 3.5.5 Promotions by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Employees 1 April 2018	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	3	0	0	3	100%
Skilled (Levels 3-5)	111	0	0	91	81%
Highly skilled production (Levels 6-8)	69	0	0	58	84%
Highly skilled supervision (Levels 9-12)	33	0	0	27	85%
Senior management (Levels 13-16)	5	0	0	5	100%
Total	224	0	0	184	82%

# 3.6 Employment equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2019

O		Ma	le			Fem	ale		Total
Occupational category	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	2	2	0	0	4
Professionals	17	1	0	0	8	2	1	2	31
Technicians and associate professionals	19	1	1	4	37	4	1	8	75
Clerks	64	1	0	2	31	1	0	1	100
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	
Total	100	3	1	6	78	9	2	11	210
Employees with disabilities	2	0	0	0	1	0	0	0	3

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2019

Occupational actors		Ma	le		Female				Total
Occupational category	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	1	0	0	0	1
Senior management	0	0	0	0	1	2	0	0	3
Professionally qualified and experienced specialists and mid-management	17	1	0	0	8	2	1	2	31
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	19	1	1	4	37	4	1	8	75
Semi-skilled and discretionary decision making	64	1	0	2	31	1	0	1	100
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	100	3	1	6	78	9	2	11	210

Table 3.6.3 Recruitment for the period 1 April 2018 and 31 March 2019

Occupational band		Ma	le			Fema	ale		
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2018 and 31 March 2019

Occupational band		Ma	le		Female				
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2018 and 31 March 2019

Occupational band		Ma	le			Fema	ale		
Occupational band	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top management	0	0	0	0	0	0	0	0	0
Senior management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	2	0	0	0	0	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	1	1	0	0	0	4
Semi-skilled and discretionary decision making	6	0	0	1	0	0	0	0	7
Contract (top management), permanent	0	0	0	0	0	0	0	0	0
Contract (senior management), permanent	0	0	0	0	0	0	0	0	0
Contract (professionally qualified), permanent	0	0	0	0	0	0	0	0	0
Total	11	0	0	2	1	0	0	0	14
Employees with disabilities	0	0	0	0	1	0	0	0	1

Table 3.6.6 Disciplinary action for the period 1 April 2018 and 31 March 2019

Dissiplinant action		Ma	ile						
Disciplinary action	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Suspension without pay	2	0	0	0	0	0	0	0	2
Dismissal	2	0	0	0	0	0	0	0	2

Table 3.6.7 Skills development for the period 1 April 2018 and 31 March 2019

Occupational category	Male				Female				
Occupational category	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Legislators, senior officials and managers	1	0	0	0	2	2	0	0	5
Professionals	15	1	0	0	6	2	0	2	26
Technicians and associate professionals	14	1	1	0	29	3	1	5	54
Clerks	33	2	0	2	22	0	0	1	60
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	63	4	1	2	59	7	1	8	145
Employees with disabilities	1	0	0	1	0	0	0	0	2

# 3.7 Signing of performance agreements by SMS members

Table 3.7.1 Signing of performance agreements by SMS members as on 31 March 2019

SMS level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	0	0	0	0%
Salary level 16	0	0	0	0%
Salary level 15	1	1	1	100%
Salary level 14	1	0	0	0%
Salary level 13	6	3	3	50%
TOTAL	8	4	4	67%

Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 March 2019

Reasons
None

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 March 2019

Reasons
None

## 3.8 Performance rewards

Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2018 and 31 March 2019

		Beneficiary profile		Cost		
Race and gender	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee	
African	110	178	130.33	738 746.46	12 025.98	
Male	64	100	69.62	463 461.81	5 352.66	
Female	46	78	60.71	275 284.65	6 673.32	
Asian	0	3	129.17	0	0.00	
Male	0	1	62.50	0	0.00	
Female	0	2	66.67	0	0.00	
Coloured	5	11	110.16	414 460.12	14 067.42	
Male	1	2	64.71	12 861.90	7 287.44	
Female	4	9	45.45	28 598.220	6 779.98	
White	11	18	143.14	38 568.84	16 003.24	
Male	4	7	74.29	11 791.71	8 630.24	
Female	7	11	68.85	26 777.130	7 373.00	
Total	126	210	66.21	120 4830.47	6 068.21	
Employees with disabilities	4	4	75.00	2 422 715.99	60720.92	

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations.

Table 3.8.2 Performance rewards by salary band for personnel below SMS for the period 1 April 2018 and 31 March 2019

		Beneficiary profile		Co	Total cost as	
Salary band	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	a % of the total personnel expenditure
Lower skilled (Levels 1-2)	2	3	0%	277.61	3 017.55	0%
Skilled (Levels 3-5)	64	107	20%	2 611.50	4 471.74	20%
Highly skilled production (Levels 6-8)	45	65	16%	3 203.63	7 450.31	16%
Highly skilled supervision (Levels 9-12)	16	31	7%	1 237.51	10 061.04	7%
Total	127	206	43%	7 330.25	17 550.33	43%

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2018 and 31 March 2019

Critical		Beneficiary profile		Cost						
occupation	Number of beneficiaries	Number of employees	% of total within occupation		Total cost (R'000)	Average cost per employee				
Lower skilled (Levels 1-2)	2	3	0%		0%		0%		277.61	3 017.55
Skilled (Levels 3-5)	64	107	20%		2 611.50	4 471.74				
Highly skilled production (Levels 6-8)	45	65	16%		3 203.63	7 450.31				
Highly skilled supervision (Levels 9-12)	16	31	7%		1 237.51	10 061.04				
Total	127	206	43%		7 330.25	17 550.33				

#### Notes

The CORE classification, as prescribed by the DPSA, should be used for completion of this table.

Table 3.8 4 Performance related rewards (cash bonus) by salary band for SMS for the period 1 April 2018 and 31 March 2019

		Beneficiary profile		C	Total cost as	
Salary band	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	a % of the total personnel expenditure
Band A	1	1	17.10	115.88	16 554.20	0.20
Band B	0	0	0.00	0.00	0.00	0.00
Band C	2	3	33.30	82.56	20 639.20	0.50
Band D	0	0	0.00	0.00	0.00	0.00
Total	3	4	50.4	198.44	37193.4	0.7

# 3.9 Foreign workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2018 and 31 March 2019

Salary band	01 April 2018		31 Mar	ch 2019	Change	
	% of total	Number	% of total	Number	% Change	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Contract (Levels 9-12)	0	0	0	0	0	0
Contract (Levels 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2018 and 31 March 2019

Major occupation	01 April 2018		31 Mar	ch 2019	Change	
	% of total	Number	% of total	Number	% Change	% Change
	0	0	0	0	0	0
	0	0	0	0	0	0
Total	0	0	0	0	0	0

## 3.10 Leave utilisation

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 and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2018 to 31 December 2018

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 skills (Levels 1-2)	22	14%	2	13.50	6.00	422.00
Skilled (Levels 3-5)	216	81%	49	38.00	7.00	2 154.00
Highly skilled production (Levels 6-8)	361	73%	51	34.40	7.00	3 293.00
Highly skilled supervision (Levels 9 -12)	60	75%	22	11.00	6.00	1 622.00
Top and senior management (Levels 13-16)	25	66%	3	2.40	6.00	670.00
Total	639	309%	127	98.94	26	8 161.00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2018

Salary band	Total days	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1-2)	0	0%	0	0%	0	0
Skilled (Levels 3-5)	0	0%	0	0%	0	0
Highly skilled production (Levels 6-8)	3	33%	1	43.80%	7.00	61.00
Highly skilled supervision (Levels 9-12)	0	0%	0	0%	0	0
Senior management (Levels 13-16)	0	0%	0	0%	0	0
Total	3	33%	1	43.80%	0	61.00

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the Public Service Commission Bargaining Council in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	34	2	17.00
Skilled (Levels 3-5)	1 833	100	183.00
Highly skilled production (Levels 6-8)	1 631	76	21.00
Highly skilled supervision (Levels 9-12)	741	33	22.00
Senior management (Levels 13-16)	103	6	17.00
Total	4 342	217	260

Table 3.10.4 Capped leave for the period 1 January 2018 to 31 December 2018

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as at 31 March
Lower skilled (Levels 1-2)	0.00	0.00	0.00	0
Skilled (Levels 3-5)	0.00	0.00	0.00	0
Highly skilled production (Levels 6-8)	0.00	0.00	0.00	0
Highly skilled supervision (Levels 9-12)	0.00	0.00	0.00	0
Senior management (Levels 13-16)	0.00	0.00	0.00	0
Total	0.00	0.00	0.00	0

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

Table 3.10.5 Leave pay-outs for the period 1 April 2017 and 31 March 2018

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2018/19 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2018/19	4 546.00	3.00	52 860.00
Current leave pay-out on termination of service for 2018/19	21.00	3.00	7 000.00
Total	4 566.00	6.00	51 303.00

# 3.11 HIV/AIDS & health promotion programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	None

Table 3.11.2 Details of health promotion and HIV/AIDS programmes (tick the applicable boxes and provide the required information)

	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.		х	
2.	Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being 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.	Х		Two officials from HR business unit are involved in the task and budget is available.
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.	Х		The EAP depends on managers to refer via wellness office to Careways for formal referrals.
4.	Has the Department established (a) 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.		X	
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.		х	
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.		х	
7.	Does the Department encourage its employees to undergo Voluntary Counselling and Testing (VCT)? If so, list the results that you have you achieved.	Х		TB screening and voluntary HIV (VCT) ongoing.
8.	Has the Department developed measures/indicators to monitor & evaluate the impact of its Health Promotion Programme? If so, list these measures/indicators.	Х		Through distribution of condoms and the facilitation of wellness awareness events.

## 3.12 Labour relations

Table 3.12.1 Collective agreements for the period 1 April 2018 and 31 March 2019

Subject matter	Date
-	-
-	-

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2018 and 31 March 2019

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	1	0.4
Written warning	2	0.9
Final written warning	3	1.4
Suspended without pay	2	0.9
Fine	0	0%
Demotion	1	0.4
Dismissal	1	0.4
Not guilty	0	0%
Case withdrawn	0	0%
Total	10	5.2%

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 and 31 March 2019

Type of misconduct (based on annexure A)	Number	% of total
Abscondment from work	1	0.4%
Total	1	0.4%

Table 3.12.4 Grievances logged for the period 1 April 2018 and 31 March 2019

Grievances	Number	% of Total
Number of grievances resolved	1	0.4%
Number of grievances not resolved	1	0.4%
Total of grievances not lodged	2	0.8%

# Table 3.12.5 Disputes logged with Councils for the period 1 April 2018 and 31 March 2019

Grievances	Number	% of Total
Number of disputes upheld	11	5%
Number of disputes dismissed	0	0%
Total number of disputes lodged	11	5%

# Table 3.12.6 Strike actions for the period 1 April 2018 and 31 March 2019

Total number of persons working days lost	0
Total costs working days lost	0
Amount (R'000) recovered as a result of no work, no pay	0

## Table 3.12.7 Precautionary suspensions for the period 1 April 2018 and 31 March 2019

Number of people suspended	2
Number of people whose suspension exceeded 30 days	2
Average number of days suspended	30 days
Cost (R'000) of suspension	R62 732.00

# 3.13 Skills development

This section highlights the efforts of the Department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2018 and 31 March 2019

			Training needs identified at start of the reporting period			
Occupational category	Gender	Number of employees as at 1 April 2018	Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	4	0	2	-	2
Legislators, serilor officials and managers	Male	1	0	1	-	1
Professionals	Female	13	0	0	-	0
FIGUESSIGNALS	Male	20	0	1	-	1
Technicians and associate professionals	Female	50	0	11	-	11
reclificans and associate professionals	Male	30	0	8	-	8
Clerks	Female	32	0	16	-	16
Cierks	Male	74	0	14	-	14
Coming and sales were	Female	0	0	0	0	0
Service and sales workers	Male	0	0	0	0	0
Chilled a missultanes and Eshamouradians	Female	0	0	0	0	0
Skilled agriculture and fishery workers	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
Craft and related trades workers	Male	0	0	0	0	0
District and the second	Female	0	0	0	0	0
Plant and machine operators and assemblers	Male	0	0	0	0	0
Fl	Female	0	0	0	0	0
Elementary occupations	Male	0	0	0	0	0
Sch and		0	0	0	0	0
Sub-total	Male	0	0	0	0	0
Total		224	0	53	0	53

Table 3.13.2 Training provided for the period for the period 1 April 2018 and 31 March 2019

			Training provided within the reporting period			
Occupational category	Gender	Number of employees as at 1 April 2017	Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	4	0	2	-	2
Legislators, serilor officials and managers	Male	1	0	1	-	1
Professionals	Female	13	0	0	-	18
Froiessionals	Male	20	0	1	-	16
Tachnicians and accordate professionals	Female	50	0	11	-	11
Technicians and associate professionals	Male	30	0	8	-	8
Clarks	Female	32	0	16	-	16
Clerks	Male	74	0	14	-	14
Comition and relative	Female	0	0	0	0	0
Service and sales workers	Male	0	0	0	0	0
Chilled a misulture and fisher managers	Female	0	0	0	0	0
Skilled agriculture and fishery workers	Male	0	0	0	0	0
Court and add to decrease and are	Female	0	0	0	0	0
Craft and related trades workers	Male	0	0	0	0	0
St. 1 1:	Female	0	0	0	0	0
Plant and machine operators and assemblers	Male	0	0	0	0	0
-1	Female	0	0	0	0	0
Elementary occupations	Male	0	0	0	0	0
	Female	0	0	0	0	0
Sub-total	Male	0	0	0	0	0
Total		224	0	53	0	53

# 3.14 Injury on duty

The following table provide basic information for injuries on duty.

Table 3.14.1 Injury on duty for the period 1 April 2018 and 31 March 2019

Nature of injury on duty	Number	% of total
Required basic medical attention only	3	1%
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	0	0
Total	3	1%

## 3.15 Utilisation of consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2018 and 31 March 2019

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
0	0	0	0

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of HDIs for the period 1 April 2018 and 31 March 2019

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
0	0	0	0
0	0	0	0

Table 3.15.3 Report on consultant appointments using donor funds for the period 1 April 2018 and 31 March 2019

Project title	Total number of consultants that worked on project	Duration (work days)	Donor and contract value in Rand
0	0	0	0
0	0	0	0

Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand
0	0	0	0
0	0	0	0

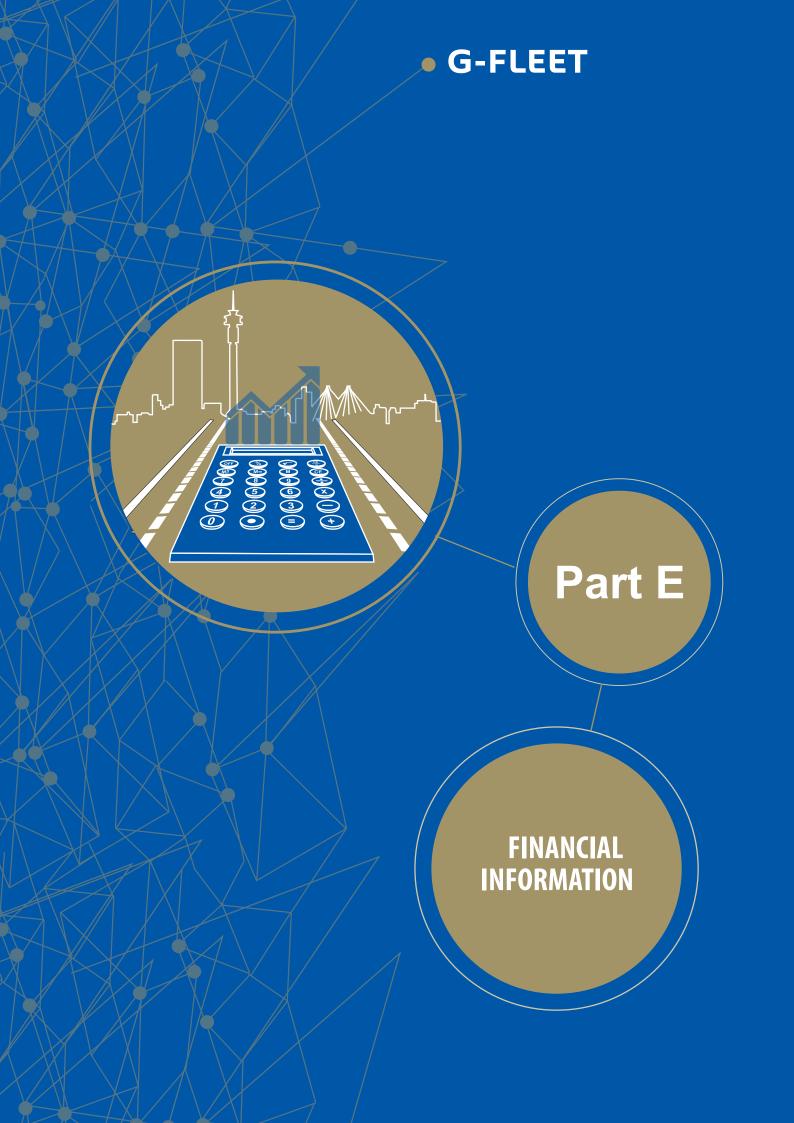
Table 3.15.4 Analysis of consultant appointments using donor funds, in terms of HDIs for the period 1 April 2018 and 31 March 2019

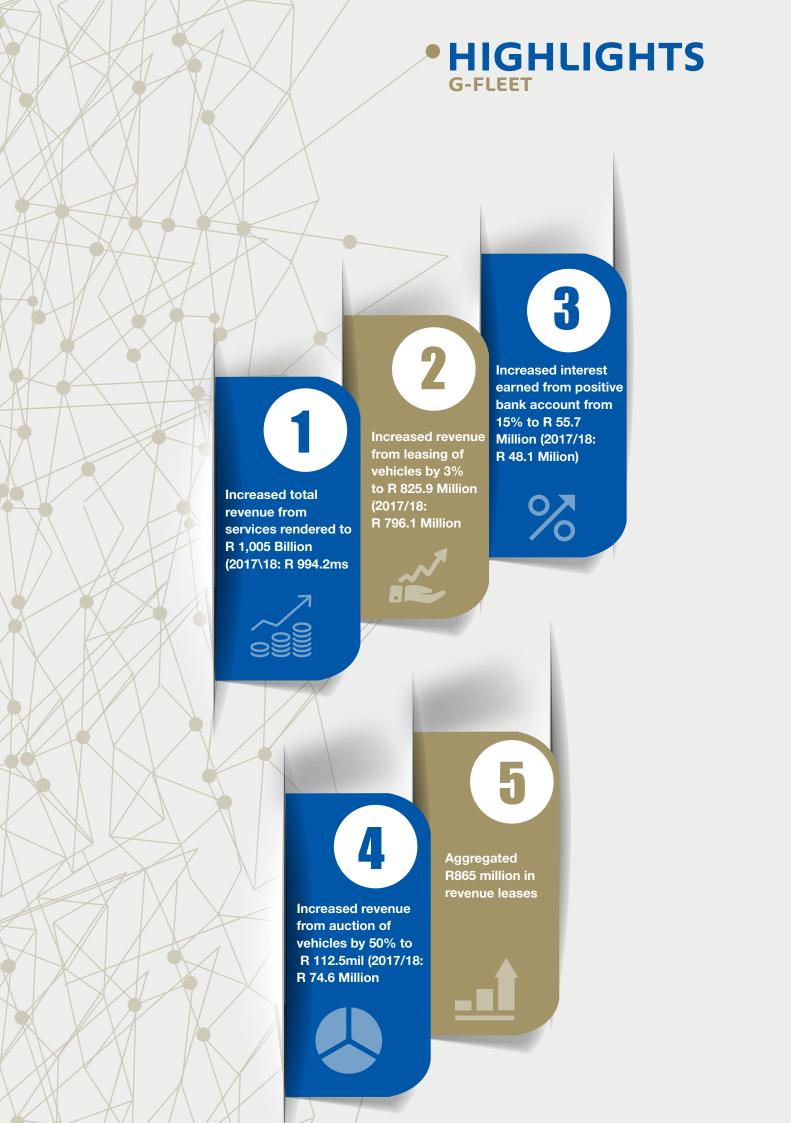
Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
0	0	0	0
0	0	0	0

## 3.16 Severance packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2018 and 31 March 2019

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by Department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly-skilled production (Levels 6-8)	0	0	0	0
Highly-skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0





#### 1. REPORT OF THE AUDITOR-GENERAL

# Report of the auditor-general to the Gauteng Provincial Legislature on g-FleeT Management

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

## Opinion

- 1. I have audited the financial statements of g-Fleet Management set out on pages 328 to 362, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets and the statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
- 2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the g-Fleet Management as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

#### Basis for opinion

- 3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
- 4. I am independent of the trading entitu in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code
- 5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of matters**

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

#### Material impairment

7. As disclosed in note 7 to the financial statements, receivables from exchange transactions balance was significantly impaired. The impairment provision of receivables amounted to R57 063 000 (2018: R51 221 000), which represents 20% (2018: 17%) of the total balance for receivables.

#### Restatement of corresponding figures

8. As disclosed in note 3 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of errors in the financial statements of the trading entity at, and for the year ended, 31 March 2019.

#### Responsibilities of accounting officer for the financial statements

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

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

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

#### REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

## Introduction and scope

- 13 In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
- 14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the trading entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
- 15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the trading entity for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 1 – Operational management services	264 – 266
Programme 2 – Corporate and financial management	266 – 272

- 16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 17. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

## Programme 2 – Corporate and Financial Management

#### ANNUAL TARIFF STRUCTURE SUBMITTED TO TREASURY FOR APPROVAL

18. The indicator approved in the annual performance plan was annual tariff structure submitted to Treasury for approval. However, the related target approved in the annual performance plan and reported in the annual performance report was implementation of the approved tariff 18/19, and, review of tariff for 19/120 FY for submission to Treasury for approval. Therefore the planned indicators and targets were not consistent.

#### PERCENTAGE OF MAINTENANCE EXPENDITURE ON GAUTENG TOWNSHIP BUSINESSES (AUTOMOTIVE)

- 19. I was unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined method of collection to be used when measuring the actual achievement for the indicator. This was due to a lack of technical indicator descriptions and I was unable to test whether the indicator was well-defined by alternative means as the reported achievement of 4% in the annual performance report did not agree to the supporting evidence provided for the target of 5%.
- 20. I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme:
- Programme 1 Operational management services

#### Other matter

21. I draw attention to the matter below.

#### Achievement of planned targets

22. Refer to the annual performance report on pages 264 to 272 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 18 to 19 of this report.

## Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Operational management services and Corporate and financial management. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

## Report on audit of compliance with legislation

### Introduction and scope

- 24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the trading entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 25. The material findings on compliance with specific matters in key legislations are as follows:

#### Annual financial statements

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 40(1)(b) of the PFMA. Material misstatements of property plant and equipment, receivables, depreciation and commitments identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified opinion.

#### Consequence Management

27. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA. This was because proper and complete records were not maintained as evidence to support the investigations into fruitless and wasteful expenditure.

#### **Expenditure management**

28. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R3 553 000, as disclosed in note 29 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.

#### **Procurement and Contract Management**

- 29. In some instances persons in service of other state institutions who had a private or business interest in contracts awarded by the trading entity participated in the process relating to that contract in contravention of treasury regulation 16A8.4.
- 30. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2.

#### OTHER INFORMATION

- 31. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
- 32. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 33. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

34. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### **INTERNAL CONTROL DEFICIENCIES**

- 35. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
- 36. The accounting officer did not take effective steps to implement effective oversight regarding the adequate systems of internal control for financial reporting, performance information reporting and the monitoring of compliance with laws and regulations.
- 37. The action plan to address the external and internal audit findings was not implemented fully as repeat findings were noted during the audit.
- 38. Senior management did not always implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting.
- 39. The accounting officer did not always ensure that controls over reconciliations, daily and monthly processing of transactions are implemented effectively for financial and performance reporting.
- 40. The accounting officer did not adequately review and monitor compliance with applicable laws and regulations.

Auditor - General

Johannesburg 31 July 2019



Auditing to build public confidence

### ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the trading entity's compliance with respect to the selected subject matters.

### **FINANCIAL STATEMENTS**

- 2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trading entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
- conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on g-FleeT Management's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a trading entity to cease continuing as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

- 3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- 4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.





### g-FleeT Management Financial statements

for the year ended 31 March 2018

### 2. ANNUAL FINANCIAL STATEMENTS



The reports and statements set out below comprise the financial statements presented to the provincial legislature:

PART	Е	FINANCIAL INFORMATION
- FART		STATEMENT OF FINANCIAL POSITION
	328	AS AT 31 MARCH 2019
		STATEMENT OF FINANCIAL PERFORMANCE
	329	FOR THE PERIOD ENDED 31 MARCH 2019
	330	STATEMENT OF CHANGES IN NET ASSETS
	330	STATEMENT OF CHANGES IN NET ASSETS
	331	CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2019
		FOR THE PERIOD ENDED 31 MARCH 2019
	332	ACCOUNTING POLICIES
	342	NOTES TO THE ANNUAL FINANCIAL STATEMENTS



### Statement of Financial Position as at 31 March 2019

	_	2019	2018 Restated*
	Note(s)	R '000	R '000
Assets			
Current Assets			
Inventories	4	21,758	40,553
Finance lease receivables	7	12,753	10,280
Receivables from exchange transactions	8	229,615	246,908
Prepayments	9	1,195	3,090
Other Receivables	32	102	-
Cash and cash equivalents	10	1,053,092	894,967
		1,318,515	1,195,798
Non-Current Assets			
Property, plant and equipment	5	1,459,485	1,286,835
Intangible assets	6	1,755	1,973
Finance lease receivables	7	20,549	25,334
Rental deposits	30	91	91
		1,481,880	1,314,233
Total Assets		2,800,395	2,510,031
Liabilities			
Current Liabilities			
Finance lease obligation	11	296	633
Payables from exchange transactions	13	101,091	72,415
Other Payables	14	8,075	13,559
		109,462	86,607
Non-Current Liabilities			
Finance lease obligation	11	14,673	14,878
Long-term leave accrual	12	3,068	2,594
	-	17,741	17,472
Total Liabilities		127,203	104,079
Net Assets		2,673,192	2,405,952
Accumulated surplus		2,673,190	2,405,948

# Statement of Financial Performance for the period ended 31 March 2019

		2019	2018 Restated*
	Note(s)	R '000	R '000
Revenue			
Revenue from exchange transactions			
Revenue from auction of vehicles	31	112,541	74,601
Revenue from leases	15	835,245	796,127
Realisation of property lease liability	18	1,200	1,200
Debt impairment reversal	16	-	66,317
Bad debts recovered	16	293	-
Other income	33	2,000	1,601
Interest received	17	63,811	54,422
Total revenue from exchange transactions		1,015,090	994,268
Expenditure			
Employee related costs	19	(84,628)	(80,725)
Depreciation and amortisation	39	(140,971)	(113,342)
Finance costs	34	(1,263)	(2,344)
Bad debts written off	35	-	(42,154)
Repairs and maintenance	37	(132,106)	(125,766)
Cost of sales	36	(131,386)	(89,167)
General expenses	20	(257,495)	(249,049)
Total expenditure		(747,849)	(702,547)
Surplus for the year		267,241	291,721

# **Statement of Changes in Net Assets**

	Accumulated surplus R '000	Total net assets R '000
Balance at 01 April 2017 Surplus for the year	<b>2,114,227</b> 291,721	<b>2,114,227</b> 291,721
Total changes	291,721	291,721
Balance at 01 April 2018 Surplus for the year	<b>2,405,949</b> 267,241	<b>2,405,949</b> 267,241
Total changes	267,241	267,241
Balance at 31 March 2019	2,673,190	2,673,190

Note(s)

# Cash Flow Statement for the period ended 31 March 2019

		2019	2018 Restated*
	Note(s)	R '000	R '000
Cash flows from operating activities			
Receipts			
Revenue from leases		865,056	784,370
Interest income		55,798	48,103
Revenue from auction of vehicles		111,931	60,597
Income from transport fees		1,899	1,532
		1,034,684	894,602
Payments			
Employee costs		(84,844)	(78,754)
Operating Expenditure and repairs and maintance		(493,443)	(368,586)
Finance costs		-	(1,056)
		(578,287)	(448,396)
Net cash flows from operating activities	21	456,397	446,206
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(301,150)	(295,977)
Purchase of other intangible assets	6	-	(262)
Purchase of finance lease receivables		-	624
Proceeds from sale of finance lease receivables		4,683	2,088
Net cash flows from investing activities		(296,467)	(293,527)
Cash flows from financing activities			
Capital repayment of finance lease obligation		(542)	(230)
Interest repayment on finance lease obligations		(1,263)	(648)
Net cash flows from financing activities		(1,805)	(878)
Net increase/(decrease) in cash and cash equivalents		158,125	151,801
Cash and cash equivalents at the beginning of the year		894,967	743,166
Cash and cash equivalents at the end of the year	10	1,053,092	894,967

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Accounting Policies**

### 1. Background

g-FleeT is a provincial Trading Entity, which reports to the Accounting Officer of the Gauteng Department of Roads and Transport, its controlling entity. The mandate of the entity is to be the leading provider of fleet management services within government. The Entity is incorporated and operates in the Republic of South Africa.

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 40(1) of the Public Finance Management Act, 1, 1999 (PFMA). These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below. The Entity has not applied any transitional provisions during the current period.

### 1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity, unless stated otherwise the financial statement figures are rounded to the nearest thousand.

### 1.2 Going concern assumption

Management is not aware of any matters or circumstances arising since the end of the financial year that were otherwise not dealt with in the Financial Statements, which significantly affect the financial position of the Entity or the results of its operations. These Financial Statements have been prepared based on the expectation that the Entity will continue to operate as a going concern for at least the next 12 months.

### 1.3 Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP

### 1.4 Significant judgements and sources of estimation uncertainty

### **Estimates**

The preparation of financial information requires the use of estimates and assumptions about future conditions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Management has made the following accounting estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

### Impairment testing

The Entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible and intangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including trade values and retail values together with economic factors such as interest rates.

### **Provisions**

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

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Accounting Policies**

### 1.4 Significant judgements and sources of estimation uncertainty (continued)

### Impairment of Trade and other receivables

The Entity makes provision for doubtful debts relating to all long outstanding debts from customers. In determining the value of doubtful debts, the Entity estimates future expected cash flows arising from those receivables which, in its judgement, are impaired.

### Useful lives and residual values of property, plant and equipment (PPE)

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. Reassessments of useful lives and residual values are performed annually after considering factors such as the condition of the asset, maintenance programmes, and relevant market information, and manner of recovery. In re-assessing residual values, the Entity considers the remaining life of the asset and its projected disposal value.

### Significant judgements

In the process of applying the accounting policies of the Entity, management has made the following judgements which have a significant effect on the amounts recognised in the financial statements:

### Classification of leases

The Entity has entered into lease agreements acting as both a lessor and lessee. The Entity uses judgement to determine, based on the evaluation of the terms and conditions of lease agreements, the appropriate treatment of the leases as either finance leases or operating leases.

### Contingent liabilities

The existence of the obligation arising from legal claims against the Entity may only be determined through the outcome of legal proceedings. Management applies its judgement in determining whether a present obligation exists, and therefore whether these claims should be recognised as provisions or disclosed as contingent liabilities.

### Cash- and non-cash generating assets

Management has applied its judgement in determining that all the entity's assets are cash generating. The entity is required to sustain itself financially and all assets are employed in generating enough profit and cash flow to remain self-sustained.

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Accounting Policies**

### 1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Initial recognition and measurement

Property, plant and equipment is initially measured at cost on its acquisition date.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

### Subsequent measurement

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the expenditure will flow to the Entity and the cost or fair value of the subsequent expenditure can be reliably measured.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Depreciation commences when the asset is available for use. The residual value, useful life and depreciation method for each asset are reviewed at the end of each reporting period. If expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Item	Depreciation method	Average useful life	
Machinery and tools	Straight line	5 Years	
Furniture and office equipment	Straight line	5 - 25 years	
Motor vehicles	Straight line	•	
<ul> <li>Motor vehicles- passenger</li> </ul>	•	7 years	
Motor vehicles - commercial		11 years	
Computer equipment	Straight line	3 - 6 years	
Leasehold improvements	Straight line	20 - 30 years	
Leased assets	Straight line	Lease term	
Assets under construction	Straight line	Not depreciated	

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Assets capitalised under finance lease 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.

### Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gains or losses arising from derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised.

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Accounting Policies**

### 1.6 Intangible assets

Initial recognition and measurement

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets.

Intangible assets are initially recognised at cost. The cost of intangible assets is the purchase price of the computer software purchased and any installation costs incurred.

### Subsequent measurement

Intangible assets are shown at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the intangible asset's useful life, which is estimated to be between 2 - 9 years. Amortisation commences when the intangible asset is available for use. The estimated useful life, residual values and amortisation method are reviewed at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate.

### Derecognition

Intangible assets are derecognised when the computer software is replaced or no longer used. The gain or loss arising on the disposal or retirement of an intangible asset is recognised in the Statement of Financial Performance.

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Accounting Policies**

### 1.7 Financial instruments

A financial asset is any asset that is a cash or contractual right to receive cash or other financial asset. A financial liability is a contractual obligation to deliver cash or another financial asset to another Entity.

The Entity has the following types of financial assets:

- . Receivables from exchange transactions
- . Cash and cash equivalents
- . Finance lease receiveable

The Entity has the following types of financial liabilities:

- . Payables from exchange transactions
- . Finance lease obligation

The financial assets and liabilities of the Entity have all been classified as carried at amortised cost.

Initial recognition and measurement

Financial instruments are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instrument. Financial instruments are recognised when the Entity becomes a party to the contract.

Subsequent measurement

Trade and other receivables from exchange transactions

Trade and other receivables are stated at amortised cost using the effective interest rate method, less a provision for impairment. Trade and other receivables are assessed for indicators of impairment at each reporting date. Trade and other receivables are impaired where objective evidence of impairment exists, either individually or collectively for receivables that are not individually significant. If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

If in the subsequent year the amount of the estimated impairment loss increases or decreases the previously recognised impairment provision will be increased or reduced.

Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at amortised cost using the effective interest rate method. Cash and cash equivalents comprise cash at banks and short-term deposits.

Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest rate method.

Derecognition

The Entity derecognises financial assets, where applicable, a part of a financial asset or part of a group of similar financial assets when:

- the contractual right to the cash flows from the financial asset expire, are settled or waived;
- the Entity transfers to another party substantially all the risks and rewards of ownership of the financial asset; or
- the Entity, despite having retained some significant risks and rewards of ownership of the financial asset, has
  transferred control of the asset to another party and the other party has the practical ability to sell the asset in its
  entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose
  additional restrictions on the transfer.

Derecognition thus occurs when trade and other receivables are settled by the client, and when cash balances are withdrawn from the bank or disbursed.

The Entity derecognises financial liabilities when the obligation under the liability is discharged or cancelled or expires. Derecognition thus occurs when the liability has been paid.

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Accounting Policies**

### 1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

### Finance leases - lessor

Amounts due from lessees under finance leases are recorded as receivables at commencement of the lease, and measured at the amount of Entity's net investment in the leases.

The Entity recognises gains or losses arising from the sale in terms of the finance lease at inception of the lease. The gain or loss is determined by the difference between the net investment in the lease and the carrying value of the vehicle. The gain or loss is included in surplus or deficit.

During the lease term, finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Entity's net investment outstanding in respect of the leases. The accounting policy for impairment of trade and other receivables is also applied to impairment of the net investment in lease receivable.

The accounting policy for derecognition of trade and other receivables is also applied to derecognition of the net investment in lease receivable. At the end of the lease term, the Entity recognises the unguaranteed residual value of the leased vehicle as part of property plant and equipment. If at the end of the lease term the lessee is still in possession of the leased vehicle, the lease is then accounted for as month-to-month lease contract.

### Finance leases - lessee

Where the Entity enters into a finance lease, 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. Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment.

Corresponding liabilities are included in the Statement of Financial Position as finance lease liabilities. Lease payments are allocated between the lease finance cost and the capital repayment. The finance charge is allocated to each period during the lease term so as to achieve a constant rate of interest on the outstanding liability. The accounting policy for derecognition of trade and other payables is also applied to derecognition of the finance lease payable.

### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The Entity does not include lease rental escalation clauses in the agreements. Revenue for operating leases is disclosed under revenue from exchange transactions in the Statement of Financial Performance. Costs, including depreciation, incurred in earning the lease revenue are recognised as an expense. Revenue related to fleet management services is recognised as the service is rendered.

### 1.9 Inventories

Inventory comprises of items of property, plant and equipment that was previously held for rental. Inventories are recognised at the carrying amount of the item of property, plant and equipment when management decide to sell it.

Inventory write downs to net realisable value and all losses of inventories are recognised as an expense in the period the write down or the loss occurs. Reversals of write downs of inventories arising from an increase in net realisable are recognised as a reduction in the inventories recognised as an expense in the period the reversal occurs.

When inventories are sold the carrying amount is recognised as an expense in the period the related revenue is recognised.

### 1.10 Impairment of cash-generating assets

Cash-generating assets are those assets held by the Entity with the primary objective of generating a commercial return. The Entity assesses at each reporting date whether there is an indication that assets may be impaired. If any indication exist, or when annual impairment testing for assets is required, the Entity estimates the asset's recoverable amount.

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Accounting Policies**

### 1.10 Impairment of cash-generating assets (continued)

An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for the individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. In determining fair value less costs of disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The reversal of the loss is recognised as part of the surplus or deficit in the Statement of Financial Position.

### 1.11 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits includes:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the
  absences is due to be settled within twelve months after the end of the reporting period in which the employees
  render the related employee service:
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the Entity during a reporting period, the Entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the
  undiscounted amount of the benefits, the Entity recognise that excess as an asset (prepaid expense) to the extent
  that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The Entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Entity recognises the expected cost of bonus, incentive and performance related payments when the Entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the Entity has no realistic alternative but to make the payments.

### 1.12 Commitments

Commitments are disclosed for contracts that are entered into before the reporting date, but goods and services have not yet been received.

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Accounting Policies**

### 1.13 Revenue from exchange transactions

Revenue comprises the fair value received of the consideration received or receivable for the sale of goods and services in the ordinary course of the Entity's activities.

The entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Entity and when specific criteria have been met for each of the Entity's activities as described below.

### Revenue from auction of vehicles

All revenue from the sale of goods arises from the sale of vehicles previously leased to clients. All vehicles are sold via auction. Revenue from the sale of vehicles is recognised once the appointed auctioneers have provided evidence that the vehicle was sold on auction, and provided the price at which the vehicle was auctioned. Revenue is measured at the price determined on auction.

### Kilometre tariffs

Revenue from excess kilometres (kilometres in excess of the contracted kilometres) is charged as the excess kilometre are travelled.

### Income from other services relating to leases

For lease arrangements, a portion of the payments made by clients are for providing services ancillary to the lease, such as administration and tracking the vehicle. These payments are recognised on a straight-line basis over the term of the lease.

### Transport services to government employees

The entity earns revenue from providing transport services to government employees from other Government Departments impacted by the relocation of Provincial Governments from Pretoria to Johannesburg after the 1994 elections. Transport service revenue is recognised once a trip is completed.

### Interest

Interest from bank accounts is recognised using the effective interest method.

Interest on finance lease receivables is recognised from commencement of the lease until the finance lease is settled, based on the interest rate implicit in the lease as determined at inception of the lease.

### **Recoveries from clients**

Toll, fuel, oil, accident and traffic fine revenue is a direct charge and recoverable from the clients. This revenue is recognised when the client incurs the cost.

### **Income Tax**

In terms of Income tax Act No.58 of 1962, Section 10 Exemptions, subsection 1 " There shall be exempt from the tax (a) the receipts and accruals of the Government, any provincial administration or of any other state "

### Value Added Tax (VAT)

g-FleeT Management is currently not registered as a VAT vendor.

### 1.14 Finance costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Accounting Policies**

### 1.15 Comparative figures

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are reclassified. Prior period comparative amounts have also been restated for all prior period errors. The nature, amounts and reasons for the restatements and reclassifications are disclosed.

### 1.16 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. Fruitless and wasteful expenditure is also disclosed in the notes to the financial statements.

### 1.17 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense or a assets in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Irregular expenditure is recorded in the notes to the Financial Statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine in which case reasons therefore is provided in the note. Irregular expenditure is disclosed in the notes to the financial statements and removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery.

### 1.18 Related parties

Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### 1.19 Events after the reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);
- those that are 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. All non-adjusting events are disclosed in the notes to the financial statements.

### 1.20 Standards of GRAP approved but not required to be applied by the entity

Standard/Interpretation: Legislatures and Effective date: Years Expected Impact: beginning on or after

GRAP 18 Segment Reporting 1 April 2019 Unlikely there will be a

material impact

### **Accounting Policies**

### 1.20 Standards of GRAP approved but not required to be applied by the entity (continued)

GRAP 20	Related Party Disclosures	1 April 2019	Not expected to impact results but may result in additional disclosure
GRAP 32	Service Concession Arrangements: Grantor	1 April 2019	Unlikely there will be a material impact
GRAP 107	Mergers	1 April 2019	Unlikely there will be a material impact
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	1 April 2019	Unlikely there will be a material impact
GRAP 105	Transfer of Functions Between Entities Under Common Control	1 April 2019	Unlikely there will be a material impact
GRAP 108	Statutory Receivables	1 April 2019	Unlikely there will be a material impact
GRAP 109	Accounting by Principals and Agents	1 April 2019	Unlikely there will be a material impact
GRAP 110	Living and Non-living Resources	1 April 2020	Unlikely there will be a material impact

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Notes to the Annual Financial Statements**

2019	2018
R '000	Restated* R '000

### 2. Change in Estimate

During the period under review the estimated useful lives of 501 Motor Vehicles were increased from 7 years to 8 years for the passenger vehicles (339) and from 11 years to 12 years for commercial vehicles (158).

Depreciation expense for the year  Motor Vehicles - Passenger Motor Vehicles - Commercial	Depreciation	Depreciation	Impact of
	on original	on revised	change in
	estimate	estimate	estimate
	2,387	1,194	(1,194)
	802	401	(401)
	3,189	1,595	(1,595)

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Notes to the Annual Financial Statements**

2019 2018 Restated\* R '000 R '000

### 3. Prior Period Error

The following prior period errors were identified during the year

# Error 1: Vehicles sold in the prior years were incorrectly recorded in the 2018/2019 financial year period in the Property, Plant and Equipment Register

During 2018/19, audit findings were raised with respect to the accounting for motor vehicles. Work was performed in order to correct the fixed asset register, but some errors were made when transferring to motor vehicles to inventory register and in presenting the Property, plant and equipment note.. The impact of correcting the error is as follows:

### Statement of financial position: Non-current assets

Increase in Inventory Increase in Accumulated Depreciation Decrease in Property, Plant and Equipment	6,348 2,819 (9,167)
Statement of financial position: Non-current assets	-
Decrease in Property, Plant and Equipment Increase in Accumulated Depreciation	130 (130)
	<u>-</u>
Statement of Net Assets  Increase in opening balance accumulated surplus	-

# Error 2: Vehicles sold in the prior years were incorrectly recorded in the 2018/2019 financial year period in the Inventory Register

During 2017/18 financial year it was identified that there were suspense accounts relating to suppliers payments which have not being paid to the suppliers. The outcome was a set of journal entries to be passed in order to correct creditors balances and expense balances. The purpose of the journal is to clear the suspense account for the prior year. The impact of correcting the error is as follows:

### Statement of financial performance

Increase in cost of sales

Decrease in inventory write down	(42)
	7,136
Statement of financial position: Non-current assets	
Increase in Inventory provision	81
Decrease in Inventory	(7,217)
	(7,136)

<sup>\*</sup> See Note

343

7,178

### **Notes to the Annual Financial Statements**

2019	2018 Restated*
	Restated*
R '000	R '000

### Error 3: Work in progress disclosed as a separate class under PPE and not within the class to which it relates

During 2018/19. Work in progress disclosed as a separate class under PPE and not within the class to which it relates

### Statement of financial position: Non-current assets

Increase in Furniture and Fixtures cost

Decrease in Assets under construction cost

Statement of financial position: Non-current assets	
Increase in Leasehold improvement cost	73,898
Decrease in assets under construction cost	(73,898)
Decrease in Accumulated Impairment on assets under construction	6,419
Increase in Accumulated depreciation and impairment in leasehold improvement	(6,419)

3,061 (3,061)

### Inventories

Vehicles held for sale	22,984	42,722
Inventories (write-downs)	22,984 (1,226)	42,722 (2,169)
	21,758	40,553
Carrying value of inventories carried at fair value less costs to sell	856	3,037
Inventories recognised as an expense during the year	131,386	89,167

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statements for the year ended 31 March 2019

# Notes to the Annual Financial Statements

Figures in Rand thousand

# 5. Property, plant and equipment

		2019			2018	
	Cost / Valuation	Accumulated Carrying value depreciation and accumulated impairment	arrying value	Cost / Valuation	Accumulated Carrying value depreciation and accumulated impairment	rrying value
Machinery and Tools	63	(63)	30	93	(63)	30
Furniture and fixtures	20,779	(7,225)	13,554	19,371	(5,931)	13,440
Motor vehicles	1,705,380	(392,129)	1,313,251	1,498,359	(356,521)	1,141,838
Leasehold improvements	140,301	(20,555)	119,746	136,206	(18,159)	118,047
Leased Property	14,647	(1,923)	12,724	14,647	(1,775)	12,872
Leased machinery and cellphones	14,289	(14,109)	180	14,385	(13,777)	809
Total	1,895,489	(436,004)	1,459,485	1,683,061	(396,226)	1,286,835

# Reconciliation of property, plant and equipment - 31 March 2019

Total	30	13,554	1,313,251	119,746	12,724	180	1,459,485
epreciation	•	(1,294)	(136,376)	(2,397)	(148)	(238)	(140,754)
Vehicle losses Depreciation	•	•	(2,816)		•	•	(2,816)
Transfers Ve (to)/from inventory	•	•	(120,840)	•	•	•	(120,840)
Disposal on finance lease arrangement	•	•	(8,434)	•	•	•	(8,434)
Additions [i	•	1,408	439,879	4,096	•	111	445,494
Opening balance	30	13,440	1,141,838	118,047	12,872	809	1,286,835
	Machinery and Tools	Furniture and fixtures	Motor vehicles	Leasehold improvements	Leased Property	Leased machinery and cellphones	



# Notes to the Annual Financial Statements

Figures in Rand thousand

# Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 March 2018

	Opening balance	Additions	Transfer from WIP to PPE	Transfers to other	Transfer from Transfers to Disposal on WIP to PPE other finance lease	Transfers V (to)/from	Transfers Vehicle losses Depreciation Impairment (to)/from	epreciation	Impairment Ioss	Total
			item	institutions	arrangement	inventory				
Machinery and Tools	30	•	•	•	,	. '	•	•	•	30
Furniture and fixtures	8,336	3,502	3,061	•	•	•	•	(1,459)	•	13,440
Motor vehicles	1,092,048	298,156	•	(745)	(21,624)	(117,461)	(1,955)	(106,581)	•	1,141,838
Leasehold improvements	53,336		73,898			` '	` '	(3,916)	(5,271)	118,047
Assets under construction-WIP	69,503	2,185	(76,959)	•	•	•	•		5,271	•
(Buildings)										
Leased Property	13,020	•	•	•	•	•	•	(148)	•	12,872
Leased machinery and	1,115	513	•	•	•	•	•	(1,020)	•	809
cellphones										
	1,237,388	304,356	•	(745)	(21,624)	(117,461)	(1,955)	(113,124)		1,286,835

# Pledged as security

The entity does not have any assets held as security, surety or pledge.

# Assets under construction -WIP

The total accumulated expense recognised for assets under construction relates to buildings.

Construction of assets with a carrying value of R 66 777 426 (2018: R 71 688 000) was halted, except for minor deliveries made in 2019, as result of legal claims instituted against the entity. In 2015 an impairment of R 5 271 was recognised, subsequently no further impairment has been recognised as there are no indicators of a possible impairment. Construction of assets consists of Furniture and Fixtures amounting to R 3 060 287.41 and Leasehold improvement (Building) amounting to R 63 717 138.59. The reason why the construction of the building is taking long is that the supplier has taken g-FleeT Management to court over disputed unpaid invoices during October 2012 year and the matter has been at the court since.

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Notes to the Annual Financial Statements**

2019	2018
R '000	2018 Restated* R '000

### 6. Intangible assets

		2019	_		2018	
	Cost / Valuation	Accumulated Camortisation and accumulated impairment	arrying value	Cost / Valuation	Accumulated C amortisation and accumulated impairment	arrying value
Computer software	2,737	(982)	1,755	2,737	(764)	1,973

### Reconciliation of intangible assets - 31 March 2019

	Opening balance	Amortisation	Total
Computer software	1,973	(218)	1,755

### Reconciliation of intangible assets - 31 March 2018

Reconciliation of intangible assets - 31 March 2018				
	Opening balance	Additions	Amortisation	Total
Computer software	1,929	262	(218)	1,973
7. Finance lease receivables				
Gross investment in the lease due				
- within one year			25,928	23,652
- in second to fifth year inclusive			33,841	40,410
		1	59,769	64,062
less: Unearned finance revenue			(20,916)	(22,896)
Present value of minimum lease payments receivable			38,853	41,166
less: allowance for uncollectible minimum lease payments			(5,552)	(5,552)
			33,301	35,614
Present value of minimum lease payments due				
- within one year			12,752	10,280
- in second to fifth year inclusive			20,549	25,334
			33.301	35.614

The entity entered into finance leasing arrangements for certain of its motor vehicles.

The average lease term is 4.5 years and the average effective lending rate is 3%.

None of the finance lease receivables have been pledged as security for liabilities or contingent liabilities.

### Finance lease receivables impaired

Reconciliation of	provision	for	impairment
Onening halance			

Opening balance 5,552 5,552

<sup>\*</sup> See Note

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Notes to the Annual Financial Statements**

		2019	2018 Restated*
		R '000	R '000
8. Receivables from exchange transactions			
Trade receivables		186,872	205,984
Other receivables - Revenue from auction of vehicles		41,532	40,924
Other debtors - Traffic fines and accident claims		1,211	
		229,615	246,90
Balance as at 31 March 2019	Gross Balance	Impairment provision	Net balance
Trade Receivables	228,477	(41,604)	186,873
Other receivables - Revenue from auction of vehicles	41,532	-	41,532
Other debtors - Traffic fines and accident claims	16,669	(15,459)	1,210
	286,678	(57,063)	229,61
Balances as at 31 March 2018:	Gross Balance	Impairment provision	Net balance
Trade Receivables	241,746	(35,762)	205,984
Other receivables - Revenue from auction of vehicles	40,924	-	40,924
Other debtors - Traffic fines and accident claims	15,459	(15,459)	<u> </u>
	298,129	(51,221)	246,908

g-FleeT's fundamental objective (and mandate) is focused toward servicing all Government Departments within South Africa. As a result all receivables are due from Provincial and National Departments, including Public Entities and Municipalities respectively.

Trade and other receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:

Reconciliation of provision for impairment of trade and other receivables from exchange transactions  Opening balance Changes to the Statement of Financial Performance	(35,763) (5,841)	(102,079) 66,317
	(35,763)	(102,079)
Reconciliation of provision for impairment of trade and other receivables from exchange transactions		
	178,213	155,104
Greater than 120 days	125,585	51,293
91 to 120 days	6,336	24,134
61 to 90 days	5,149	38,705
31 to 60 days	41,143	40,972

<sup>\*</sup> See Note

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Notes to the Annual Financial Statements**

2019	2018 Restated*
	Restated*
R '000	R '000

### 9. Prepayments

Prenayments

During the current period the entity made prepayments to Gauteng Department of Roads and Transport relating to registration of vehicles and renewal of vehicle licenses, and to Sanral for e-toll costs.

repayments	1,130	3,030
		<u> </u>
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		

	1.053.092	894.967
Bank balances	1,053,088	894,963
Cash on hand	4	4

### 10.1 Bank Accounts

### Primary bank account - First National Bank

First National Bank Account		
Bank Statement balance at the end of the year	644,452	514,678

### South African Reserve Bank SARB Account

Bank Statement balance at the end of the year	408,635	380,000

1 105

<sup>\*</sup> See Note

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Notes to the Annual Financial Statements**

	2019 R '000		2018 testated*	
		17 000	<del></del>	
11. Finance lease obligation				
Non-current liabilities Current liabilities	14,6 2	673 14 296	-,878 633	
	14,9	69 15	,511	
As at 31 March 2019	Minimum lease payments	finance of charges	esent value f minimum lease payments	
Within One Year Within Two To Five Years Later Than Five Years	1,513 4,837 97,200	(1,217) (4,796) (82,568)	296 41 14,632	
Subtotal Less: Amount Due Within One Year	103,550 (1,513)	(88,581) 1,217	14,969 (296	
	102,037	(87,364)	14,673	
As at 31 March 2018	Minimum lease payments	finance of charges	esent value f minimum lease	
Within One Year Within Two To Five Years Later Than Five Years	1,892 5,051 98,400	(1,259) (4,806) (83,766)	payments 633 245 14,634	
Subtotal Less: Amount Due Within One Year	105,343 (1,892)	(89,831) 1,259	15,512 (633	
	103,451	(88,572)	14,879	

The lease periods of agreements entered into by g-FleeT in the capacity as a lessee ranges from 2 to 99 years. Interest rates vary per lease agreement. The finance lease obligations, are secured by finance lease assets included in Property, Plant and Equipment.

The average lease term is 34.6 years and the average effective borrowing rate was 10.5%

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to Note 3

### 12. Long-term leave accrual

The long-term leave accrual represents the amounts of capped leave still due to employees who have not yet resigned or retired.

Opening balance Changes to the Statement of Financial Performance	2,594 474	2,790 (196)
	3,068	2,594
13. Payables from exchange transactions		
Trade payables	101.091	72.415

<sup>\*</sup> See Note

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Notes to the Annual Financial Statements**

	2019	2018 Restated* R '000
	R '000	
14. Other payables		
Salary Payable to DRT	-	991
Performance bonus accrual	928	670
Debtors with credit balances	2,380	5,941
Leave pay accrual	2,538	3,707
Service bonus and long service award accrual	2,229	2,250
	8,075	13,559

### Performance bonus accrual

Accruals were raised for performance bonusses that are due within the next 12 months.

### Leave pay accrual

In terms of the Determination on Leave of Absence in the Public Service employees are entitled to annual leave with full pay during each leave cycle of 12 months, commencing on 1 January of each year. The remaining leave days, if any, must be taken no later than 6 months after the expiry of the relevant leave cycle, where after unused leave credits shall be forfeited.

### Service bonus and long service award accrual

Accruals were raised for service bonus (13th cheque) and long service award which are due within the next 12 months.

### **Debtors with credit balances**

The debtors with credit balances at the end of the year have been reclassified to trade payables.

### 15. Revenue from Leases

Services income Operating Lease Toll Fees Fuel and Oil Traffic and Accident claims Gain on Finance lease disposal	11,267 639,802 5,129 170,809 1,479 6,759	8,382 621,791 4,863 156,394 2,318 2,379
	835,245	796,127
16. Debt Impairment (Reversal)		
Bad debts recovered Receivables from exchange transactions impairment	293	- 66,317
	293	66,317
17. Interest received		
Interest revenue	55 709	49 402
Bank Interest on finance lease receivables	55,798 8,013	48,103 6,319
	63,811	54,422

<sup>\*</sup> See Note

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Notes to the Annual Financial Statements**

2019	2018 Restated*
R '000	R '000

### 18. Realisation of Property Lease Liability

1,200 Realisation of Property Lease Liability 1,200

During 2009, the then Gauteng Department of Public Transport Roads and Works entered into a rental agreement with the Gauteng Department of Infrastructure Development on behalf of g-FleeT. In terms of this lease agreement, the monthly rental is R 100,000 per month (amounting to a R 1,2 million per annum) over the 99 year lease period. The rental agreement does not provide for any inflation, or inflationary adjustments.

The lease agreement further stipulates that the rental fees as paid by g-FleeT, that is in respect of the Entity's Head Office (situated at No. 16 Boeing Road East, Bedfordview) should be set off against any expenditure incurred by the Entity relating to leasehold improvements.

The Entity has recognised this contract as a finance lease, and therefore accounts for this benefit as revenue from exchange transactions given the improvements that have been effected by g-FleeT.

### 19. Employee related costs

Average number of employees	280	299
	84,628	80,725
Housing benefits and allowances	4,909	4,920
Acting allowances	923	-
13th Cheques	4,372	4,504
Overtime payments	1,353	1,787
Other short term costs	(590)	(156)
Leave pay accrual	355	720
Workmen's Compensation Act contribution	19	18
Pension	7,026	6,775
Medical aid - company contributions	4,393	3,902
Performance Bonus	1,172	763
Basic Salary	60,696	57,492

Other employee related costs consists of expenditure relating to compensation due to injury on duty and other miscellaneous compensation that may have occurred in the year.

### **Notes to the Annual Financial Statements**

	2019	2018
	R '000	Restated* R '000
20. General expenses		
Advertising	526	57
Auditors remuneration	5,289	6,208
Bank charges Consulting and professional fees	9 435	17 5,569
Consumables	2,180	1,919
Debt Impairment expense	5,841	1,919
Entertainment	373	57
Conferences and seminars	1,115	735
License fees - software	462	4,756
Levies	371	444
Motor vehicle expenses	7	6
Fuel and oil	183,720	164,791
Postage and courier	113	60
Printing and stationery	515	4,007
Security	4,586	3,876
Subscriptions and membership fees	12	11
Training	1,513	1,307
Travel - local	886	941
Tracking expenses	18,804	15,897
Vehicle theft and losses	2,816	15,387
Rental expenses - operating lease	3,791	3,144
License fees - vehicles Motor vehicle expenses - (RT46 costs)	4,546 18,721	6,204 12,413
Other expenses	2	12,413
Inventory write down to net realisable value	862	1,243
The next salicable value	257,495	249,049
24 Cook governed from energians		.,.
21. Cash generated from operations	007.044	004.704
Surplus	267,241	291,721
<b>Adjustments for:</b> Depreciation and amortisation	140,971	118,535
Interest income	(8,013)	(6,319
Finance costs - Finance lease	1,263	1,286
Debt impairment (Reversal)	293	(66,317
Realisation of lease property	(1,200)	(1,200
	(6,759)	(2,379
	(-,)	42,154
Gain on finance lease disposal	-	42.104
Gain on finance lease disposal Bad debts written off	- 862	
Gain on finance lease disposal	- 862 3,048	2,250
Gain on finance lease disposal Bad debts written off Inventory write-down to NRV		2,250 15,387
Gain on finance lease disposal Bad debts written off Inventory write-down to NRV Vehicle Theft and losses Changes in working capital:		2,250
Gain on finance lease disposal Bad debts written off Inventory write-down to NRV Vehicle Theft and losses	3,048 16,311 17,293	2,250 15,387 26,656 33,815
Gain on finance lease disposal Bad debts written off Inventory write-down to NRV Vehicle Theft and losses Changes in working capital: Inventories	3,048 16,311 17,293 1,895	2,250 15,387 26,656
Gain on finance lease disposal Bad debts written off Inventory write-down to NRV Vehicle Theft and losses Changes in working capital: Inventories Receivables from exchange transactions Prepayments Payables from exchange transactions	3,048 16,311 17,293 1,895 28,676	2,250 15,387 26,656 33,815 413 (12,576
Gain on finance lease disposal Bad debts written off Inventory write-down to NRV Vehicle Theft and losses Changes in working capital: Inventories Receivables from exchange transactions Prepayments	3,048 16,311 17,293 1,895	2,250 15,387 26,656 33,815 413

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Notes to the Annual Financial Statements**

2019	2018
R '000	Restated* R '000

### 22. Financial instruments disclosure

### Categories of financial instruments

### 31 March 2019

### Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	229,615	229,615
Cash and cash equivalents	1,053,092	1,053,092
	1,282,707	1,282,707

### Financial liabilities

	At amortised	Total
	cost	
Trade and other payables from exchange transactions	101,091	101,091

### 31 March 2018

### Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	246,908	246,908
Cash and cash equivalents	894,967	894,967
	1,141,875	1,141,875

### **Financial liabilities**

	At amortised cost	Total
Trade and other payables from exchange transactions	72,415	72,415

### Liquidity risk

gFleet's exposure to liquidity risk consists of the risk that it will not have sufficient cash to pay liabilities as they fall due. gFleet manages liquidity risk so as to maintain a positive cash balance.

The total exposure to liquidity risk is represented by the trade and other payables and finance lease payable balance in these financial statements.

The entity manages liquidity risk through an ongoing review of future commitments. Through this review, the Entity ensures that it has sufficient cash on demand or access to facilities to meet expected operational and capital expenses. The table below analyses the Entity's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual date. The amounts disclosed in the table are the contractual undiscounted cash flows. The maturity profile for finance lease maturity payables is disclosed in the finance lease obligations note.

The following is an analysis of the age of accounts receivable that are past due as at the reporting date but not impaired.

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Notes to the Annual Financial Statements**

	2019	2018
	R '000	Restated* R '000
. Financial instruments disclosure (continued)		
Financial assets past due - Accounts Receivable:		
More than 30 days and not more than 60 days	41,143	40,972
More than 60 days and not more than 90 days	5,149	114,132
More than 90 days	131,921	-
	178,213	155,104
Maturity of financial liabilities - 31 March 2019		Due within 1
Payables from exchange transactions		month 101,091

### Credit risk

Credit risk consists of cash and cash equivalents and receivables. g-Fleet Management considers it's credit risk minimised as the entity only hold cash with major banks with high quality credit standing and Trade and other receivables comprise of a Government customer base. Government debt is considered recoverable. All debtors that are neither past due not impaired are thus considered to be recoverable, although recovery may not be within the contractually agreed timeframes. The entity continues to render services to its defaulting customers so as to ensure government service delivery is not impeded by its clients.

gFleet establishes an impairment that represents its estimate of potential losses in respect of trade receivables. Further credit risk information is provided in the notes for Receivables from exchange transactions and Finance lease receivables.

### Interest rate risk

The Entity is not entitled to charge interest on overdue debtors. The interest arising from finance lease receivables and payables arises from the interest rate implicit in leases, and is not affected by market interest rates. Thus, the entity's exposure to cash flow interest rate risk arises if it is required to pay interest on overdue trade and other payables. The extent of this risk amounts to market interest rates applied to the trade and other payables balance.

The entity has a policy of paying suppliers within 30 days of the invoice date, and interest rate risk exposure is managed through adherence to this policy.

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Notes to the Annual Financial Statements**

	2019	2018
	R '000	Restated* R '000
23. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
<ul> <li>Open orders for vehicles</li> <li>Infrastructure</li> </ul>	127,826 882	77,379 4,624
	128,708	82,003
Authorised operational expenditure		
Already contracted for but not provided for		
Open orders for goods and services	8,682	34,468
Total commitments		
Total commitments		
Authorised capital expenditure	128,708	82,003
Authorised operational expenditure	8,682 137,390	34,468 <b>116,47</b> 1

The committed expenditure will be financed by available retained surpluses, existing cash resources and funds internally generated

### 24. Contingent Liabilities

### Litigation:

Three service providers have instituted legal claims against g-FleeT seeking damages. .

Accident claims relate to the claims that have been instituted against g-FleeT in court, for damages caused to third-party vehicles by State drivers using g-FleeT vehicles. The accident claims instituted by g-FleeT in respect of these claims amounts to R 2,440,000 (2018: R 3,082,000). These accident claims are considered to be contingent liabilities.

The amounts below represent the Entity's best estimate of the expected cash outflows that will arise from these legal cases and accident claims.

### Contingent liabilities consists of:

Third-party accident claims	2,440	3,082
Service provider 3 - Claim for breach of contract	300	300
Service provider 4 - Claim for undue suspension of services.	1,880	-
contractors.		
Service provider 2 - Application for: 1 Lien on Property, 2. Interdict to proceed with affected construction on g-FleeT's site and 3. Payments of various claims, by the relevant sub-	4,000	4,000

### **Notes to the Annual Financial Statements**

2019	2018
R '000	Restated* R '000

### 25. Related parties

g - FleeT Management is related to all Gauteng Provincial Government departments and entities by virtue of being under the same control by Gauteng Premier and Gauteng Legislature.

All transactions with related parties are within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which the Entity would have adopted if dealing with that individual entity or person on terms and conditions within the normal operating parameters established by the reporting entity's legal mandate.

### 26. Member's emoluments

### **Executive**

### 31 March 2019

	Basic Salary	13th Cheque	Pension paid or receivable	Other Benefits	Total
Mr Armstrong Ngumla - Acting CFO from 05/09/2017	736	61	96	186	1,079
Mr. Matodzi Mamatsinya - Acting Director (From 01 October 2018)	314	-	41	146	501
Mr. Sifiso Mhlongo- Acting Director(From 01 October 2018)	273	-	35	187	495
Ms. Andile Ngcobo - Director Corporate Services	621	52	81	287	1,041
Ms. Salomi Jafta - Director TSS	699	58	91	316	1,164
Ms. Ravanne Mathews - Director Permanent Fleet	659	55	86	299	1,099
Ms Noxolo Maninjwa - CEO	978	81	127	449	1,635
Mr Mongoeng Mathabathe - Director VIP Service (Until 31 July 2018)	198	21	26	156	401
	4,478	328	583	2,026	7,415

### 31 March 2018

	Basic Salary	13th Cheque	Pension paid or receivable	Other Benefits	Total
Mr. Armstrong Ngumla - Acting CFO 05/09/2017	418	57	54	90	619
Mr. Victor Mhangwana - COO (Until 27	526	-	69	157	752
November 2017)					
Ms. Andile Ngcobo - Director Corporate Service	586	49	76	266	977
Ms. Salomi Jafta - Director TSS	649	54	84	293	1,080
Ms. Ravanne Mathews - Director Permanent	613	51	79	278	1,021
Fleet					
Ms. Noxolo Maninjwa - Acting CEO from	927	77	120	444	1,568
01/10/2015					
Mr Mongoeng Mathabathe - Director VIP Service	595	50	77	270	992
(From 1 August 2016)					
	4,314	338	559	1,798	7,009

### 27. Events after the reporting date

There are no subsequent events to be reported upon.

### **Notes to the Annual Financial Statements**

		2019	2018 Restated*
		R '000	R '000
28. Fruitless and wasteful expenditure	e		
Opening balance		19,077	17,748
Amount resolved		(19,077)	
Current period interest charge Current period fruitless rental expense		-	1,058 271
Janon ponda namoso remai expones	-	-	19,077
The approval to write-off Fruitless and Wa Officer. 29. Irregular expenditure	asteful Expenditure amounting to R 19 077 000.00 was gra	nted by the A	Accounting
Opening balance		82,437	59,805
Add: Irregular Expenditure - current year		3,553	22,632
		85,990	82,437
Analysis of expenditure awaiting condo	onation per age classification		
Current year		3,553	22,632
Current year			
Prior years		82,437	59,805
Prior yeárs	nt year	82,437	59,805
	Disciplinary steps taken/criminal proceedings	82,437 <b>85,990</b>	59,805
Prior yeárs	Disciplinary steps taken/criminal proceedings Irregular expenditure has been confirmed, investigations are currently underway to determine	82,437 <b>85,990</b>	59,808 <b>82,43</b> 7
Prior years  Details of irregular expenditure – curre  Expired property lease contract	Disciplinary steps taken/criminal proceedings Irregular expenditure has been confirmed, investigations are currently underway to determine the liable person in law.	82,437 <b>85,990</b>	59,805 <b>82,437</b> 1,797
Prior years  Details of irregular expenditure – curre	Disciplinary steps taken/criminal proceedings Irregular expenditure has been confirmed, investigations are currently underway to determine the liable person in law. Irregular expenditure has been confirmed, investigations are currently underway to determine	82,437 <b>85,990</b>	59,805 <b>82,437</b>
Prior years  Details of irregular expenditure – curre  Expired property lease contract	Disciplinary steps taken/criminal proceedings Irregular expenditure has been confirmed, investigations are currently underway to determine the liable person in law. Irregular expenditure has been confirmed,	82,437 <b>85,990</b>	59,805 <b>82,437</b> 1,797
Prior years  Details of irregular expenditure – curre  Expired property lease contract  Expired cleaning services contract	Disciplinary steps taken/criminal proceedings Irregular expenditure has been confirmed, investigations are currently underway to determine the liable person in law.  Irregular expenditure has been confirmed, investigations are currently underway to determine the liable person in law.	82,437 <b>85,990</b>	59,805 <b>82,437</b> 1,797

An amount of R 348 000 relating to security services rendered in 2018/19 financial year was identified as a possible irregular expenditure. The transaction will be investigated to determine the true nature of transaction, should it be confirmed as irregular expenditure it will be properly disclosed in 2019/20 financial year.

### 30. Rental deposits

This relates to payments made to the landlord as deposit for office rentals at the regions.

Rental deposits	91	91
31. Revenue from auction of vehicles		
Proceeds received	71,009	33,677
Proceeds receivable	41,532	40,924
	112,541	74,601

Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Notes to the Annual Financial Statements**

2019	2018 Restated*
R '000	R '000

### 32. Other Receivables

Other Receivables

This balance relates to salary related suspense accounts that could not be cleared during the month of March 2019 or at year end

33. Other income		
Revenue from Transport Income Sundry Income Tender income	1,899 81	1,539 62
Tender income	20 <b>2,000</b>	1,601
34. Finance costs		
Late payment of suppliers Finance leases	- 1,263	1,058 1,286
	1,263	2,344
35. Bad Debts written off		
Bad debts written off	-	42,154

As per the delegation given to the Head of Department, debtors written off can only be processed once they are approved by the Head of Department. As at 31 March 2018 there were debtors fully provided that met all the requirements to be written off in accordance with Treasury Regulations 11 amounting to R 42 154 000.00.

### 36. Cost of sales

Cost of goods sold 131,386 89,167

### 37. Repairs and maintanance

The following specific costs included in the amount of repairs and maintanance were incurred by g - FleeT Management.

General maintanance and services	105,372	100,666
Spares and accessories Tyres and tubes	12,682 14,052	8,143 14,360
Towing costs	,,,,,,	2,595
Tools	-	2
	132,106	125,766

### 38. Going Concern

Management considered the following matters relating to the going concern:

1.On the 28 February 2018 the budget was tabled and accepted. This three-year Medium Term Revenue and Expenditure Framework is to support the ongoing delivery of services to clients.

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Formerly Government Garage Trading as g-FleeT Management Annual Financial Statement for the year ended 31 March 2019

### **Notes to the Annual Financial Statements**

2019	2018 Restated*
R '000	R '000

### 38. Going Concern (continued)

- 2. The entity's budget is subjected to an assessment process. The budget is cash backed.
- 3. Strict daily cash management processess are embedded in the entity operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the budget. The cash management processes is complemented with monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted.
- 4. As the entity has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of services. Certain key financial ratios, such as liquidity and solvency are closely monitored and the necessary corrective actions instituted. Taking the aforementioned into account, management has prepared the Annual Financial Statements on the going concern basis.

### 39. Depreciation and Amortisation

	140,972	113,342
Intangible assets	218	218
Property, plant and equipment	4,378	6,543
Motor vehicles	136,376	106,581