

2017/18

ANNUAL REPORT

DEPARTMENT OF ROADS AND TRANSPORT



Together, Moving Gauteng City Region Forward



GAUTENG PROVINCE

ROADS AND TRANSPORT
REPUBLIC OF SOUTH AFRICA



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Vote 9 Annual Report 2017/18 Financial Year

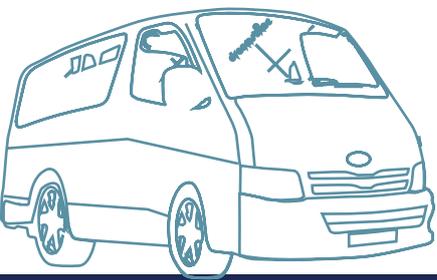


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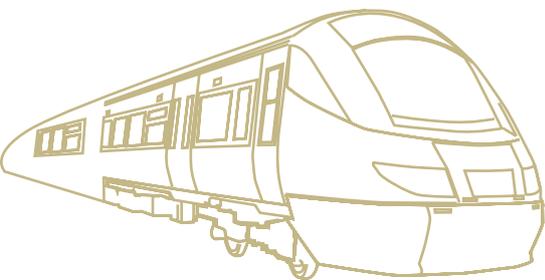
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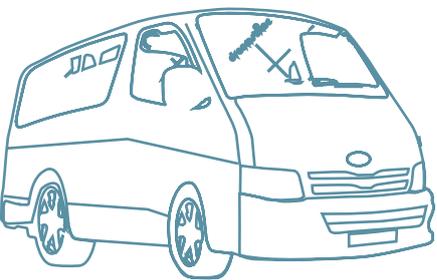




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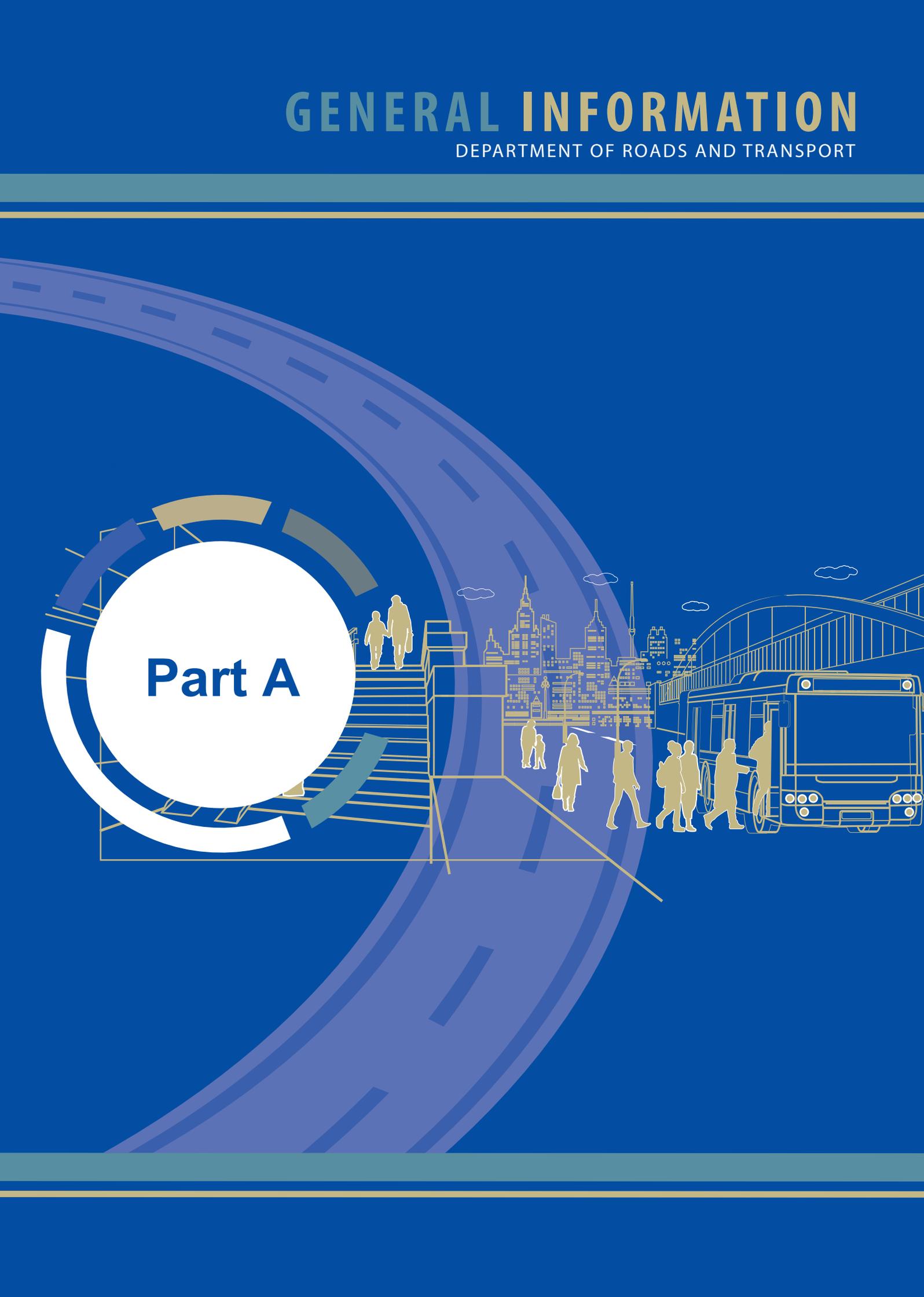
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GENERAL INFORMATION

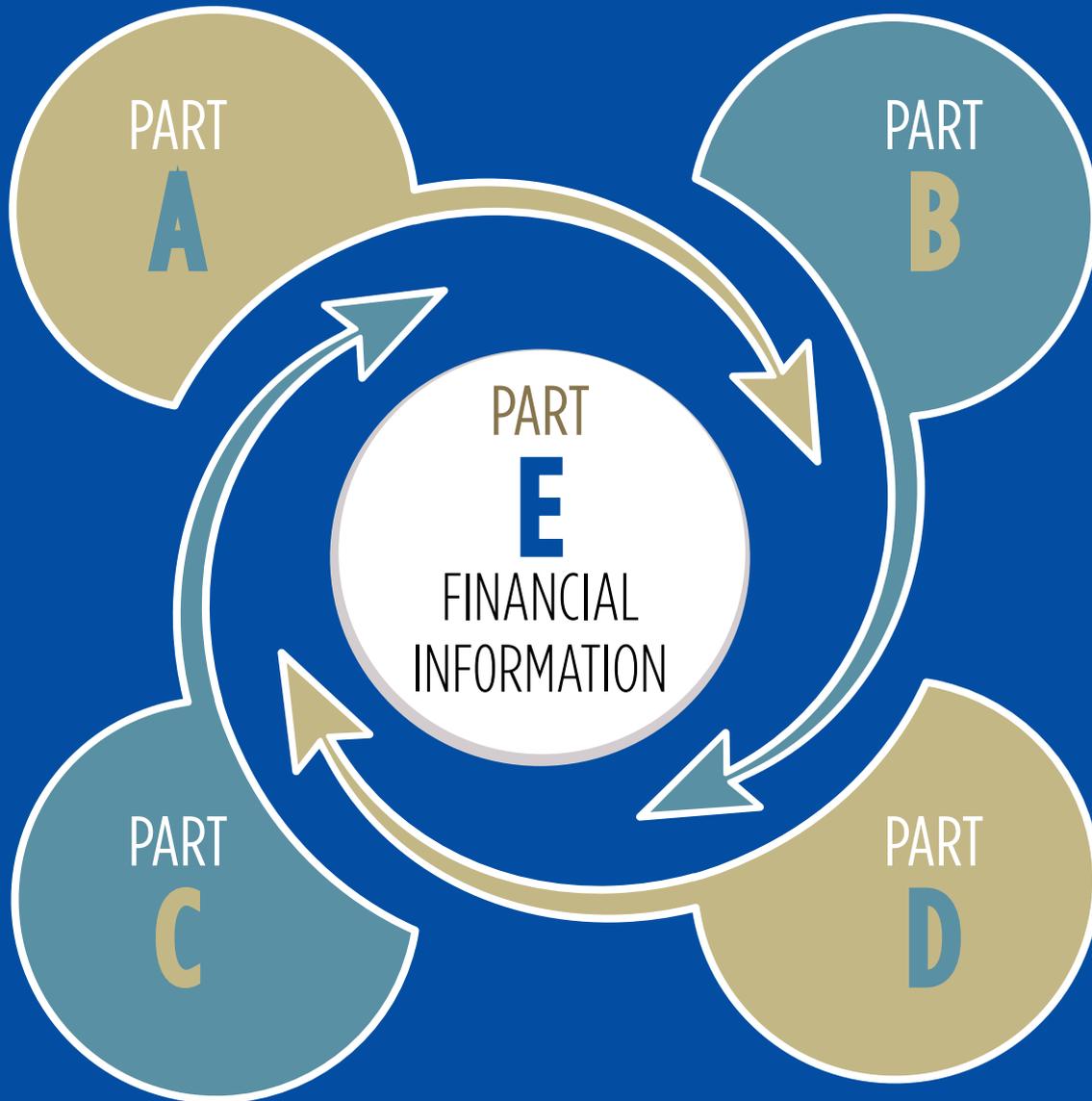
DEPARTMENT OF ROADS AND TRANSPORT

The illustration features a large white circle on the left containing the text 'Part A'. To the right, a stylized city street scene is depicted with a bus, pedestrians, and a large white circle containing the text 'Part A'. The scene includes a bus, a pedestrian with a wheelchair, and a group of people walking. In the background, there are city buildings and a bridge. The entire scene is set against a blue background with a large, curved road graphic on the left side.

Part A

GENERAL INFORMATION

PERFORMANCE INFORMATION



GOVERNANCE

HUMAN RESOURCE MANAGEMENT

1. DEPARTMENT GENERAL INFORMATION

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INSTAGRAM:	www.instagram.com/GPDRT

2. LIST OF ABBREVIATIONS/ACRONYMS

AARTO	Administrative Adjudication of Road Traffic Offences (Act)
ACSA	Airport Company of South Africa
AGSA	Auditor-General of South Africa
AIDC	Automotive Industry Development Centre
AOPO	Audit of Pre-determined Objectives
APS	Airport Passenger Services
BAS	Basic Accounting System
BMI	Body Mass Index
BMS	Bridge Management System
BRT	Bus Rapid Transit
CBD	Central Business District
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIP	Compulsory Induction Programme
CIPT	Comprehensive Integrated Transport Plan
CLLT	Computerised Learners' Licence Testing
CoJ	City of Johannesburg
CoT	City of Tshwane
CPIX	Consumer Price Inflation Index
CS	Corporate Services
CSIR	Council for Scientific and Industrial Research
DDG	Deputy Director-General
DED	Department of Economic Development
DID	Department of Infrastructure Development
DITP	District Integrated Transport Plans
DLTCs	Driver Learner Testing Centres
DNO	Did Not Operate
DoRA	Division of Revenue Act
DPSA	Department of Public Service and Administration
DRT	Department of Roads and Transport
DTI	Department of Trade Industry

ECE	Estimates of Capital Expenditure
e-DRMS	Electronic Document Record Management Solution
EE	Employment Equity
EHW	Employee Health Wellness
EIA	Environmental Impact Assessment
e-NaTIS	Electronic National Traffic Information System
EPWP	Expanded Public Works Programme
EXCO	Executive Council
GAS	Gauteng Audit Services
GCR	Gauteng City Region
GDRT	Gauteng Department of Roads and Transport
GEMS	Government Employees Medical Scheme
GEYODI	Gender Youth and People with Disabilities
GIS	Geographic Information System
GLIX	Green Logistics Indicator System
GMA	Gautrain Management Agency
GPG	Gauteng Provincial Government
GPDRT	Gauteng Province Department of Roads and Transport
GPSSBC	General Public Service Sectoral Bargaining Council
HAST	HIV, AIDS, STI and Tuberculosis
HDIs	Historically Disadvantaged Individuals
HIV/AIDS	Human Immune Deficiency Virus/ Acquired Immune Deficiency Syndrome
HoD	Head of Department
HR	Human Resource
HRD	Human Resources Development
ICT	Information Communication Technology
IDC	Industrial Development Corporation
IDMS	Infrastructure Delivery Management System
IDP	Integrated Development Plan
IFM	Integrated Fare Management
IPTN	Integrated Public Transport Network
ITMP25	25-Year Integrated Transport Master Plan

ITP	Integrated Transport Plans
KZN	KwaZulu-Natal
MEC	Member of Executive Council
MMS	Middle Managers
MoU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
MVRA	Motor Vehicle Registration Authority
NDOT	National Department of Transport
NDP	National Development Plan
NLTA	National Land Transport Act
NMT	Non-Motorised Transport
NRF	National Revenue Fund
OEMs	Original Equipment Manufacturers
OHS	Occupational Health and Safety
OHSA	Occupational Health and Safety Act
OoP	Office of the Premier
OSD	Occupational Specific Dispensation
PAJA	Promotion of Administrative Justice Act
PBX	Private Branch Exchange
PERSAL	Personnel Salaries
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PPPs	Public-Private Partnerships
PRASA	Passenger Rail Agency of South Africa
PRE	Provincial Regulatory Entity
PRF	Provincial Revenue Fund
PRMG	Provincial Roads Management Grant
PSC	Public Service Commission
PSCBC	Public Service Coordinating Bargaining Council
PTOG	Public Transport Operations Grant
PwD	People with Disability
RISFSA	Road Infrastructure Strategic Framework of South Africa

RMI	Retail Motor Industry
RTMC	Road Traffic Management Corporation
SABS	South African Bureau of Standards
SAICE	South African Institute of Civil Engineering
SANRAL	South African National Roads Agency Limited
SCM	Supply Chain Management
SED	Socio-Economic Development
SHERQ	Safety, Health, Environment, Risk, Quality Management
SIP	Strategic Infrastructure Project
SMFs	Supervisory Monitoring Firms
SMMEs	Small Medium Micro Enterprises
SMS	Senior Management System
SMT	Systems Monitoring Tool
SOPA	State of the Province Address
SPTN	Strategic Public Transport Network
SSP	S'hamba Sonke Programme
TER	Township Economic Revitalisation
TMR	Transformation, Modernisation and Re-industrialisation
TOLABs	Transport Operating License Administrative Bodies
TSCs	Transport Services Centres
TSDC	Tambo Springs Development Company
VCI	Visual Condition Index
VTS	Vehicle Testing Station
WIL	Work Integrated Learning
WULA	Water-Use License Application





DR I VADI

**MEMBER OF THE EXECUTIVE
COMMITTEE**

3. FOREWORD BY THE MEC

The National Development Plan (2030) positions the capable state as the catalyst and determinant to achieve a high growth rate for South Africa and to build a prosperous society that is inclusive and equitable. It is within this context that the Department of Roads and Transport fulfils its mandate by ensuring that its staff continue to develop its managerial and leadership capabilities to build our road and public transport infrastructure to grow the economy and create jobs. In this regard we are gratified that the Head of Department, Mr Ronald Swartz, was awarded the “Best HOD in Transport Award” by the Minister of Transport, Mr Blade Nzimande.

Road and public transport infrastructure stimulate economic growth and development. It helps to link economically and socially the metropolitan cities and district municipalities of the Gauteng City Region. The planned Gautrain II expansion will be a major catalyst for further economic growth, social development and job

creation along its proposed corridors. It, together with the Bus Rapid Transit systems, will spatially integrate through rail and bus infrastructure the five development corridors in our province. Mutually beneficial partnerships between government and the private sector will continue to give traction to the building of new road and rail corridors in Gauteng. Such partnerships foster alignment and harmonisation of land use and transport

The Annual Report presents a snapshot of the key activities and programmes of the Department, including its achievements and challenges, during the period under review. Gauteng citizens hold us accountable for the state of public transport, subsidised bus services, the condition of our paved road network as well as the frontline services we provide through our Driver License Training Centres, Transport Operating License Administrative Bodies and the Traffic Management and Overload Vehicle Control Permits office. This Report provides an instrument for such accountability.

MEC FOREWORD

The 2017 Infrastructure Report by the South African Institute of Civil Engineering (SAICE) shows that our provincial road network has improved. It is gratifying that 71 percent of Gauteng's paved network has been rated in the "fair to very good" categories. This shows that the proactive approach of the Department's construction and maintenance units is yielding positive results.

The Department is mindful that the future of transport will be radically different. We must plan smartly to meet the anticipated disruptions and discontinuities emanating from the Fourth Industrial Revolution. For instance, drones, electric and driverless vehicles and the hyperloop will alter fundamentally the patterns of mobility in the near future. It will be more flexible and integrated and the emphasis will be on customer satisfaction and happiness. Technological innovations will have huge consequences for existing patterns of employment and skills training and human resource development. We should prepare now for that future.

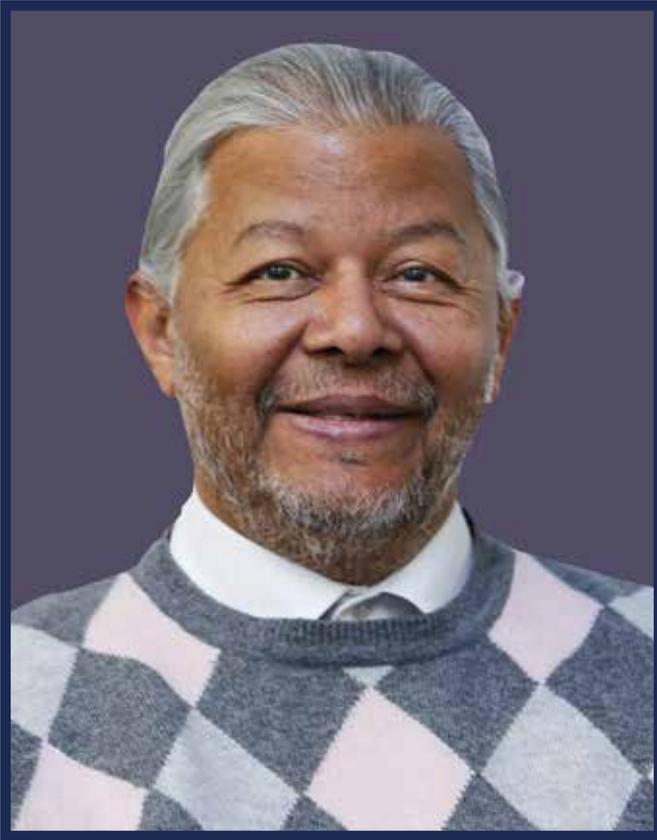
It is said that all the great things we achieve in life can only be done with the support and synergy of others. Therefore, I would like to express my profound thanks for the many stakeholders that constitute the transport family. Specifically, I would like to thank the Head of Department, Mr Ronald Swartz; the Acting CEO of gFleet, Ms Noxolo Maninjwa; the CEO of Gautrain Management Agency,

Mr Jack van der Merwe; and the senior management and staff for their commitment and loyalty to the Department. A special thanks to the Chairperson of the Portfolio Committee of Roads and Transport, Mr Mafika Mgcina (MPL) and the Committee Members, for their oversight role and diligence. The unstinting support of the Director-General, Ms Phindiwe Baleni; the Planning Division in the Office of the Premier; the Senior Management of PRASA, CSIR, SANRAL, Airports Company of South Africa and Transnet; and the Members of the Mayoral Committees for Transport of the respective municipalities, is deeply valued and appreciated. Our partnerships and collective contributions are the mainstay of our success as a Department.



Dr. I. Vadi

Member of the Executive Council for Roads and Transport
Date: 31 July 2018



MR R SWARTZ

ACCOUNTING OFFICER**4. REPORT OF THE ACCOUNTING OFFICER****Overview of the operations of the Department**

The Department of Roads and Transport (DRT), during the 2017/18 financial year, embraced the Provincial Government's plans for the fourth Industrial Revolution with significant technological innovations both from planning and implementation perspectives. It made great strides in its contribution to the Provincial Government's Transformation, Modernisation and Reindustrialisation (TMR) and Pillar 8: Modernisation of Public Transport. The 2017/18 Annual Report outlines the successful projects implemented which are contributing towards the socio-economic growth of communities and the province. Entrusted with the resources and with the participation of key stakeholders, I will highlight in this report a few of our most significant achievements and the challenges we faced in implementing our mandate.

Integrating Transport – “Gauteng on the move” Application

Aligned to the Provincial Government's fourth Industrial Revolution plans and the modernisation of public transport, the Department in March 2018 launched the “Gauteng on the move” mobile application (App) for all public transport modes. The application is aimed at providing commuters with real time, accurate public transit information; timetables as well as fares for Gauteng-based public transit operators. These include Gautrain, A re Yeng, Rea Vaya, Metrorail, the Gautrain Bus Service, the Johannesburg City Sight-seeing Bus, minibus taxis, long distance buses and the Tshwane Bus Service. This has, indeed, been a successful first phase towards the Department's long-term vision of an integrated public transport system and its 25-Year Integrated Transport Master Plan (ITMP25) key transport game changer of a “one province - one ticket” integrated fare management project.

ACCOUNTING OFFICER FOREWORD

This modernisation focus will continue into the 2018/19 financial year with the development of various online applications ranging from motor vehicle and driver's licence renewals with the customer-centric objective of improving service as well as convenience of time and cost to the citizens of Gauteng. The second development on the modernisation agenda is a pothole detection and repair application with the aim of providing a safe and reliable provincial road network. These are, indeed, exciting times in the transport arena with technological innovations improving the lives of the people of Gauteng.

Improving the transport strategic road network

One of the highlights of the year was the impact of the Department's Road Maintenance Programme on the country's provincial paved road network. According to the South African Institute of Civil Engineering (SAICE) Infrastructure Report Card 2017, an improvement was noted in the paved provincial network score in the country, which is due in part to the shifting of the extent of the network in Gauteng from "fair" to "good". The Department continues to make an impact as evidenced by the achievement of 99% expenditure on its infrastructure budget, together with all planned road construction and maintenance targets achieved for the 2017/18 financial year.

Strategic transport corridors modernised

The Department is committed towards ensuring investment in the provincial road infrastructure which it views as a key stimulator of socio-economic growth. The improvements to the provincial road network were undertaken in the identified Freedom Corridors in line with the Department's ITMP25 key priority of achieving a provincial wide equitable road network. A notable achievement of its capital roads infrastructure upgrade project is the Cedar Road upgrade in Fourways, Johannesburg in the Central Corridor. The R87-million project entailed widening the remainder of Cedar

Road into a dual carriageway, thereby increasing mobility, accessibility and creating a stimulus for economic growth in the area.

Further achievements include two road rehabilitation and maintenance projects which were officially opened in the Sedibeng District Municipality in October 2017. The Sebe and D904 roads projects in the Southern Corridor were undertaken at a cost of approximately R55 million. These projects were in line with the Department's commitment of providing road infrastructure that facilitates access to economic opportunities and improves the lives of the people of Sedibeng.

The road rehabilitation projects also extended to the Northern Corridor with the light rehabilitation of D670 from Bronkhorstspruit to Ekangala which supports the continuous effective operations of the coal/ power station and provision of safe transit conditions for commuters.

The Department looks forward to the successful completion of the rehabilitation projects in the coming financial year of the P243/1 Road, Vereeniging in Sedibeng to Balfour in Mpumalanga; the R150 million, 12 kilometre (km) road rehabilitation project on the R511, located north-west of Johannesburg and the upgrading of the D1944 tertiary provincial gravel road to a surface road which is located in the North-East corner of Gauteng, where the borders of Gauteng, Limpopo and Mpumalanga intersect.

Green freight logistics

The year also saw the Department's continued engagement with the German Government on the implementation of the second phase of the Green Logistics Indicator (GLI-X) System. This phase of the project continues the stakeholder collaboration with the municipalities, Transnet and other transport, freight and logistics stakeholders on improving freight and logistics in the province. The Department, in the coming years,

will continue its “green transport” initiatives aligned to its objective of environmentally sustainable transport.

Supporting poverty alleviation initiatives

Job creation remains one of the imperatives of the Department’s service delivery mandate. Unemployment remains a scourge of our country and therefore on a yearly basis, efforts are made to increase the job opportunity targets on the infrastructure projects. During the 2017/18 financial year 3,775 Expanded Public Works Programme (EPWP) job opportunities were created. The training component within the programme also ensured that the workers gained training and skills in road construction and maintenance, together with life skills.

Procurement of goods and services from local townships continues to be a strategic priority for empowerment of local contractors and Small, Medium and Micro Enterprises (SMMEs) in local communities. The priorities attached to the provincial Township Economic Revitalisation (TER) Programme continue to gain momentum within the Department’s procurement activities especially those associated with the implementation of infrastructure projects. The Department’s approach to supporting the TER strategy is characterised by the implementation of the tender pre-qualifying criteria of a compulsory minimum 30% sub-contracting clause in all current infrastructure contracts. This compulsory requirement as supported by legislation ensures the provision of opportunities for the empowerment of local contractors and SMMEs in local communities.

The procuring of local labour from communities wherein capital expenditure (Capex) projects are being implemented strive to ensure the most vulnerable of the unemployed are engaged in productive work opportunities and gain work place skills which will benefit them in the labour market. The three-year Vuk’uphile Contractor Development Programme has also yielded great dividends with the 29 CIDB Level 1 learner contractors appointed in 2013 successfully graduated from the Programme in December 2017 with the CIDB levels ranging from 4 to 7. This has resulted in the upscaling of this successful programme with the appointment of 36 new learner contractors due in the 2018/19 financial year.

Revenue maximisation

The DRT implemented a revenue maximisation strategy as a critical revenue generation Department for the province. This strategy has paid dividends as the Department collected net revenues of R3,783 billion in the 2017/18 financial year. This is due to the motor vehicle license fees which were increased by an average of 8,2% from 1 April 2017. Over the previous five years, there has been

a steady growth in the Department’s revenue collection of R15,9 billion with a growth of R999,6 million over the same period.

The achievements in the finance programme have been significant. The Department consistently aims at spending its total allocation in the effective and efficient pursuit of its service delivery mandate. It was allocated a budget of R7,082 billion to implement its 2017/18 Annual Performance Plan. A total budget expenditure of R6,787 billion equating to 96%, was achieved. In line with the Provincial Government’s open tender policy, the Department awarded 12 Capex projects during the 2017/18 financial year. This ensures that tenders are awarded in a fair and transparent manner, in line with the Provincial Government’s open tender policy.

Our 30-day payment policy has once again achieved outstanding results with 99,9% achievement on payment of invoices. This is an important policy of the Department as it is focused on ensuring value for money in respect of efficient service delivery, but critically it aims at supporting and sustaining SMMEs in our communities as per the TMR policy and Township Economic Revitalisation (TER) Programme. This has prompted the Department to target a 15-day payment initiative of which 77% of authenticated invoices were paid within this period.

Challenges

The province continues to experience public transport conflict and violence, mainly with taxi operators and between e-hailing and metered taxi operators who have disrupted public transport services to commuters, resulting in losses of wages, jobs and lives. The territorial warfare between operators is volatile and over 300 sporadic incidents of violence have been reported - Tshwane (204); Johannesburg (86) and Ekurhuleni (4). Crimes committed included murder, attempted murder, arson, assault, theft, robbery, hijacking of vehicles and verbal intimidation. To date, a total of 66 vehicles have been impounded, 43 of these were Uber vehicles, 8 metered taxis and 15 minibus taxis.

The metered taxi service is regulated by Section 66 of the National Land Transport Act (Act 5 of 2009), currently being amended to accommodate “e-hailing services” which legally allows for the registration of technology-based public transport operations. In the interim, the closest form of legislated and regulated public transport for Uber (e-hailing services) is that of metered taxi services. This seeks to legitimise operations and places them on an equally regulated footing with other public transport operators.

Together with its own transport regulation projects, the Department received the Provincial Government’s support

in addressing public transport violence. A meeting convened by the Premier, joined by the MEC for Roads and Transport, the MEC for Community Safety and the MEC for Finance as well as law enforcement agencies, discussed interventions to put an end to the on-going violence between Uber and metered taxi drivers. Furthermore, a special police task force was established to bring the situation under control. The Premier has also appointed a special Cabinet Committee tasked with the responsibility of ensuring that the taxi industry is integrated into the broader public transport system.

A further challenge experienced was the poor performance of contractors on some projects will negatively impacted on the Department's ability to complete planned projects.

This has resulted in extended timeframes, penalties and deferment of projects. The Department has instituted various supply chain and contract management processes to improve the adjudication, evaluation and awarding of tenders. The implementation of the Infrastructure Delivery Management System (IDMS) has also improved the planning, contracting and implementation of capital projects.

Significant events and projects for the year

The Department had engaged in significant events which delivered its mandate and improved transport services delivery in the province. A snapshot of these events and projects are listed below:

Date	Event	Summary
October 2017	Launch of the P-243 road rehabilitation project	The Department officially launched the rehabilitation project of the P-243 road. The road stretches from Vereeniging in Sedibeng to Balfour in Mpumalanga. The R48-million project is situated between the Gauteng and Mpumalanga borders.
	Launch of the R150-million R511 upgrade project	The MEC for Roads and Transport launched a R150-million, 12 km road rehabilitation project on the R511, located North-West of Johannesburg.
January 2018	Official opening of Cedar Road Phase 2	The Department officially opened the second phase of Cedar Road in Fourways, Johannesburg. The R87-million project involved widening the remainder of Cedar Road into a dual carriageway.
February 2018	Gautrain launches new website and mobile application for people on the move	The Gauteng MEC for Roads and Transport, Ismail Vadi, launched the new Gautrain website and mobile application at the Technology Innovation Conference 2018 held at the Gallagher Conference Centre, Midrand. The Gautrain's new website and mobile application are user-friendly interfaces on which users can register and receive profiled and relevant travel information online at their convenience.
February 2018	The Department concludes Public Transport Agreements with municipalities	In a ground-breaking inter-governmental public transport event, the Department signed the Inter-governmental Authorisation Agreement with the Tshwane Municipality and the Sedibeng District Municipality. This agreement enables the Department to continue as the Bus Contracting Authority for the next seven years on behalf of both the municipalities until capacity is built to take over this responsibility.
March 2018	Launch of the "Gauteng on the Move" App	As part of the Provincial Government's plans of gearing up for the Fourth Industrial Revolution and modernisation of public transport, the Gauteng MEC for Roads and Transport launched the "Gauteng on the Move" mobile App for all public transport modes.

OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT:

Departmental receipts

Departmental receipts	2017/2018			2016/2017		
	Estimate	Actual amount collected	(Over)/under collection	Estimate	Actual amount collected	(Over)/under collection
	R'000					
Tax receipts	3 606 173	3 717 041	(110 868)	3 142 737	3 404 962	(262 225)
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	3 606 173	3 717 041	(110 868)	3 142 737	3 404 962	(262 225)
Sale of goods and services other than capital assets	75 176	54 029	21 147	71 597	58 918	12 679
Transfers received	-	-	-	-	-	-
Fines penalties and forfeits	-	-	-	-	-	-
Interest dividends and rent on land	60	13	47	55	15	40
Sale of capital assets	-	7 245	(7 245)	-	12 705	(12 705)
Financial transactions in assets and liabilities	1 500	5 496	(3 996)	1 500	537	963
Total	3 682 909	3 783 824	(100 915)	3 215 889	3 477 137	(261 248)

The Department is the main contributor towards own revenue generated in the Gauteng Provincial Government (GPG). This revenue is generated through tax receipts which are mainly made up of motor vehicle registration and licencing fees.

Revenue in this category is expected to grow over the Medium-Term Expenditure Framework (MTEF) as a result of annual increases in tariffs. The increases in the past were from R3 billion in 2014/15, R3,2 billion in 2015/16, R3,4 billion in the 2016/17 and R3,7 billion in the 2017/18 financial year. The revenue is expected to increase further over the MTEF from R3,9 billion in 2018/19 to R4 billion in 2020/21. No negative real growth is currently expected in the year under review. In concluding the estimates, the following factors were taken into account, namely:

- The Consumer Price Inflation Index (CPIX).
- Vehicle population.
- Direct costs expected to be paid from the revenue account.
- Interest and penalties expected to be received.
- Previous revenues collected.
- Trends in the motor industry in the country.

The Department derives its own revenue from tax receipts which comprise motor vehicle licences; sales of goods and services other than capital assets; interest, dividends and rent on land; financial transactions in assets and liabilities and sales of capital assets. Motor vehicle licencing is by far the productive source of revenue for the Department. The Department is a major contributor to the Provincial Revenue Fund (PRF) and, as a result, accounts for over half of the GPG's own revenue. In generating this revenue, the Department is also liable for direct charges - this includes amounts that are deducted from revenue collected to reimburse the primary collectors/agents of that revenue on behalf of the Department.

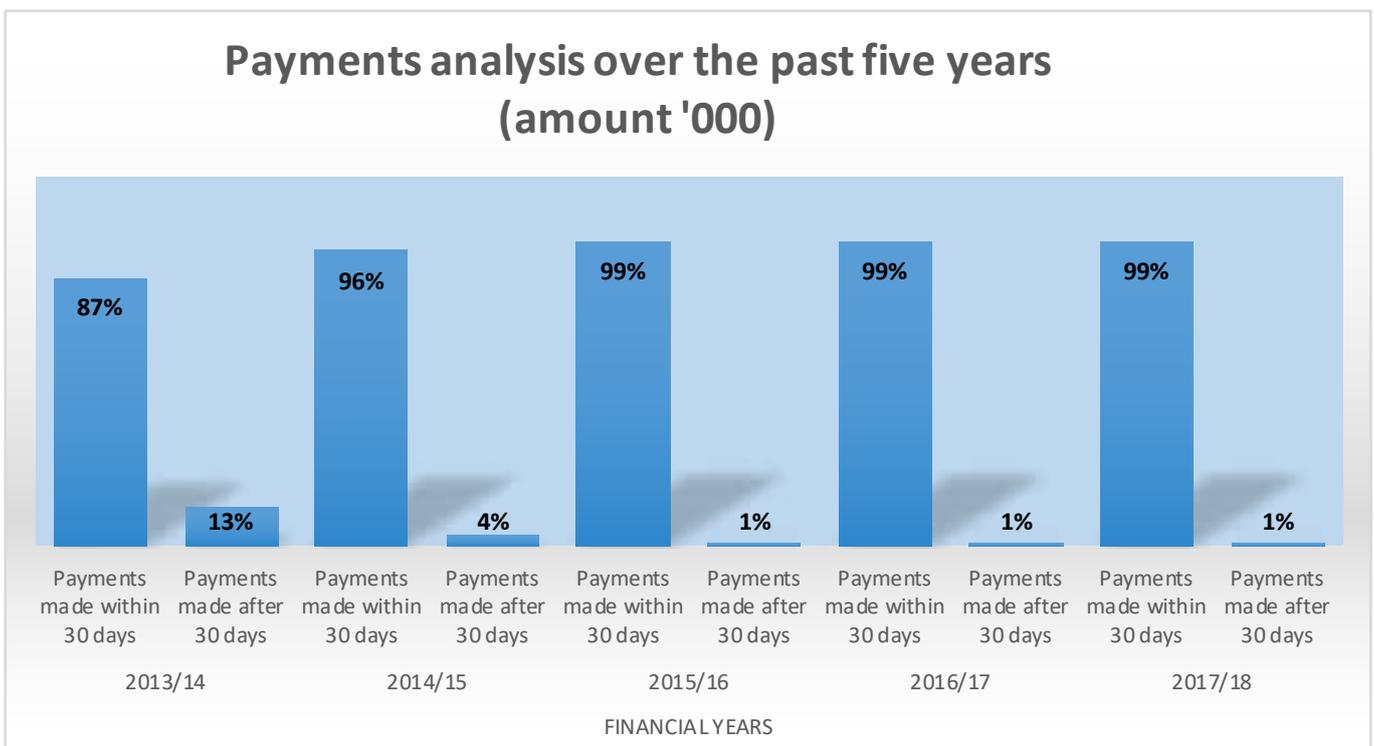
The tax receipts item, which comprises motor vehicle licences and related items such as abnormal loads licences, permits of authorised officials, permits of operators, duplicate documents licences, public roads permits, motor vehicle registration (personal and special), and fees for requesting information from Electronic National Traffic Information System (e-NaTiS), contributed the highest towards revenue collected at R3,7 billion or 103%. Sales of goods and services other than capital assets contributed the second highest with R54 million (72%), and it consists of items such as sales of security

maps, tender documentations, meals and refreshments, fees for boarding services provided for staff, commission on insurance, domestic services (salary garnishees, insurances and other debt incurred by staff). Sales of machinery and equipment contributed R7,245 million such as sales of motor vehicles. Financial transactions in asset and liabilities contributed R5,496 million (366%), with the main contributing item being recoveries from the previous year's expenditures followed by departmental debt and domestic services. Interest, dividends and rent on land collected R13,000 or 22%. Interest is earned on the Department's Provincial Roads Management Grant (PRMG) account and debt collected from external stakeholders, such as service providers.

Suppliers' invoices paid within 30 days

The Department's endeavour to ensure absolute compliance with laws, regulations and also to build public confidence has ensured a continuous improvement in 2017/18 financial year by 0,02% (from 99,7% to 99,9%) as compared to 2016/17. This is critical in ensuring efficiency in the delivery of projects and sustainability. SMMEs in line with the TMR strategy of the province, in the current financial year, the Department paid 99,9% of authentic invoices of which 77% were paid within 15 days.

The table below depicts an analysis of payments made within 30 days and payments made outside 30 days over the past three years. This achievement is an indication of the Department's commitment to accelerate service delivery to the citizens of Gauteng.



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

FINANCIAL YEAR					
2015/16		2016/17		2017/18	
Payments made within 30 days	Payments made after 30 days	Payments made within 30 days	Payments made after 30 days	Payments made within 30 days	Payments made after 30 days
R'000					
4 129 590	51 479	7 216 079	23 790	6 536 124	4 213
99%	1%	99%	1%	99%	1%

Programme expenditure

Programme name	2017/2018			2016/2017		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000					
1. Administration	302,509	293,658	8,851	281,643	262,914	18,729
2. Transport, Infrastructure	2,262,165	2,246,184	15,981	2,026,890	1,961,151	65,739
3. Transport Operations	2,379,451	2,113,499	265,952	2,464,907	2,416,513	48,394
4. Transport Regulation	304,521	299,925	4,596	323,918	319,322	4,596
5. Gautrain	1,833,694	1,833,694	-	2,812,089	2,812,089	-
Total	7,082,340	6,786,960	295,380	7,909,447	7,771,989	137,458

The table above indicates expenditure outcomes and budget allocations as categorised by the departmental programmes. The Department continuously aims to spend the total allocated budget to ensure the delivery of quality service delivery.

Programme 1: Administration:

This programme is responsible for the administrative functions of the Department. The spending as at the 31 March 2018 was less than anticipated in comparison to the projected expenditure. The implementation of strict spending processes has played a vital role in arriving at the recorded underspending within this programme.

Programme 2: Transport Infrastructure:

This programme is the main core function of the Department; the under-spending was mainly as a result of delays in the filling of vacant engineering positions, in line with the organisational structure.

Programme 3: Transport Operations:

The underspending within this programme was mainly as a result of penalties imposed to bus operators due to trips that did not operate (DNOs), the cancellation of four contracts that could not be replaced during the financial year, as well as the routes that were operated with reduced capacity in terms of buses.

Programme 4: Transport Regulation:

The underspending within this programme was due to savings in the goods and services items.

Programme 5: Gautrain:

All transfers to Gautrain were made in line with the 2017/18 financial year payment schedule.

Virements/roll-overs

The Department requested rollovers for the Public Transport Operations Grant (PTOG) and the North-West Star allocations, and the amounts were as follows:

1. Public Transport Operations Grant - R55,178 million
2. North-West Star - R13,945 million

All year-end shifts and virements have been submitted to the Gauteng Provincial Treasury. The request for the year-end and virements was in the main, to clear over/underexpenditure within the programmes subsequent to the sub-programmes.

Unauthorised expenditure

The Department has effectively monitored and controlled its spending patterns to ensure the prevention of unauthorised expenditure. There is no unauthorised expenditure for 2017/18.

Future plans of the Department

Transport infrastructure driving the economy

Transport infrastructure continues to play a vital role in the growth of the Gauteng economy. The Department is set to improve road infrastructure through the construction of new roads and improving its maintenance programme of existing roads. Included in the Department's future plans is partnering with private developers to develop the road networks linked to the Vaal River City Interchange (future K55); the GreenGate Development (K31) along Beyers Naude Drive; upgrading the K73 between Woodmead Drive and Allandale Road and the construction of a new link between Woodmead Drive (R55), Tembisa and Fourways.

Public-Private Partnerships (PPPs)

The Department did not enter into PPPs during the year under review. The existing PPP is the Gautrain Rapid Rail Link Project with the Bombela Consortium.

Discontinued activities/ activities to be discontinued

None.

New or proposed activities

None.

Supply chain management

The Department did not participate in any unsolicited bid proposals for the financial year under review.

The Department follows the supply chain management legislation prescribed by Parliament and National Treasury in the implementation of its procurement practices. These laws centre on the principles of our practices being fair, transparent, equitable, cost-effective and competitive.

Despite our practices, the challenges related to the utilisation of outdated bus subsidy and security contracts have resulted in irregular expenditure by the Department. In relation to the bus subsidy contracts, the Department in consultation with both Provincial and National Treasury, are evaluating various options that will enable it to effectively dispense with the irregular nature of the services relating to the PTOG.

With regard to the security contracts, the Department anticipates that the legal dispute which will be settled within the 2018/19 financial year will pave the way for the Department to undertake open tender processes.

The Preferential Procurement Regulations of 2017 which came into effect on 1 April 2017 has enabled all government institutions to accelerate their progress towards radical economic transformation. The legislation gives consideration and preference to procuring from previously disadvantaged designated groups. The Department has made significant strides in these areas and continues to work with the Premier's Office and the Gauteng Provincial Treasury in the implementation of this legislation. Departmental tenders, which entail 99% of our procurement activity, now cater for procurement from these designated groups. It further compels large and medium firms to work in partnership with SMMEs and designated groups to achieve economic development and the transfer of knowledge.

Gifts and donations received in kind from non-related parties

Received in kind Name of Organisation	Nature of Gift, Donation or Sponsorship	2017/18
		R'000
Hwibidu Security Services CC	Public announcement system for sports event	7
AVBOB	Medals for sports event	1

Exemptions and deviations received from the National Treasury

None.

Events after the reporting date

The Department obtained approval from the National Treasury to condone irregular expenditure in relation to bus subsidy payments to the value of R 2, 340 billion, after the reporting date. This favourable outcome necessitates the updating of the disclosure note to ensure fair presentation.

Other

None.

Acknowledgement/s or appreciation

I wish to extend my sincere appreciation to the transport fraternity; national, provincial and local government, public and private transport organisations, commuter organisations and the Department's oversight committees for their support and commitment during the financial year 2017/18. I also wish to thank departmental employees for their steadfast dedication and commitment to the Department's vision of an integrated transport system and to improving the lives of the people of Gauteng.

Approval and sign-off



Mr. R. Swartz

Accounting Officer of Roads and Transport

Date: 31 July 2018

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 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, performance information, the human resources information and financial affairs of the Department for the financial year ended 31 March 2018.

Yours faithfully



Mr. R. Swartz

Accounting Officer of Roads and Transport

Date: 31 July 2018

6. STRATEGIC OVERVIEW

6.1 Vision

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

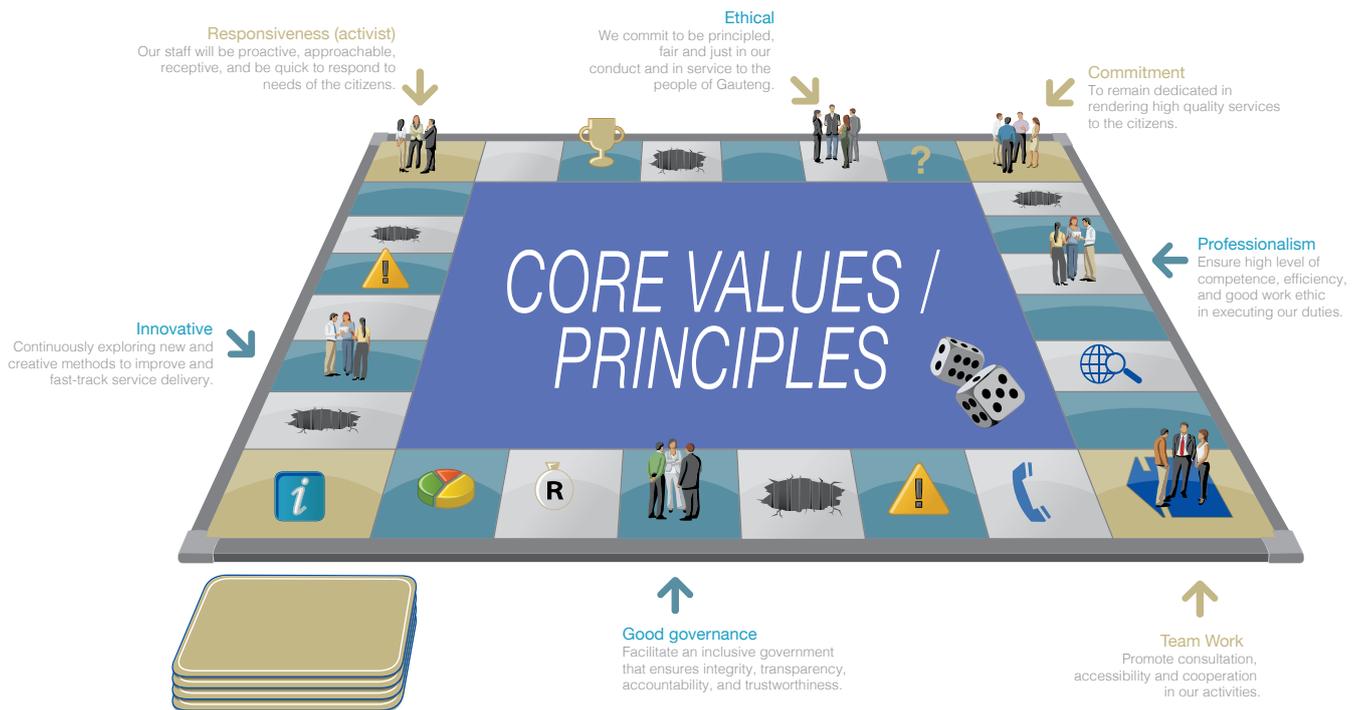
6.2 Mission

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 GDRT is guided by the following:



7. LEGISLATIVE AND OTHER MANDATES

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

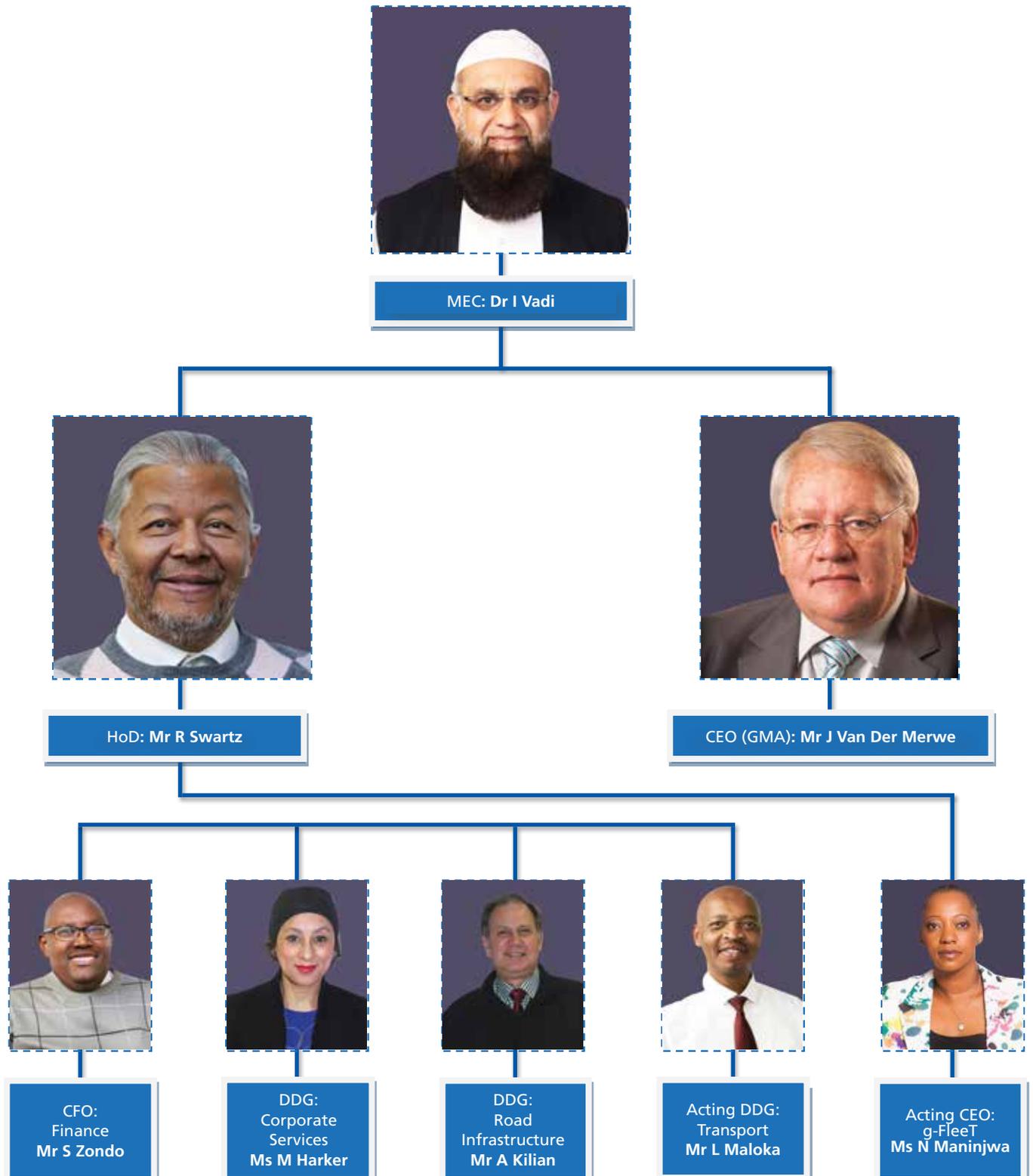
National policy and legislative mandates

Legislation	Act/Policy
Administrative Adjudication of Road Traffic Offences (AARTO) Act	Act 46 of 1998
Advertising on Roads and Ribbon Development Act	Act 21 of 1940
Construction Industry Development Board Act	Act 38 of 2000
Creating an Enabling Environment for Reconstruction and Development in the Construction Industry	White Paper
Cross-Border Road Transport Act	Act 4 of 1998
Deeds Registration Act	Act 47 of 1937
Division of Revenue Act (DoRA)	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 (NLTA)	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
National Transport Policy	White Paper
Public Finance Management Act (PFMA)	Act 1 of 1999
Road Traffic Act	Act 29 of 1989
Road Traffic Management Corporation Act	Act 20 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
Gauteng White Paper on Transport Policy	White Paper
Gautrain Management Agency Act	Act 5 of 2007
Provincial Road Traffic Act	Act 10 of 1997

8. ORGANISATIONAL STRUCTURE



9. ENTITIES REPORTING TO THE MEC

Gautrain Management Agency (GMA)

The Gautrain Management Agency (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 PFMA (1999). The GMA Board is appointed by the MEC.

Name of entity	Legislative mandate	Financial relationship	Nature of operations
GMA	<p>The GMA has been established in terms of the GMA Act (2007) and listed under Schedule 3 (c) of the PFMA (1996) as a provincial public entity.</p> <p>National policy and legislative mandates:</p> <ul style="list-style-type: none"> • PFMA (1999). • Environmental Conservation Act (1989). • National Railway Safety Regulator Act (2002). • National Treasury Regulations. • DoRA (2010). • Consumer Protection Act (2008). <p>Provincial policy and legislative mandates:</p> <ul style="list-style-type: none"> • Gauteng White Paper on Transport Policy. • Gauteng Transport Framework Revision Act (2002). • Gauteng Legislation on Development Planning. • Gautrain Management Agency Amendment Act (2008). • Provincial Growth and Development Strategy (PGDS). • The Gauteng Spatial Development Perspective. 	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.

Overview GMA Integrated Annual Report – 2018

Strategic performance overview

The GMA strategy promotes alignment to the outcome-based approach of the Gauteng Medium-Term Strategic Framework (MTSF), as well as at national sector level.

The GMA strategy is also aligned to relevant points of the Gauteng Premier's initiative to bring about transformation, modernisation and re-industrialisation of Gauteng over the next five to 15 years.

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 ITMP25 for Gauteng. The GMA Board is committed to ensuring that the Gautrain operates in a sustainable manner with a clear commitment to governance and in support of Provincial Government's economic and social imperatives.

The 2017/18 financial year saw the Gautrain reach a good level of maturity as operating standards remained stable at consistently high levels of operational efficiency backed by good personal and property safety and security within the system and low levels of fare evasion.

Socio-economic development targets were met and exceeded as the Gautrain continued to contribute positively to the Gauteng economy.

The GMA also reached levels of maturity with low turnover of staff and good performance in terms of its mandates under the GMA Act (2007). Policies and frameworks were developed and implemented including the continued roll-out of the enterprise-wide risk management system. The GMA's Social Investment Programme, focusing on education and training, saw it support 20 early development centres and two university programmes for engineering students.

The external environment remained volatile however, and in particular, the low rates of economic growth in the metropolitan areas served by the Gautrain impacted negatively on growth in passenger trips.

This slow rate of growth and other factors turned steady historical growth in Gautrain passenger trips from June 2010 into a net decline for both train and passenger trips in the 2017/18 financial year. Compared to the previous financial year, train passenger trips declined 3,8% and bus passenger trips declined by 6.3%.

This was despite the fact that targets of availability and punctuality at an average availability of 99.5% and an average punctuality of 98.6% for all trips scheduled for the financial year.

Table 1 below shows passenger trips per financial year on airport services, the general passenger services and buses.

Service type	Rail			Bus
	Airport	General passenger	Total	Bus total
FY 16/17	1,660,184	13,951,886	15,612,070	5,126,673
FY 17/18	1,604,974	13,418,338	15,023,312	4,803,061
% change	-3,33%	-3,82%	-3,77%	-6,31%

Numerous communication and marketing initiatives targeted at potential and current users of the Gautrain were undertaken and were targeted at increasing the use of the Gautrain bus and train services. On Airport Passenger Services (APS), the sale of tickets to passengers within the international arrivals area saw sales of 29,920 contactless smart cards sales with a combined value of R5,4 million. This initiative, which is aimed at attracting air travellers and tourists to the Gautrain, has contributed to keeping the Gautrain competitive in a market where e-hailing taxi services are becoming increasingly popular.

Safety and security targets for passengers and of the system itself remained at excellent levels. However, the on-going threat of violence between e-hailing taxi and metered taxi drivers outside or near Gautrain stations continued and resulted in deterring potential passengers from transferring between train and taxi modes.

Fare evasion was well below the required level and did not exceed 0,04% in any month.

The Gautrain currently has midi-bus operations at the Marlboro, Sandton, Centurion and Hatfield stations which carried 187,545 passengers in the financial year; an increase of 25% on the previous year. These services are provided by local taxi associations and expand the use of Gautrain in a way that benefits both public transport users and taxi associations.

The Patronage Guarantee for the financial year was R1,545,872,567 (cash basis). The expansion of the capacity within the current system and the on-going marketing of the services remains a priority for the GMA.

From a Socio-Economic Development (SED) perspective, all targets were met and most were exceeded. SED directly demonstrates the benefits of the Gautrain in terms of shareholding by African persons and women, procurement, sub-contracting and employment equity elements.

The GMA continued to commit significant resources to planning and implementing extensions and expansions to the current Gautrain network, especially in those related to increasing capacity in key areas impacting on passenger demand.

The key projects that are on-going are the acquisition of train, depot and signalling assets, the completion of the Centurion parking extensions and the roll-out of changes to the automated fare collection system to accept debit and credit cards at the various fare gates in stations and on buses.

The Bombela Concession Company implanted various safety and security improvement projects aimed at protecting the rail reserve. A key project implemented in the year was the protective measures put in place above the rail reserve in the area between Hatfield and Pretoria stations to prevent ingress of cars and trucks into the reserve.

The year saw the implementation of mobile applications for trip planning both for the Gautrain and for all public transport trips in Gauteng for "Gauteng on the move." Web and application-based sales of Gautrain trip products are also enabled relieving pressure from in-station sales and adding to passenger convenience.

The GMA Amendment Bill was promulgated during the financial year to expand the powers of the Agency to cover the extensions to the rail network in the province, as well as to undertake or support broader public transport and rail-related projects as delegated by the MEC for Roads and Transport.

The GMA Board reached the end of its term in December 2017 and a new Board was appointed by the MEC to provide continuous governance oversight.

The feasibility study for the extension of the Gauteng Rapid Rail Integrated Network was completed in November 2016 in accordance with National Treasury Regulation 16. The GMA supported the Provincial Treasury in ongoing engagements with the National Treasury and work is ongoing in addressing issues raised by key stakeholders on the extensions.

In terms of human capital, the GMA Board approved a new organisational structure that better reflects its increased mandate. The GMA currently has 87 filled positions out of 90 available posts.

All Information Communication Technology (ICT) strategic initiatives planned for the 2017/18 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, the GMA central registry and knowledge management, published a comprehensive set of case studies on the Gautrain and is now partnering with academic institutions in terms of using these in applied research and teaching programmes.

From a corporate social responsibility perspective, the GMA continued with a range of Social Investment Programme initiatives including awarding funds to 33 beneficiaries. Monitoring and evaluation processes are in place. The GMA's 2017/18 Annual Report provides a full review of its performance.

g-FleeT Management

g-FleeT Management is a trading entity of the GDTR and is under the oversight of the Head of Department. The entity is managed by the Chief Executive Officer (CEO).

Name of entity	Legislative mandate	Financial relationship	Nature of operations
g-FleeT Management	<ul style="list-style-type: none"> • PFMA (1996). • Treasury Regulations. • Treasury practice notes. • Public Service Act 1994). • Public Service Regulations. • Cabinet Memorandum of 1988. • Transport Circular 4 of 2000. • National Road Traffic Act of 1996. 	g-FleeT Management is a trading entity of the Department and was 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 matters relating to the utilization of government-owned transport and related transport.

The Annual Report for g-FleeT Management is included on page 242 of this report.



Every little bit helps.

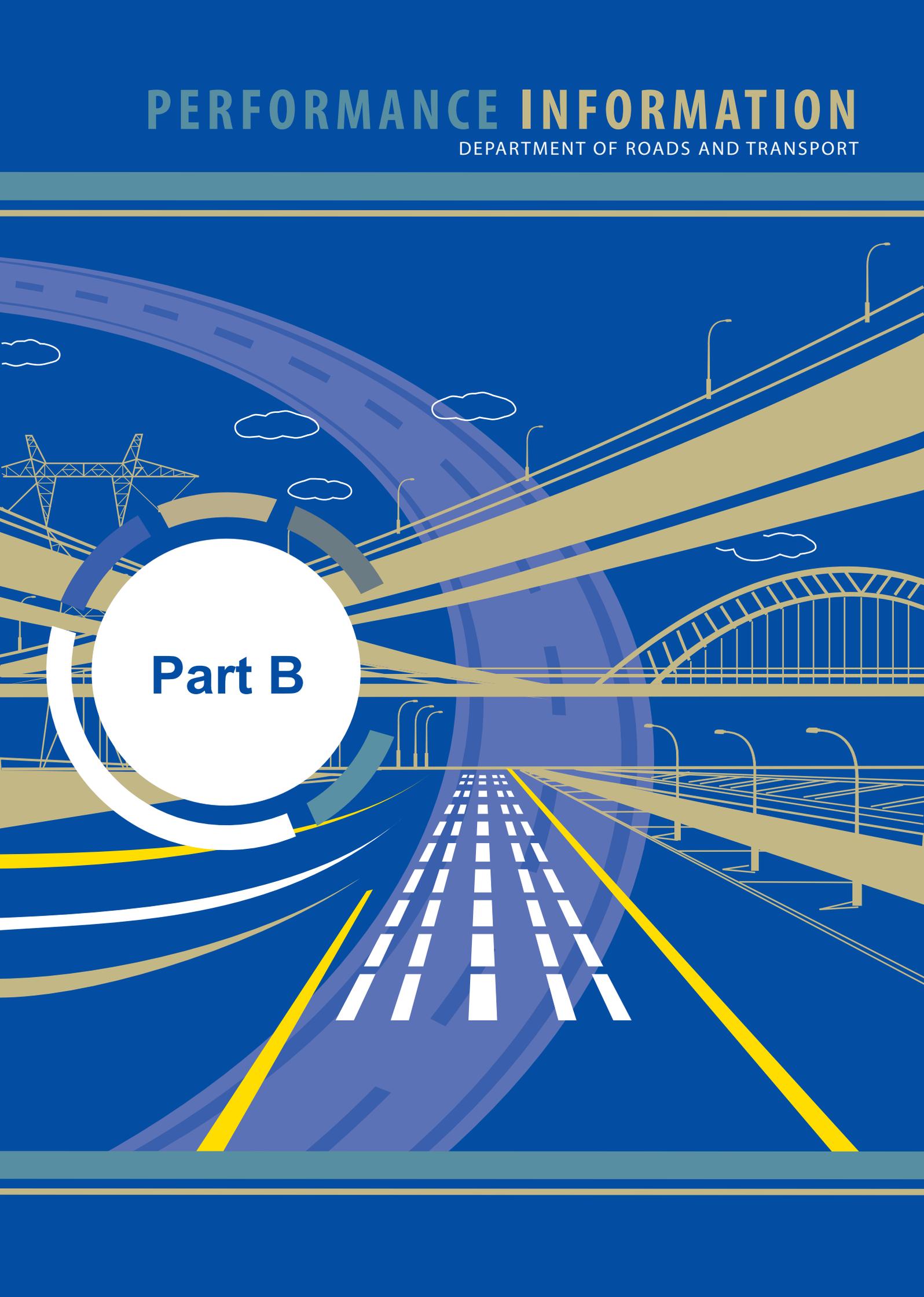
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PERFORMANCE INFORMATION

DEPARTMENT OF ROADS AND TRANSPORT

The background is a stylized illustration of a road network. It features a central road with white dashed lane markings and yellow edge lines, receding into the distance. To the left, a road curves upwards. To the right, a road runs parallel to the central one, with several streetlights. In the background, there are various infrastructure elements: a power line tower on the left, a bridge with a curved arch on the right, and several white clouds scattered across the blue sky. A large white circle is positioned on the left side of the image, containing the text 'Part B'. The overall color palette is dominated by blue, yellow, and white.

Part B



1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General South Africa (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 156 to 159 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The GDRT is committed towards ensuring a modern integrated, efficient and sustainable transport and road infrastructure system in Gauteng. In pursuit of this vision, the Department has developed its strategic goals and objectives which are achieved through budgeted programmes and projects.

Strategic transport infrastructure

The Department views its transport network as a catalyst which drives the socio-economic development of the province and therefore is geared towards the improvement of the provincial road infrastructure through the construction of new roads and improving its maintenance programme on existing roads.

For the financial year 2017/18, the Department was allocated an amount of R1,9 billion towards transport infrastructure.

The Department completed two major road upgrades (D1027 Phase 2: upgrading of D1027 (Cedar Road) from Uranium Road to Valley Road including associated works on Cedar Road and construction of Sebe Road in Evaton). Five road rehabilitation projects were completed to improve road quality and ridership.

Ten new multi-year construction projects were initiated during the financial year under review. These include R82 phase 3 [between D1073 (Walkerville) and K164 (De Deur)], K69 [upgrading and the doubling of Hans Strijdom Drive (Solomon Mahlangu) from the N4 to Mamelodi to K54], P39, P243, D1884, P249, K31 access to the Green Gate development: the reconstruction and upgrading of the M5 Beyers Naude Road, P175, K175, P122 and K54: Mamelodi (Tsamaya Road) to R104 Pretoria Bronkhorstspuit Road. This includes the gravel roads upgraded to surfaced roads (upgrading of gravel road D1944) which will be completed in the 2018/19 financial year.

As part of the Department's intervention on roads which exceeded design life and distressed roads, the Department implemented a remedial programme for the improvement of asset value and roads safety. Most of the roads are arterial roads and form part of the Strategic Provincial Transport Network (SPTN). The remedial programme was for the below identified roads:

Road name/number	Description of works	Number of km	Expenditure	Date completed
P4/2 Vereeniging/Nigel road	Light rehabilitation	10.3 km	R5,870,162.30	8 November 2017
R59 (P156/2) Vereeniging/Johannesburg road	Heavy rehabilitation	6.71 km	R17,536,453.88	2 February 2018
P103/1 Malibongwe Drive	Light rehabilitation	Different intersections	R9,857,980.50	27 October 2017
P126/1 Hendrik Potgieter Road	Reseal, milling and light rehabilitation	9.2 km	R9,027,737.82	1 September 2017
D524 – Leratong/Protea Glen road	Heavy rehabilitation	3.9 km	R12,930,612.00	31 October 2017
R42 (P156/2) Vereeniging/Heidelberg road	Light rehabilitation	11.8 km	R14,579,562.49	29 January 2018
P6/2 Snake Road	Milling and overlay	13.2km	R8,391,735.47	10 May 2017

Supporting the township economy, SMMEs

As part of radical economic transformation, the Department implemented the Vuk'uphile Contractor Development Programme with the aim of developing new entrepreneurs within the transport construction sector and providing job creation opportunities. 29 learner contractors at level 1 CIDB were appointed in 2013 on a three-year Vuk'uphile Contractor Development Programme. These contractors successfully graduated from the Department's programme in December 2017 with the CIDB levels ranging from 4 to 7.

The empowerment of these contractors has enabled them not only to compete in the entrepreneurial construction sector but also ultimately to improve the radical economic transformation of these business people, the people they employ and the communities in which they work. Despite the challenges experienced in the implementation of the programme due to community protests that resulted in stoppages, the Department has strengthened its implementation methodology through continuous public engagement and internal process facilitation. This has resulted in the upscaling of this successful programme with the appointment of 36 new learner contractors in the 2018/19 financial year.

Opening of the refurbished Temba Driver License Testing Centre (DTLC)

The upgraded Temba DLTC in Hammanskraal, Tshwane was officially opened in May 2017. This is part of the Provincial Government's commitment to ensure service accessibility to people in their communities, to reduce travel costs and time. The R35-million project, completed in 2016, involved upgrading the centre to a Grade A facility, consisting of a DLTC, Motor Vehicle Registering Authority (MVRA) and a Vehicle Testing Station (VTS).

The centre boasts among others, 14 live capturing-units for eye testing and computer learner licence testing units for learner drivers' testing. The installation of the new technology is geared to combat possible fraud or corruption during the licence testing process.

Gauteng Transport Authority

The ITMP25 identifies institutional arrangements in the province to strengthen public transport services. In response, the ITMP25 makes an assertion that it is no longer a consideration whether a single authority in the province is needed, but rather how the province and municipalities should collaborate to jointly build a sustainable institution for transport service delivery.

The DRT has taken important steps to establish a fully-fledged transport authority for Gauteng. In the course of the 2018/19 financial year, it will finalise the policy framework for a single transport authority and introduce enabling legislation in the Gauteng Provincial Legislature. Once the policy and legislative processes are concluded, the institutional architecture for the Gauteng Transport Authority will be facilitated.

Empowerment and integration of the taxi industry

In the 2017 State of the Province Address (SOPA), the Premier stated: "We are committed to ensuring that the taxi industry is empowered." The DRT has continued with this commitment to ensure the legalisation of illegal operators through the issuance of operating licenses so commuters have a safe and reliable public transport mode.

The Department has continued with the transformation, modernisation and economic empowerment of the minibus taxi industry to the GCR, the 10 Pillar Programme and the ITMP 25. One of the major successes of the 2017 financial year has been the establishment of a provincial taxi working group which allowed for a major breakthrough for a formalised provincial government engagement with the taxi industry which culminated in a GPG Taxi Working Group. The Department's engagements with the taxi industry through the Taxi Working Group (including the Department of Economic Development (DED), Human Settlements, Social Development and Community Safety) commenced, which afforded the taxi industry a platform to officially raise their concerns with government and to further strengthen the working relations between the industry and Government.

Despite the various challenges, the Department continues to focus on the implementation of the resolutions from the taxi summit. The Department, in collaboration with the DED, has developed a programme aimed at the “Transformation and Economic Empowerment” of the transport industry. The programme emanated from the Taxi Industry Summit which was held from 28 to 29 July 2016 focusing on the most pressing challenges facing the industry, as well as exploring economic opportunities.

One of the immediate high-level strategies is the development of a business case which has been approved by the MEC: DED, to conduct a feasibility study towards the establishment of a proposed Gauteng taxi industry co-operative financial institution, premised on the development of a co-operative bank. Green/environmental issues have also been embraced by the public transport industry resulting in considerations of other initiatives within the public transport sector such as the establishment of tyre and motor oil recycling hubs and the establishment of taxi eco-car wash bays. The study will also include women in transport and small bus operators.

Critical elements within the public transport sector that also require immediate intervention is universal accessibility standards to be extended to all modes of transports to ensure the safe, accessible and reliable transport for all citizens. The focus is now on the alignment of policies at both government and transport operator levels, together with automobile industries. There is a pilot study initiative which involves the taxi industry to commence with a nominal service for differently-abled members of our communities.

In the quest to enhance the public transport sector as an economic growth catalyst, the Department continues to pursue the TER Programme through taxi empowerment initiatives. The Department is facilitating a partnership agreement between the mini-bus taxi industry, the Retail Motor Industry (RMI) and other role players within the automotive value chain and beyond as part of its Taxi Empowerment Programme. Formalisation and economic empowerment through corporatisation, modernisation and innovation of the public transport system is also being implemented on an ongoing basis. One of the initiatives being undertaken with the industry is the facilitation of training on the formation and registration of co-operatives. The project further extends to facilitation of empowerment or business deals with funding institutions and assisting with business startup value chains as guided by the co-operatives area of interest. The project is gaining traction and the DRT has played a role in supporting the following initiatives:

- Refilwe Cullinan Taxi Co-operative secured a deal to transport Petra Diamond Mine employees from home to work and back home within a 10 km radius.
- TI Co-operative in Soshanguve is successfully operating a petrol station.

Interactions with the industry continue with among others, the Automotive Industry Development Centre (AIDC), the Department of Trade and Industry (DTI) and the Independent Development Corporation (IDC) who have been engaged to assist in automotive spare distribution opportunities and bus acquisition to sustainably support the Petra Diamond Mine logistical transport contract.

One of the major successes has been the empowerment of women in the taxi industry. The Department has assisted many women, especially widows of taxi owners in taking over and operating businesses. This has been achieved through the issuing of operating licenses and continued support to women operators.

Kaserne Intermodal Transit Development

Karsene is a massive transit-oriented development with total surface area of 26, 540 m² in the proximity of Park Station and is a gateway to the inner city that will cater for long distance transit and new passenger trips generated by residential area densification, student residence developments, and people who want to partake in the rich cultural square kilometre in the Maboneng District, Newtown precinct and Braamfontein’s diverse entertainment space. The precinct also provides a gateway to government services as customer service points. It is significant for east/west pedestrian movements for the different modes of transportation.

The Kaserne Development was monitored as part of the Premier’s Deliverology Programme for delivery by 2019. The project was 78% complete during the year under review. The project is earmarked for completion by 2019.

Reduced turnaround times for vehicle license renewal

Another key initiative developed by the Department is the On-line Licence Renewal Programme. The RTMC is in the process of appointing a service provider as the payment engine and clearing house so that customers are able to pay while transacting online. The programme is implemented at a national level by the RTMC and the pilot was meant to be implemented by 30 October 2017. However, due to delays with the RTMC, the Department continues to engage on the project to ensure that rollout occurs in the 2018/19 financial year.

Improve the roadworthy testing of vehicles

As part of ensuring compliance with Schedule 4 of the National Road Traffic Regulations, the Department undertook an investigation of Vehicle Testing Stations (VTSs). The non-compliant VTSs were suspended and the Department only lifted the suspensions once the necessary equipment had been installed. A total of 26 VTSs were suspended and six remain suspended. The suspension will only be uplifted once the VTSs have complied with the legislative requirements.

Priorities freight and logistics hubs

The Gauteng province recognised the need to incorporate freight transportation planning into the province's transportation planning process. Freight transport is crucial for the economy of Gauteng and the country and influences economic growth and development directly in that the efficiency of the freight transport system impacts on the efficiency of supply chains and, in turn, the cost of doing business. The role of the Department is to coordinate the development of freight and logistics infrastructure in the province which involves representing the Gauteng province's interest in the Strategic Infrastructure Project (SIP2) on the KZN Free State Gauteng Development Corridor and specifically for this MTSF, the Tambo Springs and City Deep freight and logistics hubs, as identified in the National Development Plan (NDP).

Tambo Springs Freight and Logistics Hub

The hub development is a planned greenfield inland port located at the Southern boundary of Ekurhuleni urban edge which aims to provide capacity and alleviate the increasing container traffic volumes from Durban port. The hub is one of three such developments envisaged in the Gauteng province as inland intermodal terminals.

The Department is in the process of developing the transport network to support the hub which includes the design and construction of the K148/N3 interchange and the K148 route. The route and interchange will provide key mobility access to Tambo Springs by heavy goods vehicles from the N3 highway. The K148/N3 interchange detail designs are complete. Construction is anticipated to commence in the 2018/19 financial year.

City Deep Freight and Logistics Hub

Good progress has been recorded on improving the road network linked to the City Deep Freight Hub with four of the seven road improvement projects completed.

GLI-X Indicator implementation

The Gauteng province, the Cities, Transnet, the National Department of Transport, Academia, other government departments and the private sector collaboratively constructed the GLI-X System which seeks to improve the movement of freight in the Gauteng province. This indicator system forms part of a broader set of projects which are stipulated in the Joint Declaration of Intent which was signed by the Gauteng Provincial Government (GPG) and the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety in February 2016 to improve freight mobility in the province.

Implementation of the second phase of the GLI-X Indicator System is underway and the 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 movement in the province.

2.2 Service Delivery Improvement Plan (SDIP)

The Department has completed its SDIP. The tables below highlight the SDIP and the achievements for the year under review.

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Testing and issuance of driver and learner licences	Aspirant drivers	Testing and issuance of learner licences completed within two hours.	Testing and issuance of learner licences completed within 90 minutes.	Testing and issuance of learner licences completed within two hours.
		Testing and issuance of a driving licence (temporary) completed within one and half hour.	Testing and issuance of a driving licence (temporary) completed within 1 hour and twenty minutes.	In the majority of cases, licences are issued within the standard.
		The driving licence card should be ready for collection within four weeks.	The driving licence card should be ready for collection within three weeks.	Issued within standard.
Testing of vehicles and issuance of road worthy certificates	Vehicle owners and road users	Testing of motor vehicles and issuance of road worthy certificates completed within one hour.	Currently in the process of developing service standards together with National Department of Transport (NDoT). Testing of a vehicle for roadworthy varies in terms of the size of the vehicle.	Testing of motor vehicles and issuance of road worthy certificates varies. At maximum, it takes one hour.
Abnormal and heavy vehicle travel demand service	Road freight industry, engineers, law enforcement agencies, infrastructure planners and general public	One work day per permit.	Two work days per permit.	One work day per permit.
Road traffic travel demand information service	Property development industry, infrastructure development industry and the public	Survey provincial annual road traffic.	Management of annual provincial road traffic data.	Management of annual provincial road traffic data.

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 and the Integrated Transport Plan Committee to address transport needs in Gauteng.
Social facilitation	Stakeholder consultation.	Informed customers, community members and other staff members.
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 to relevant stakeholders.

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 through various reports.
Brochures, posters, newsletters and leaflets	Intranet, website and database.	Informed internal and external stakeholders through the various social and media platforms.

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

During the year under review, the Department experienced various challenges with its head office premises which were not conducive to a good working environment. The management therefore took the decision to relocate its head office to 45 Commissioner Street, Johannesburg. The transition occurred with minimal impact on service delivery to clients. The new offices allow for all the four branches, namely; Corporate Services, Finance, Roads and Transport to be housed in a single building; ensuring clients are able to gain maximum access to officials and services.

One of the major challenges which the Department faced was budget constraints which impacted on its ability to fill vacant posts over the MTEF. This resulted in the Department prioritising critical posts, mostly in the technical fields to ensure it continues to deliver on its mandate. The advertising of critical posts was undertaken and the appointments of engineers and other technical staff are being undertaken.

Zero-tolerance to fraud and corruption in the Department is a critical objective and has resulted in the Department taking a tough stance on employees alleged to have engaged in fraudulent activities. Reported cases were consistently investigated to ensure all allegations were addressed.

The Department is proud to announce that the Head of Department (HoD), Mr R Swartz, was awarded the Best Head of Department in Transport Award by the National Department of Transport (NDoT) during its 2018 annual awards ceremony. The award recognises and honours those officials who have distinguished themselves by dedicating their services beyond the call of duty in their respective fields. The Department takes this opportunity to congratulate our HoD, Mr R Swartz, on this great achievement and wish him continued success.

2.4 Key policy developments and legislative changes

Gautrain Management Agency Amendment Bill

The purpose of amending the Bill is to extend the mandate of the GMA. This has been deemed necessary for the GMA to undertake other public transport functions over and above overseeing the concession agreement of the the Gautrain Rapid Rail Link. The GMA Amendment Bill was adopted by the Gauteng Legislature on 19 October 2017.

Gauteng Outdoor Advertising Regulations

The objective of drafting the Gauteng Outdoor Advertising Regulations was to define the procedures to be followed in advertising on provincial roads. The Gauteng Regulations on Advertising were published in the Government Gazette for public comment from 27 October to 27 November 2017. Consultations with the outdoor advertising industry were also conducted for amendments of the regulations. The regulations will be certified by the State Law Advisor in the 2018/19 financial year.

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), the motor vehicles licence fees should be increased annually. The submission for adjustment of the motor vehicles licence fees for the financial year 2018/19 has been approved by the MEC. The Department consults with Provincial Treasury for approval of the adjustment of fees.

Gauteng Transport Authority Bill

The Bill commissions the establishment of the Gauteng Transport Authority which facilitates the integrated planning and co-ordination of public transport in the province. The Bill was approved by the Executive Council on 14 March 2018 and published for public comment.

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	<p>Establishing the Gauteng Transport Authority.</p> <ul style="list-style-type: none"> • Province-wide integrated ticketing. • Integrated passenger information and communication. • Integration with the commuter rail corridor modernisation project of the Passenger Rail Agency South Africa (PRASA). • Restructuring of subsidised road based public transport. • Corporatisation of the taxi industry. • Access to major freight nodes. • Regulation and enforcement of public transport and freight.

Strategic Outcome-Oriented Goal 2	Strategic economic transport infrastructure that stimulates 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 Infrastructure Development Plans (IDPs)
Sub-outcomes	Optimum utilisation of existing and new transport infrastructure
Key priorities	<ul style="list-style-type: none"> • Travel demand management, less congestion and shorter travel time • Non-motorised transport providing pedestrian paths and cycle ways • Continued provincial-wide mobility • Effective management of existing transport infrastructure • Intelligent transport system – use of technology to enhance travel management

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 resourced with competent socially conscious human capital
Justification	An effective governance and management environment that ensures accountability to stakeholders
Links	PFMA, PSA, BCA, SDA, LRA, PAJA, PAIA, Chapter 9 Institutions
Sub-outcome	An organisation complying with all its financial, administrative and regulatory responsibilities
Key priorities	<ul style="list-style-type: none"> • Institutionalise good governance systems • Enhance the performance managements systems to deliver effective services • Automation of business process towards efficiencies • Establishment of a Departmental training and developmental centre (Zwartkop) • Develop a knowledge portal that ensures sustainability of institutional memory • Establish a comprehensive human resource management system • Enhance the contract management system • Creating an external and internal regulatory environment

4. PERFORMANCE INFORMATION BY PROGRAMME

This section outlines the progress by the Department in the achievement of the strategic objectives as outlined in the Annual Performance Plan 2017/18.

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.

With regard to the demonstration of good stewardship of the resources entrusted to the Department, the following were executed:

30-day payment of invoices

The Department, as an indication of its commitment to improve the management of public finances, and to support township enterprises, has refined its payment process and settled 100% of invoices within the prescribed 30-day payment period.

It registered improvements to its 2015/16 financial year compliance rate of 99.7%. This means that the Department is now able to make payments to all authentic claims within the prescribed 30-day period, 83% of which took place within 15 days.

Open tender

The following tenders were awarded in line with the open tender policy of the provincial government:

DRT Number	Description
DRT 91/06/2016	Construction of road K54 between road K22 (Old Bronkhorspruit Road) and K69 (Solomon Mahlangu Drive), and section of road 2561 from road K54 to Tsamaya Road in Mamelodi.
DRT101/08/2016	Rehabilitation of road P243/1 from Vereeniging to Balfour, Phase 2.
DRT32/03/2016	Execution of routine road maintenance contract for selected RISFSA classes 3 at Tshwane, Ekurhuleni, West Rand, Sedibeng and Metsweding regions.
DRT99/07/2016	Re-gravel projects for five regions.
DRT118/02/2017	Maintenance of provincial streets and government building security lights for 36 months for 5 regions.
DRT120/02/2017	Marking and remarking of provincial roads as and when required for 36 months.
DRT09/06/2016	Grass cutting A and B.
DRT18/10/2015	R82 Phase 2 between road D1073 (Walkerville) and K164 (De Deur).
DRT16/10/2016	Supply and application of diluted emulsion.
DRT99/07/2016	Re-gravel projects for 5 regions.
DRT104/10/2016 F1 - F6, G1 - G6, H1 - H6, J1 - J6 and K1 - K6	Training and development of emerging contractors through the DRT and Tswelopele Contractor Development Programme.
DRT120/02/2017	Marking and re-marking of provincial roads (36 months).

Supply chain management

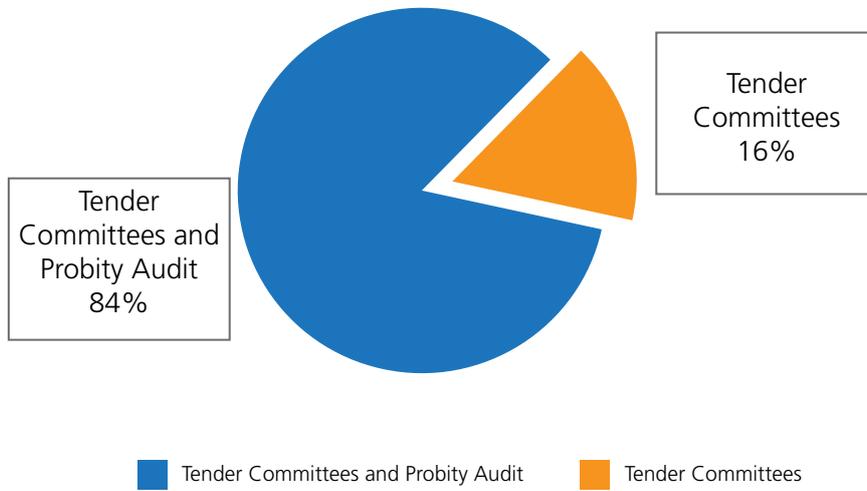
The tenders awarded for the Department in the 2017/18 financial year are as follows:

Business units	Awards	
	No. of tenders	Contract value
Service delivery:		
Transport Infrastructure - Maintenance	15	R1,498,413,867
Transport Infrastructure - Construction	3	R507,503,206
Transport Infrastructure - Infrastructure Planning	3	R28,151,525
Transport Operations: Public Transport Services	3	R17,296,287
Support functions:		
Administration - Corporate Support	4	R7,743,802
Total	28	R2,059,108,687

The average timeframe to evaluate and award tenders was 98 days.

All tenders over a R50 million price estimate are subjected to probity audits by independent registered auditors. The audits are conducted to provide assurance to various stakeholders that the tender process was fair and transparent in arriving at the tender awards and the disqualification of bidders. Of the 28 tenders awarded, 84% of the Rand value awarded were subject to probity audit.

Tenders Awarded



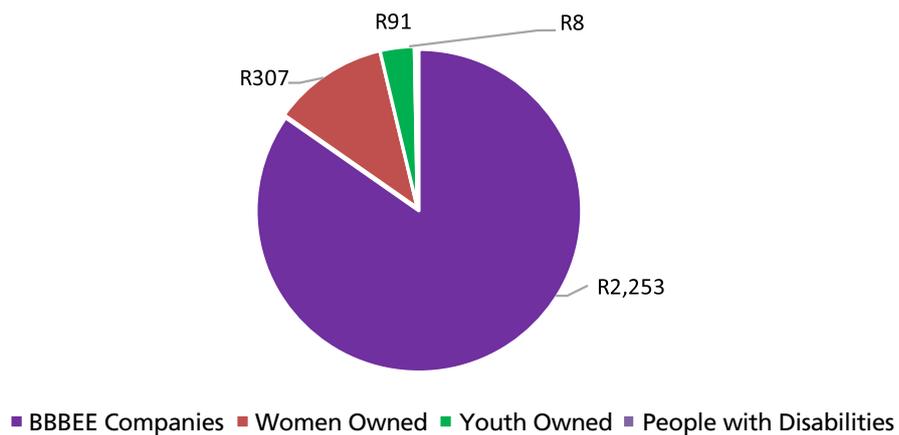
Open Tender (subjected to Probiy Audit)

The following tenders were awarded through an open tender process (subjected to probity audit):

DRT Number	Description
DRT 91/06/2016	Construction of road K54 between road K22 (Old Bronkhorspruit Road) and K69 (Solomon Mahlangu Drive),and section of road 2561 from road K54 to Tsamaya Road in Mamelodi.
DRT101/08/2016	Rehabilitation of road P243/1 from Vereeniging to Balfour, Phase 2.
DRT32/03/2016	Execution of routine road maintenance contract for selected RISFSA classes 3 at Tshwane, Ekurhuleni, West Rand, Sedibeng and Metsweding regions.
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DRT120/02/2017	Marking and re-marking of provincial roads (36 months).

The Preferential Procurement Regulations of 2017 which came into effect on the 1 April 2017 catered for the preferential procurement from designated groups. The Department implemented the provisions of these Regulations on the 1 April 2017 although the implementation guides from Treasury followed several months later. We have achieved some success as noted:

Socio Economic Development - R'million



More can be done to transform the industries within which the Department operates and thus contribute significantly to women owned companies. To achieve these strides, it is important that National Treasury identifies the “databases for the designated groups” and classify them into the various forms of goods and services as encapsulated in S.9(3) of the Preferential Procurement Regulations. This must be considered as enhancements to the existing Central Supplier Database that has been developed by National Treasury for use by all organs of the state.

Approximately 99% of the Department’s procurement occurs through the bidding procurement process and hence the database for “designated groups” will support transformation by compelling existing main contractors who dominate the industry to subcontract these companies as required in terms of S.9(3) of the Regulations. This is a critical element required to support radical economic transformation.

Some of the interventions and progress the Department has made in this area in the absence of an established database for “designated groups” are:

- Majority of the Department’s tenders published compels contractors to subcontract to designated groups (including women owned companies) a minimum of 30% of the contract value. Bidders who fail to comply with this pre-qualification criteria are disqualified from the tender;
- The Department applies a “work-spread model” in the awarding of its tenders. This ensures an equitable distribution of work amongst bidders meeting the tender requirements for each tender;
- In April 2018, the Department has awarded 36 CIDB contractor development programmes to contractors from designated groups (including women owned companies) valued at more than R400 million over a 36-month duration; and
- The Departments’ sourcing strategy in procuring through price quotations is to target designated groups, particularly women owned companies. The impact although far reaching in terms of the number of companies it affects is less so in terms of the rand value. This procurement relates to catering, security and cleaning services, training, etc.

Strategic Objectives Indicators

Programme: Administration					
Strategic objectives indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Finance					
Provincial indicators					
Clean audit report	0	1 clean audit report 2016/17.	0	1	The Department obtained an unqualified audit opinion. Non-performance was attributed to major issues on the Audit Of Predetermined Objectives (AOPO) for Transport Infrastructure and Operations.
Material underspending of the budget	Tolerable under expenditure of 1% (R111 350 000.00) of the allocated budget.	Tolerable under-expenditure of 3% (R229 045 000) of the allocated budget.	4% under-spending (R292 407 000) of the total allocated budget of R7 082 340 000	R79 936 800	The majority of the under-spending (R262 936 000) was as a result of the penalties that were levied against public transport operators for DNO buses throughout the financial year.

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

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

Human capital development

In an effort to capacitate the Department with relevant skills, employees were trained in various programmes namely: Budgeting and Financial Management, the Promotion of Administrative Justice Act (PAJA), Train-the-Trainer, the Compulsory Induction Programme (CIP), Professional Project Management, Intelligent Transport Systems, Ethics in the Public Service, the Financial Management Development Programme, Material Testing, the Middle Management Development Programme, PowerPoint, Programme Management, Advanced Project Management, Supacc Software, Computer Software, Transport Acts, Standards and Transport Infrastructure. The 20th Annual Educational Conference was also attended by Departmental officials.

The Department enrolled 62 delegates on the Foundational Management Development Programme; 53 graduated and received a Higher Certificate in Public Management NQF Level 5.



Foundational Management Development Programme graduates

Youth Internship Programme cultivating transport expertise

Over the last four years (2014-17), the Department has contributed approximately R7 million towards human resources development. This contribution includes bursaries given to qualifying applicants who are currently studying various fields at different institutions of higher learning.

The Department appointed a total of 95 interns during the 2017/18 financial year. 80 were university graduates that required workplace exposure to gain experience and find future permanent jobs.

An additional 15 student-interns with a NQF level 6 were appointed on a Work Integrated Learning (WIL) programme. Among the student-interns, three participants were from the Bursary Programme; Possessing technical qualifications in Building and Civil Engineering Studies (N6 level), they were placed within the Department's Capital Projects. As a requirement, curriculum N6 qualification holders require at least an 18-month experiential training programme to have their qualification progressed to a National Diploma. In the course of the programme, they were allocated to various civil engineering contractors and consulting firms. The interns have since graduated and are currently qualified in the building and civil engineering fields.



Messrs. M. Ntuli, S. Ndlovu and G. Mphahele. Holders of National Diploma: Engineering Studies.

Job opportunities created through various infrastructure projects

The Department has created a total of 3, 812 job opportunities in the 2017/18 financial year. Out of the above-mentioned job opportunities 2, 327 were youth, 1, 580 were women and 38 were People with Disabilities (PWDs).

Employee Wellness Programme

A climate survey was conducted to measure the extent of individual and organisational wellness, identify gaps and areas of improvement regarding the working environment. Among others, the climate survey results recommended that the organisation needed to improve on communication and consider offering non-monetary recognition to personnel. To address the gaps identified by the survey, the Department conducted the following wellness programmes:

- ***Departmental Recreation Programme***

The Department continues to encourage employees to participate in the Sports and Recreation Programme namely the Arnold Schwarzenegger Fun Run, marathons, aerobics, soccer and netball tournaments.

- ***Counselling service and health screening***

To improve utilisation of counselling and referral services, employees' health and wellness services were conducted and 570 employees were reached. Counselling, including bereavement counselling and trauma de-briefing, support and referral continue to be rendered and available on a 24-hour service basis.

The Department has conducted six financial literacy sessions in the regions with the assistance of the National Credit Regulator, the Economic Development Department, the Financial Ombudsman and the Medical Aid Ombudsman.

742 employees participated on health screening including testing for hypertension, glucose, cholesterol, HIV testing, eye testing, TB assessment and Body Mass Index. Health screening was conducted to employees who are at high risk of contracting occupational illnesses.

Gender-based violence dialogues were hosted in the Department which resulted in the launch of a men's forum. Seven dialogues were conducted with the theme: "Not in my name." This was in response to the high level of femicide in the country.

Facilities management

- Records management**

In order to comply with the Department's records management policy, the Department has inspected records listed and stored documents from the head office and Xavier Junction DLTC.

The Department has relocated records to the Koedoespoort region. The active records are being digitalised in Sage Life building and will be stored at Polly building facility.

- Relocation of the departmental head office to 45 Commissioner Street**

The departmental head office relocation to 45 Commissioner Street is 95% complete. The registry and server room will move to 45 Commissioner Street in the next financial year. The 20th floor will accommodate the registry, server room and all active DRT files.

Strategic Objectives Indicators

Programme: Administration					
Strategic objectives indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Corporate Services					
Provincial indicators					
Approved Departmental HRD Implementation Plan submitted to DPSA annually.	Approved Departmental HRD Implementation Plan submitted to DPSA.	Approved Departmental HRD Implementation Plan to DPSA annually.	Approved Departmental HRD Implementation Plan to DPSA annually.	-	-
Job Access Strategic Framework Implementation Plan submitted to DPSA annually.	Job Access Strategic Framework 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.	-	-
GEYODI Equality Strategic Framework Implementation Plan submitted to DPSA annually.	Gender Equality Strategic Framework Implementation Plan submitted to DPSA.	Gender Equality Strategic Framework Implementation Plan submitted to DPSA annually.	Approved Gender Equality Strategic Framework Implementation Plan 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.	Approved Annual Human Resource Planning Implementation Report submitted to DPSA annually.	Approved Annual Human Resource Planning Implementation Report submitted to DPSA annually.	-	-

Performance indicators

Programme: Administration					
Performance indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Corporate Support					
Provincial indicators					
Number of employees in designated categories that have undergone compulsory training programme	804	800	958	+158	Additional training requests received from Branches.
Number of interns and learners	95	80	95	+15	Additional interns were requested for special projects.

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

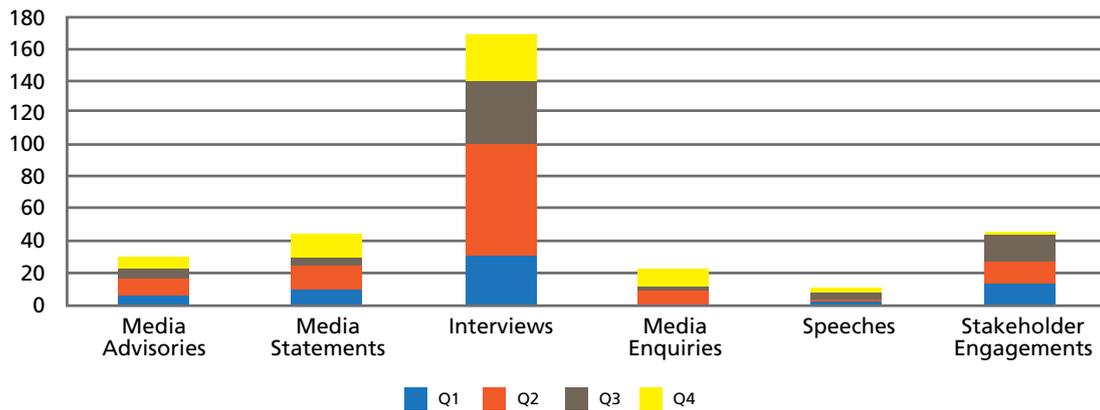
In the 2016/17 financial year, the Department achieved a 52% customer satisfaction level due to lack of publicity concerning the services rendered by the Department. To address the concerns raised by the survey, following initiatives were executed:

Media Liaison

The Department is developing relationships with media and print houses. These relationships have resulted in the Department being able to share, educate and promote its services which contributed to the reputation development of the Department.

Media activities	Measure metric			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Media advisories	6	11	6	7
Media statements	10	15	5	15
Interviews	31	70	39	28
Media enquiries	1	8	3	11
Speeches	2	1	5	3
Stakeholder engagement	14	14	16	2

Media Activities 2017/18



Digital and online media

The Department's presence on social media promotes instantaneous engagement with members of the public on roads and transport matters. Projects, services and road safety information are displayed on a continuous basis on social media platforms such as Facebook, Instagram and Twitter. The departmental Twitter page on average reaches 479, 723 followers in a week. At the end of the financial year, the departmental Facebook page had over 7,000 active followers.

The Department updates the GPG Portal (www.gauteng.gov.za) on a regular basis with information on various services, projects and programmes by the Department.

External and internal communication

A number of events and activations were covered during the financial year. These included numerous road project launches, ribbon cuttings, taxi roadshows engagements and public transport services forums. The Department held activations at various DLTCs and TOLABs in the province. The activations provided a platform for promotion of departmental services provided at DLTCs and TOLABs.

One of the milestones of the Department was the annual October Transport Month which highlighted the benefits of investments and the utilisation of public transport while showcasing service delivery.

Internal communication is utilised to disseminate information within the Department. The "Newsflash", "Kgatelopele", and the intranet are utilised as tools to disseminate information.

Investing in our youth

It is an objective of the Department to invest in the youth as it views them as the future leaders and who play an integral role in the future growth and development of the province and country. Keeping this objective at the forefront of its service delivery mandate, the Department initiated various projects during the year under review as outlined below:

- **Youth Month commemoration**

The Department brought a new twist to this year's Youth Month commemorations by hosting essential dialogues about issues affecting and pertinent to young people. The #Dialogues were held in commemoration of achievements made since the advent of democracy in the country and served to promote positive engagements with and debates about issues affecting or relating to young people. They further served as a platform to reflect on the state of affairs in the Department, as well as roles and responsibilities and created a meaningful experience to benefit young people.

Furthermore to ensure inter-governmental relations the Department has established the following information sharing platforms:

Stakeholder fora

Stakeholder fora are a series of engagements that seek to inform, consult and ensure active participation of stakeholders such as Parliamentary constituency offices, PwDs, women and commuter organisations. The following initiatives transpired from the fora:

- ***Public Participation Programme***

A public consultation was held with communities from the following wards (55, 57 and 124) which are being serviced by the Xavier DLTC. The consultation with the community seeks to assist the Department with the decision to extend the lease agreement for the DLTC, ending in three years.

Furthermore, the communities of Mabopane and the Lindokuhle informal settlement were consulted to address the petitions for Toloane Bridge and K111 route.

- ***Social facilitation***

The Department undertook the following social participation events with relevant local communities to create awareness and discuss pertinent issues relating to the projects implemented in those communities:

P46/1; RISFSA Class 1&2 and 3; P249, N14 Phase 2, D1944, Tolwane Bridge, P88/1, Cedar Road Phase 2, K46, P186/1 Bridge, D670, D904, Sebenzile Road, Sebokeng DLTC and Vereeniging intermodal facility.

To transform and modernise the Department the following initiatives were executed:

- ***Electronic Document Records Management System (e-DRMS)***

The e-DRMS entails storing, tracking and archiving of Department documents electronically. The system has been rolled out within the Department in various business units namely: Transport Infrastructure Planning, Roads Design Services, Supply Chain Management, Public Transport Operations and Policy, Legislation, Research and Knowledge Management.

- ***IP telephony***

The Department has implemented centralised PBX and uses the Gauteng Broadband Network for free internal call connectivity. 28 departmental sites have been integrated on landline telephony. The Department has managed to reduce telephone costs by half as part of its cost containment and modernisation strategy.

Strategic Objectives Indicators

Programme: Administration					
Strategic objectives indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Corporate Services					
Provincial indicators					
Fully automated identified business processes and records management by 2019.	Mapping and system design, systems development - completed (15%) 3 processes viz. Queue Management System, document tracking for HR and Short Messaging System.	Mapping, system design, systems development - 3 (51.67%) completed: 1. Wayleave (5%). 2. Electronic Document and Records Management System Phase 1 (40%). 3. Public Transport Operating Licenses System (6.67%).	Mapping, system design, systems development - 1 (45%) completed. 1. Electronic Document and Records Management Phase 1. 2. Wayleave (5%).	1 (6.67%)	The Departmental Operating License System was officially halted by NDoT as they are currently involved in the procurement process for a new system.

Performance indicators

Programme: Administration					
Performance indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Corporate Services					
Provincial indicators					
*Number of sites integrated on landline telephony	-	29 departmental sites integrated on landline telephony.	28 departmental sites integrated.	1	Delays were due to non-completion of construction of the Sebokeng DLTC building.
Stakeholder perception survey conducted	0	1	0	1	The tender process took longer than anticipated.
*New indicator					

Strategy to overcome areas of underperformance

Indicator	Proposed intervention
Material underspending of the budget	Surrender the anticipated DNOs back to the National Revenue Fund (NRF) during the Main Adjustment Budget in November 2018 to ensure that there is a reduction in the underspending at the end of the financial year.
Fully automated identified business processes and records management by 2019	The NDoT will advertise a tender for the development of a new system in the financial year 2018/19.
Number of sites integrated on landline telephony	The landline telephony will be integrated into the Sebokeng DLTC site in the financial year 2018/19.
Stakeholder perception survey conducted	The survey will be completed in the financial year 2018/19.

Changes to planned targets

None.

Linking performance with budgets

Programme expenditure

Administration	2017/2018			2016/2017		
	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure	(Over)/under expenditure
	R'000					
Office of the MEC	8,760	7,141	1,619	7,778	7,778	-
Management of the Department	17,456	15,863	1,593	26,708	15,078	11,630
Corporate Support	273,020	268,550	4,470	243,605	238,041	5,564
Departmental Strategy	3,273	2,723	550	3,552	2,017	1,535
Totals	302,509	294,277	8,232	281,643	262,914	18,729

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 was as a result of Administration, Senior Management Service (SMS) and other Occupation-Specific Dispensation (OSD) posts that need to be filled and therefore spending is negatively affected. Furthermore, cost containment measures were also applied to reduce spending patterns 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 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.

To ensure that macro-transport sector planning is integrated, coordinated with all land use to facilitate multi-modalism, the following projects were implemented:

Route determinations

Route determinations focus on refining and amending routes for the province to ensure alignment to the Gauteng Spatial Development Framework. The Department identified 28 routes over the MTEF which will be amended to support road freight hubs. Some of these routes will provide future mobility and support development in focus areas. A report 1011 for the implementation of road PWV15 was completed.

The routes amendment implementation phase progress was as follows:

- **Project A** (K14 at K177; K203 at K177; K16 between K169 and PWV19; PWV6 at N4) is 42% complete.
- **Projects B** (K106 at K175; K109 at K68; K163 between N17 and K136; K175 linked to K173 and K179) is 26% complete.
- **Project C** (K156 Extension Westwards; K176 Extension Westwards; K178 Extension Westwards and K213 Extension Southwards) is 36% complete.
- **Project D** (K9 between K156 and K11; PWV 16 between K211 and K5; PWV8 between K13 and PWV1) is 25% complete.
- **Project E** (K17 between K24 and K26; K24, West of K76; K26 between K76 and K17, K76 at and North-West of K197) is 28% complete.
- **Project F** (K96 between K197 and K76; K102 between K140 and PWV1); K140 extension west of K102; (K211 between P89-1 and K228) is 36% complete.
- **Project G** (K228, West of K76; PWV12A with the extension West of K5 to the provincial border) is 29% complete.
- **Project H** (K83 extension eastwards; K77 realignment of K77) is 36% complete.

Gauteng Transport Modelling Centre

Gauteng transport modelling is a tool that provides the Department with data and evidence to inform decision making in the conceptualisation and implementation of transport projects which are required to improve the mobility of goods and people in the province. The Transport Model requires updating annually which include new transport links, traffic information, land use information, demographics and economic data.

The proposal for a modelling plan has been approved by the Department and a Project Specific Agreement has been signed.

Some of the major key achievements for 2017/2018 were:

- All the three BRT systems' (Areyang, Harambee and Rea Vaya) data has been published on Google Maps.
- The proof-of-concept stage of the cloud-based platform has been completed. The City of Ekurhuleni has been used as the case study and simulation models can be developed and operate from a user interface via the web.
- A new data preparation process was designed for implementation with the rest of the transport system to enable publishing on Google Maps. This process ensures a dataset required for use with the cloud-platform. A draft data preparation guideline has been developed.

Integrated Transport Plan (ITP) support/evaluation

An Integrated Transport Plan (ITP) is a legal requirement for all planning authorities as stipulated in Chapter 4 Section 36 of the NLTA (2009). Every five years the metropolitan and district municipalities are obliged to prepare and submit Comprehensive Integrated Transport Plan (CITP) for metros and District Integrated Transport Plans (DITP). An Integrated Transport Plan outlines all transport projects that are required to accomplish the mandate of a municipality and it also forms an integral component of the Integrated Development Plan (IDP). The objective of implementing an ITP is to create balance between spatial land use decisions and transportation planning.

The Department is assisting the West Rand and Sedibeng district municipalities with the compilation of their ITPs. The inception phase of the project is complete and the data collection process has commenced. Stakeholder engagements have also been initiated.

Mapping of minibus taxi routes in Gauteng

The Department, in collaboration with the CSIR, is in the process of collecting geo-referenced data pertaining to minibus taxi routes in Gauteng which will be consolidated into a geo-database linked map for the routes. The resulting 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.

The sourcing, collation and mapping of official routes data has been completed. A demo-version of the database with GIS functionality has been developed. The next phase will be the validation of the information through survey execution.

Master Plan for Transport Services Centres in Gauteng

Transport customer service centres remain the largest revenue generator for the GDRT and in 2016, the GDRT highlighted the need to ensure the best experience for customers using these facilities. In achievement of service excellence and building on the drive for improved transport service delivery, in the province, the GDRT pursued evidence-based research that will scientifically inform designs to improve and enhance service delivery, address customer service experiences and ensure the sustainability of these centres.

In the financial year 2017/18, the Department in collaboration with the CSIR completed the development of a Transport Services Centre Master Plan which guides the development of Transport Services Centres in the province. The Master Plan provides norms and standards for the locations and architectural design of the new and existing facilities as well as proposed standard operating procedures for service delivery at these facilities.

A project-specific agreement has been signed with the CSIR which will assist in the development of the proposed TSC master plan.

Gauteng Freight Databank

The Freight Databank provides a clear understanding on the current and future movement of freight within Gauteng and is updated annually. It also serves to gather current modal distribution of inter- and intra-provincial freight movement, and industry trends. The databank collates and stores freight information to enable easy retrieval of freight information by users. The project is complete.

BRT Integration Plan

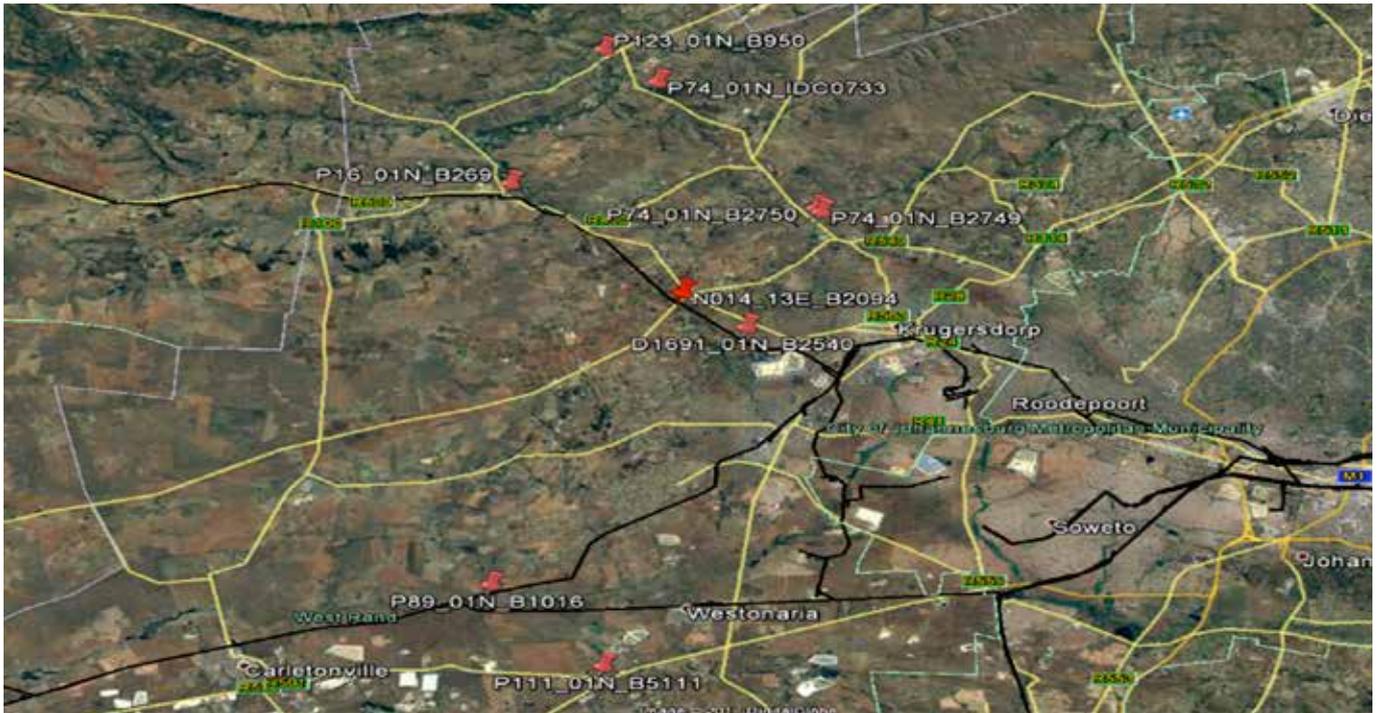
The Gauteng Household Travel Survey of 2014 revealed significant inter- and intra-municipal travel patterns and the need to profile the nature of travel between municipalities in the province. The current initiative has the objective of identifying possible BRT linkages between municipalities in the province, in support of the Gauteng City Region vision. The BRT Integration Plan has been developed to serve as a demonstration of how such inter-municipal services should be implemented

SUB-PROGRAMME: INFRASTRUCTURE DESIGN

Bridge Management System (BMS) Phase 2 (7 bridges) – in the Krugersdorp area

The Bridge Management System is a departmental system used to register bridges and their condition, obtained through visual condition assessments. The system analyses the severity of bridge conditions and produces prioritisation reports. The Phase 2 (7 bridges) in the Krugersdorp area were prioritised for detail assessment and rehabilitation design.

Bridge No	Road	Name	Description
B2749	R563	River bridge	Rehabilitation
B2750	R563	River bridge	Rehabilitation and new Parapets
B950	R560	River bridge	Rehabilitation and new Parapets
B269	R24	River bridge	Rehabilitation and new Parapets
B2094	N14	Rail bridge	Rehabilitation
B2540	D1691	Rail bridge	Rehabilitation
B5111	R501	Rail bridge	Rehabilitation (demolition)
B1016	R559	Rail bridge	Rehabilitation
MC 0733	R563	Stream	Rehabilitation



Road design completed

Eastern Corridor

- **K148: Intersection with N3**

The interchange N3/K148 forms part of the Gauteng Freight Hub's roads as identified in the ITMP25. K148 known as the Heidelberg road forms part of the Tambo Spring Freight Hub. The upgrade of the interchange is supported by the South African National Roads Agency Limited (SANRAL) and encourages economic development on various nodes along the corridor. The designs are complete including the Environmental Impact Assessment (EIA) and Water-Use License Application (WULA).

Road designs to be completed over the MTEF

Road description	Corridor	Progress
K16 between Watloo and Mamelodi (Tshwane) – (new construction)	North	Detail design stage
K97 (P1-3) R101: Phase 2: Upgrading of K97 from N4 Southwards to Wonderboom (K14) (Pyramid Freight Hub) - (new construction)	North	EIA and WULA stage
K60 Detail design from K58 (D51)(Allandale Road) to K105 Rabie Ridge – (new construction)	Central	Detail design stage
K122 (Eldorado Park) from Klip Valley Road (Walter Sisulu Square) to P1-1 (R82) – (new construction)	Central	Detail design stage
K170: Interchange and N1 and Golden Highway: Access to Evaton and Sebokeng – (upgrade)	South	Detail design stage
P1-1 (R82) from De Deur to Vereeniging – (upgrading of road to a dual carriageway)	South	EIA and WULA stage

Eastern Corridor

• PWV 15 planning

PWV 15 will provide mobility to future economic nodes, such as the Aerotropolis around the OR Tambo International Airport. All major logistics companies have distribution warehouses close to the R21 and efficient transports-to-end destinations are required. In order to ease existing and future congestion in the Gauteng province, the PWV 15 highway will provide relief on the most congested freeways in Gauteng (N12/R24/N3 and the Gilloolys Interchange).

The planned road is situated a short distance east of the OR Tambo International Airport and will provide a much-needed eastern bypass to the airport precinct. As such it will generate major road user benefits. National and international freight transport in particular will benefit greatly from the road in view of it providing an alternative to the congested Gillooly's Farm area, while the road will act as a north-south mobility axis for developments envisaged by the Ekurhuleni Metropolitan Municipality.

The Airports Company of South Africa (ACSA) has compiled a Master Plan that provides for the expansion capacity from a current 19 million to 80 million passengers per year. This will increase traffic requiring additional access points to the airport. In this regard, the proposed PWV15 will potentially open up access from an eastern and a southern direction.

Lastly, in partnership with the Government, the Tambo Springs Development Company (TSDC) proposes a new development which will offer the first complete supply chain solution to the Southern African logistics industry. An inland port development will bring together all aspects of the warehousing, distribution, manufacturing and shipping industry through next generation solutions aimed at enhancing supply chain and operating efficiencies. The Tambo Springs development is seen as a hub that will link South African ports, rail and road freight to its warehouses and finally to the customers.

Three distinct sections can be discerned along the route, namely:

- R21 to N12 (Bartlett) first phase.
- N12 to N17.
- N17 to N3.

A multi-disciplinary GPG departmental and stakeholder steering committee has been established and led by the Department to ensure all relevant project management issues are addressed to support the effective implementation of the project. The tender process for PWV15 has been concluded the project is due for awarding to the successful bidder.

Strategic Objectives Indicators

Programme: Transport Infrastructure					
Strategic objectives indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Provincial indicator					
SUB-PROGRAMME: INFRASTRUCTURE PLANNING					
1 Gauteng Household Travel Survey completed by 2019.		-	-	-	-
SUB PROGRAMME: DESIGN					
Number of designs completed	10 Designs completed	9 Designs completed	9 Designs completed	-	-

Performance indicators

Programme: Transport Infrastructure					
Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
SUB-PROGRAMME: DESIGN					
Provincial indicator					
Number of new construction designs	0	2	1	1	K109 is in the process to be re-routed due to the wetlands issues.
Number of upgrade designs	3	0	-	-	-
Number of rehabilitation designs	7	7	8	1	Additional rehabilitation design completed ahead of schedule.
SUB-PROGRAMME: INFRASTRUCTURE PLANNING					
Minibus taxi routes in Gauteng province mapped	-	Minibus taxi routes in Gauteng province mapped.	0	1	The sourcing, collating and mapping of official routes data have been completed. A demo-version of the database is now available with GIS functionality. The project experienced delays due to lack of buy-in from the taxi industry and lack of access to taxi facilities to execute surveys in order to verify and validate the data.
Master Plan for Transport Services Centres in Gauteng province completed	-	Master Plan for Transport Services Centres in Gauteng province completed.	Master Plan for Integrated Transport Customer Services Centres in Gauteng completed.	-	-
Provincial BRT Integration Plan	-	Provincial Bus Rapid Transit (BRT) Integration Plan developed.	Provincial Bus Rapid Transit (BRT) Integration Plan developed.	-	-
Provincial Public Transport Norms and Standards approved by 2019	-	Provincial Public Transport Norms and Standards developed.	Provincial Public Transport Norms and Standards developed.	-	-
Number of kilometres of surfaced roads visually assessed as per the applicable TMH manual	-	4 408km	4 408km	-	-

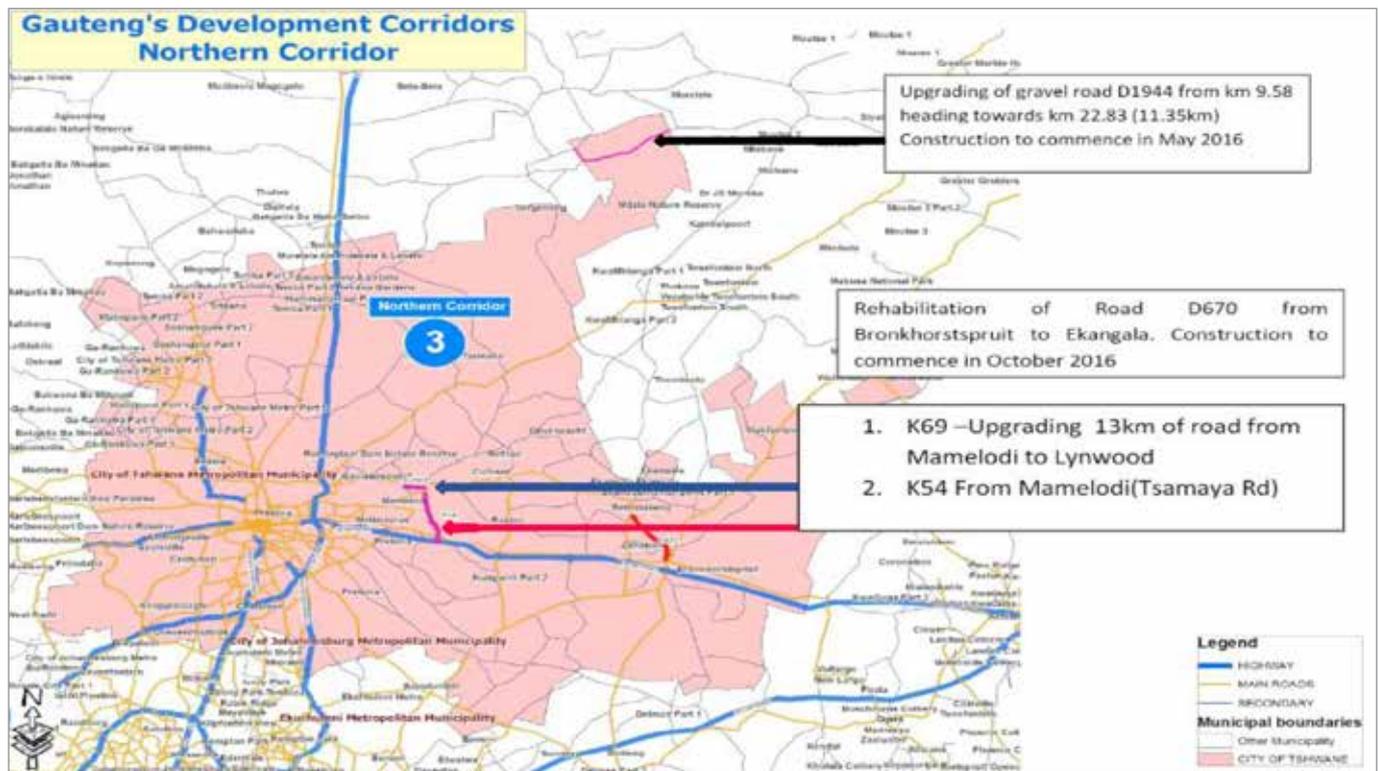
SUB-PROGRAMME: INFRASTRUCTURE PLANNING

Number of kilometres of gravelled road visually assessed as per the TMH manual	-	1,368km	1,377km	+0.009	0.009km added due to the link between surfaced and gravel road.
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Strategic objective 2: To provide modernised road infrastructure that promotes socio-economic development.

SUB-PROGRAMME: CONSTRUCTION

To promote economic growth and decisive land use development, the road construction programme achieved notable success in the official launching of its planned upgrade projects which are outlined below:



- D1027 Phase 2: Upgrading of D1027 (Cedar Road) from Uranium Road to Valley Road including associated works on Cedar Road**

D1027 Phase 2 is in the North-Western Region of City of Johannesburg and forms part of the Central Corridor. The project entails the upgrading of Cedar Road between Valley Road and Uranium Road which includes the R114 intersection.

Cedar Road (D1027) forms part of the road network of Gauteng and acts as an inter-urban collector for the surrounding townships. The road experienced heavy vehicle traffic, related to the transportation of building materials from Johannesburg North. Significant development has been experienced in this area over the past 15 years and it is anticipated that it will continue to experience this growth.

The project involved the widening of Cedar Road on both sides to a double carriageway. The widening of the road consisted of new pavement layers. The condition of the lanes prior to construction indicated extensive cracking of the surfacing, in the outer wheel path. The cracking resulted in rain water to penetrating into the base and sub-base layers.

The existing roadway was rehabilitated which entailed kerbing and block paving of pedestrian walkways. The upgrading of Cedar Road increases mobility by decreasing travelling time, which translates into saving on fuel cost.



Opening of D1027 Phase 2

- **Construction of Sebe Road in Evaton**

Sebe Road is located in Evaton, Emfuleni Municipality. The road acts as an important link between Sebokeng Zone 6 and 7, as well as Residensia, Sebokeng Zone 3. The project entailed the upgrade of 700m of Sebe and Station Road. The construction of the roads included dedicated turning lanes, fitter lanes and intersections. The upgrading of the road will lead to greater economic benefit for the region which will create new businesses opportunities.

As part of the Ntirhisano Programme, Sebe Road was identified as a priority due to concerns raised by the community of Sedibeng. Sebe Road was a gravel road with heavy traffic, related with community and the economically impact. The road forms part of the road network of Emfuleni Municipality. Significant development of businesses has been experienced in this area, therefore the road has been upgraded from gravel to pavement layers inclusive of sidewalks. The side walkways constructed on both sides of the road have a great impact.

Construction of the road has increased mobility by decreasing travelling time and reduces road fatalities.

Multi-year projects

The Department has commenced with the implementation of a number of multi-year road upgrade projects with the objective of modernising these strategic transport nodes and corridors and thereby promoting socio-economic development in these corridors. The following projects have been initiated during the year under review:

Road description	Corridor	Progress
R82 Phase 3 (between D1073 (Walkerville) and K164 (De Deur))	South	The tender process for the upgrade of R82 Phase 3 is continuing.
K69 (upgrading and doubling of Hans Strijdom (Solomon Mahlangu Drive) from the N4 to Mamelodi to K54)	North	The tender process for the upgrade of K69 is continuing.
K54: Mamelodi (Tsamaya Road) to R104 Pretoria Bronkhorstspuit road	North	The overall progress of the project is at 12%.
K31 access to Green Gate Development: Reconstruction and upgrade of the M5 Beyers Naude Road	Central	The tender process for construction has commenced.

GRAVEL ROADS UPGRADED TO SURFACED ROADS

Aligned to its objective of modernising its road infrastructure to promote socio-economic development, the Department has planned the upgrading of number of identified gravel roads to surface roads. The first road to be upgraded is discussed below:

- *Upgrade of gravel road D1944*

D1944 forms part of the Northern Corridor. 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. The upgrading of D1944 will enable easy access to tourism areas such as Rust der Winter Nature Reserve and the Allemansdrif Dam. The project involves surfacing of D1944 (11.35km) from gravel to tar road. The contractor has primed 3km of the road and is backfilling and installing culverts. The project is 75% complete.



Upgrade of D1944 to be completed in the 2018/19 financial year

Strategic Objectives Indicators

Programme: Transport Infrastructure					
Strategic objective indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
SUB-PROGRAMME: CONSTRUCTION					
Surfaced roads upgraded					
National indicators					
Number of m ² of surfaced roads upgraded	192,065.00m ²	63,600.00m ²	63,600.00m ²	-	-
Gravel roads upgraded to surfaced roads					
Number of kilometres of gravel roads upgraded to surfaced roads	-	-	-	-	-
Non-motorised infrastructure					
Number of m ² Non-Motorised Transport (NMT) infrastructure completed	0	4,851.00m ²	4,851.00m ²	-	-

Performance indicators

Programme: Transport Infrastructure					
Performance indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
SUB-PROGRAMME: CONSTRUCTION					
Job creation					
National indicator					
Number of construction jobs created through the implementation of EPWP principles	191	180	207	+27	Additional jobs were created on the multi-year D1944 project.

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

The impact of the Department's Provincial Road Maintenance Programme has exhibited the fruits of its labour as evidenced by the SAICE 2017 Infrastructure Report Card.

According to the SAICE 2017 Infrastructure Report Card, a slight improvement was noted in the paved provincial network score in the country from "fair" to "good". The Report Card indicated that the improvement in the paved provincial network score was based on the upgrade of the Gauteng provincial roads network from "fair" to "good" in 2011 and from "good" to "very good" in 2017. The Department continues to successfully implement its provincial Road Maintenance Programme through two main sub-programmes, namely Preventive Road Maintenance and Routine Road Maintenance.

Provincial Road Maintenance Grant (PRMG) expenditure

The Department was allocated R656,183 million to execute the PRMG in the financial year 2017/18. PRMG expenditure for the year was R655,732 representing 99.93% of the total budget. Various functions and activities that were performed during the year under review included routine road maintenance, resealing of road surface, re-graveling of gravel roads, pothole patching, fencing, replacing of guard rails and blading of gravel roads.

S'hamba Sonke Programme (SSP)

The programme contributes towards poverty eradication in the most destitute households and creates opportunities for local suppliers and small development entrepreneurs. Furthermore, it is empowering the local townships as part of improving radical economic transformation.

Periodic contracts

The Department ensured that the activities below were executed as part of roads safety for the provincial roads network: 200 ground mounted road signs installed, re-painting of 130 gantries, 180km of vegetation and herbicides control for 76km, guard rails replaced and 12 bridges repaired (bridge rails) and 156 concrete chainage markers refurbished.

Routine maintenance of the provincial road network

The Department executed its Maintenance Programme namely the Outsourced Routine Roads Maintenance and the departmental In-house Maintenance Programmes. The provincial roads network consists of 5, 638kms of roads (4,248.44kms surfaced and 1,389.10kms gravel roads). Road maintenance covers 2, 938km in area serviced by the Outsourced Routine Maintenance Programme and 2, 700kms of area maintained by the in-house departmental team.

The Department resealed 610,894.11m² of provincial roads, re-gravelled 158.15km of gravel roads, patched 178, 189.62m² of potholes and bladed 2,314.96km of gravel roads. Drainage structures were repaired, pipes were cleaned, guard rails and bridge rails were erected, regulatory and warning signs were replaced and fencing was installed on identified roads.

To promote road safety and expand the lifespan of existing road networks the following road rehabilitation projects were completed during the financial year under review:

- ***D904: Light rehabilitation of D904 between R82 in Evaton and over rail bridge***

D904 is in Sedibeng Municipality in the Southern Corridor. The road comprises of a two-lane single carriageway with gravel shoulders on both sides. The project entailed the rehabilitation of 4.9kms, commencing at the junction of road R82 in Evaton.

- ***D670: Light rehabilitation of D670 from Bronkhorstspuit to Ekangala***

D670 is located in Bronkhorstspuit and forms part of the Northern Corridor. 18.5kms of road was rehabilitated due to deterioration by heavy traffic vehicles. The rehabilitation of the road will ensure continuous effective operations of the coal/power station and provision of safe conditions for commuters.

Construction of the road has increased mobility by decreasing travelling time and it has also led to a reduction in road fatalities. The economic benefit will be for the general road users and mainly the coal haulers travelling from Ekangala to the N4.



Before rehabilitation



After rehabilitation

- ***P46/1: Rehabilitation of road P46/1 and D1073***

The road is a single carriageway provincial route from D64 to D1240 (Vereeniging to Alberton). 15.43km is being rehabilitated by resealing the section in P46/1 as a result of deterioration caused by heavy vehicles. The road is located between Meyerton and Katlehong in the Eastern Corridor. The project is complete.

The rehabilitated road serves as an alternative route to the R59 highway, thus stimulating economic growth in the area. The road also improves access to markets and schools. The construction of the road has increased mobility by decreasing travelling time and it has also led to a reduction in road fatalities.

- **P186/1 (N12): Damaged bridge repairs**

The road is located on the overpass of the N12 in Nancefield, Soweto and forms part of the Central Corridor. P186/1 entailed the repairing of the 0.504km damaged bridge. The project is complete.

- **P41/1: Rehabilitation (repair and re-surfacing) of P41/1 from 0.84km to 5.61km West Nigel**

The purpose of the project was to rehabilitate the pavement structure asset and extend its structural service. The project is complete. The road forms part of the Coal Haulage Strategy of the province and is located west of Nigel, North of the N3 in the Eastern Corridor. The road entailed the repairing and resurfacing of 4.77km. The main aim of this rehabilitation is to extend the existing pavement life cycle, due to the excess traffic load. A hold action was recommended comprising of patching and asphalt overlay. The construction of the road has increased mobility by decreasing travelling time and it has also led to a reduction in road fatalities.

- **Routine maintenance work on Malibongwe Drive**

Malibongwe Drive is a major arterial that runs through residential and industrial areas as well as open veld in North-Western parts of Johannesburg. The Department, with the aim of prolonging the design life of the road and supporting economic and social goals as specified in the Provincial Development Plan, undertook the re-tarring and resurfacing of the deteriorated section of Malibongwe Drive (R512) in Randburg at a cost of R7 million. The project which was completed in September 2017 has improved the traffic and pedestrian mobility on the road.

Multi-year projects

The Department has commenced with the implementation of a number of multi-year road rehabilitation projects with the objective of modernising these strategic transport nodes and corridors and thereby promoting socio-economic development in these corridors. The following projects were initiated during the year under review:

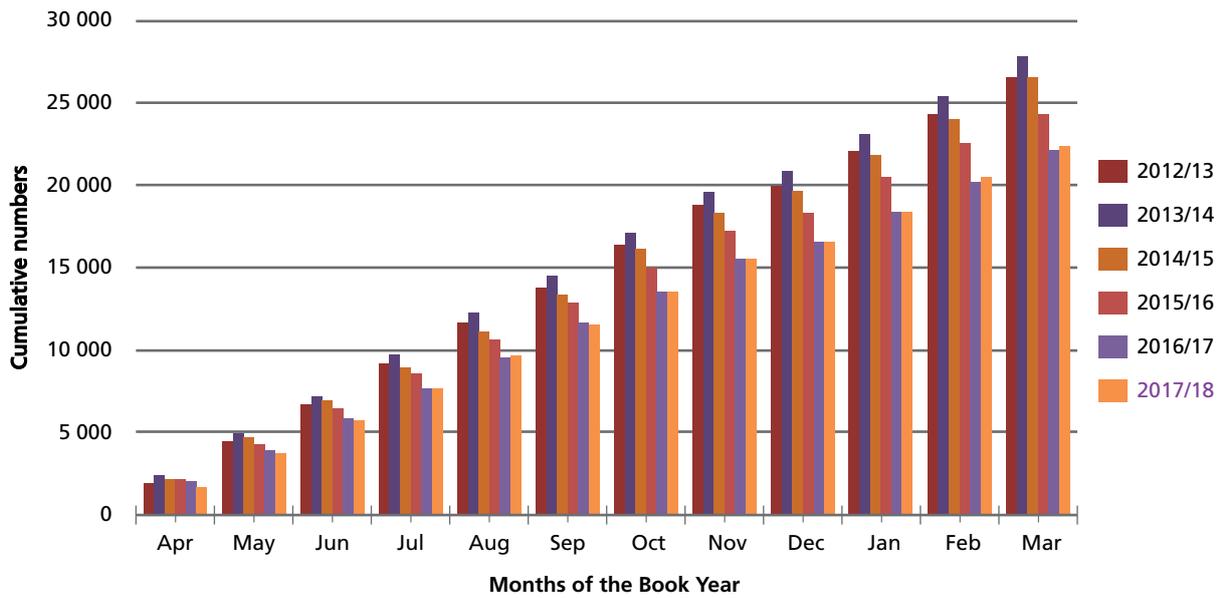
Road description	Corridor	Progress
Rehabilitation of P88/1 between P73/1 and P3/6	South-West	The overall progress of the project is 60% complete.
P158/2 (N14) Phase 2: Rehabilitation of P158/2 (N14) from Brakfontein to Diepsloot	Central	The overall progress of the project is 35% complete.
Light rehabilitation of Road P243/1 Section 2 from Vereeniging (9.0Km) to Balfour (18.13km) (approximately 9.13km)	South	The overall progress of the project is 60% complete.
P249/1 Phase 2: Rehabilitation of P249/1 (R511) in Pretoria region to Gauteng/ North West Border	North-West	The overall progress of the project is 65% complete.
Rehabilitation of D1884 between D478 and P243/1	West	The overall progress of the project is 48% complete.

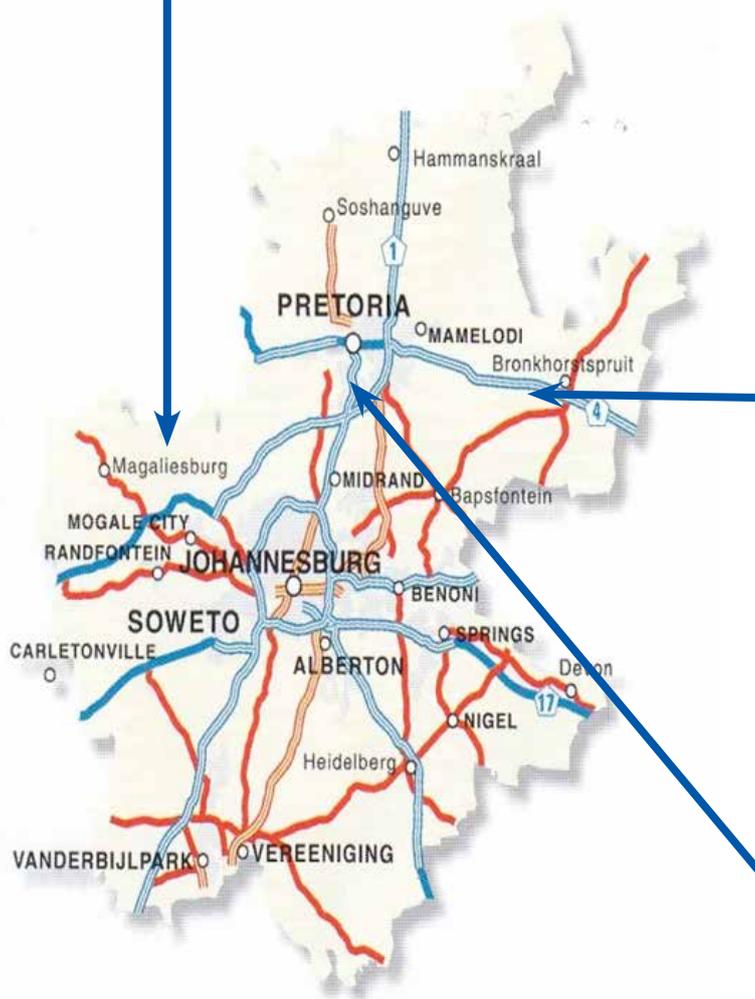
The following roads were maintained as part of alternative routes to e-tolls:

- 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.

TRAFFIC ENGINEERING

Abnormal Load Permits





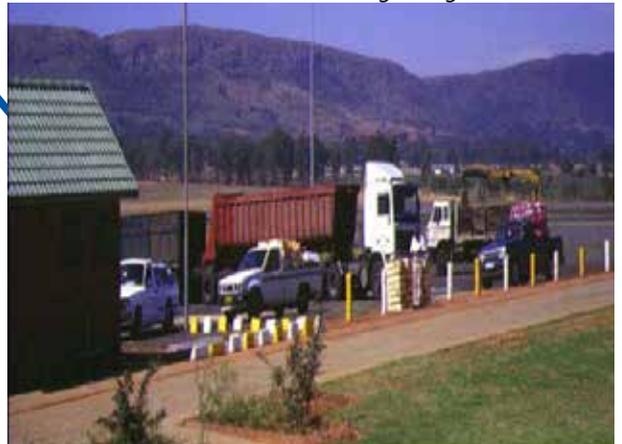
Pinehaven Weighbridge



Bapsfontein Weighbridge



Boekenhoutskloof Weighbridge



Strategic Objectives Indicators

Programme: Transport Infrastructure					
Strategic objectives indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
SUB-PROGRAMME: MAINTENANCE					
Surfaced roads rehabilitated					
National indicator					
Number of m ² of surfaced roads rehabilitated	465,400m ²	231,211.00m ²	396,610.00m ²	+165,399.00	Rehabilitation of D670 completed ahead of schedule.

Performance indicators

Programme: Transport Infrastructure					
Performance indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
SUB-PROGRAMME: MAINTENANCE					
Surfaced roads resealed					
National indicators					
Number of m ² of surfaced roads resealed	384,249.14m ²	420,000m ²	610,894.11m ²	+190,894.11	Deterioration of roads causing safety hazards resulted in additional m ² of surfaced roads resealed.
Re-gravel roads					
Number of kilometres of gravel roads re-gravelled	117.24km	158.15km	158.15km	-	-
Blacktop patching					
National indicators					
Number of m ² of blacktop patching	169,157,67m ²	110,000m ²	178,189.62m ²	+68,189.62	Deterioration of the roads resulted in additional m ² of potholes patched.
Roads bladed					
Number of kilometres of gravel roads bladed	2,117.3km	1,203.85km	2,314.96km	+1,111.11	Additional kms of gravel roads bladed to improve the driving quality.
Job creation					
Number of Maintenance jobs created through the implementation of EPWP	5,893	3,430	3,561	+131	Additional jobs created due to the appointment of new contractors.

Traffic engineering					
National indicator					
Number of weighbridges calibrated to South African Bureau of Standards (SABS) standard	4	4	4	-	-
Provincial indicator					
Number of abnormal load permits issued	22,169	22,800	24,308	1,508	Abnormal vehicle sector experience higher activity than projected.

Strategy to overcome areas of underperformance

Indicator	Proposed intervention
Minibus taxi routes in Gauteng mapped	The Department is continuing engagements with the Gauteng taxi associations and there is an in-principle agreement to continue and conduct surveys to complete the project with the understanding that the mapped data will be made accessible to the taxi industry.
Number of new construction designs	K109 design will be initiated in the financial year 2020/ 21.

Changes to planned targets

Strategic objective/performance indicator	Planned target	Revised target
Number of designs completed	7	9
Number of new construction designs	0	2
Number of m ² of surfaced roads upgraded	39,960.00m ²	63,600.00m ²
Number of m ² NMT infrastructure completed	8,000.00m ²	4,851.00m ²
Number of m ² of surfaced roads rehabilitated	235,676.00m ²	231,211.00m ²
Number of m ² of surfaced roads resealed.	154,000.00m ²	420,000.00m ²
Number of m ² of blacktop patching	84,000.00m ²	110,000.00m ²
Number of abnormal load permits issued	20,000	22,800

Linking performance with budgets

Programme expenditure

Transport Infrastructure	2017/2018			2016/2017		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000					
Infrastructure Planning	52,652	50,073	2,579	45,400	42,404	2,996
Infrastructure Design	115,185	114,225	960	202,536	153,122	49,414
Construction	895,077	903,307	(8,230)	649,639	637,333	12,306
Maintenance	1,020,054	1,002,552	17,502	1,084,087	1,088,130	-4,043
Programme Support Infrastructure	179,197	176,027	3,170	45,228	40,162	5,066
Total	2,262,165	2,246,184	15,981	2,026,890	1,961,151	65,739

The allocation for this programme includes the PRMG and provincial earmarked infrastructure allocations. These two allocations form the core of this programme and the Department.

Infrastructure Planning

The unit is responsible for the infrastructure planning, which includes the route determinations, modelling centre and the freight databank, as well as integrated province wide transport sector planning and multi-modalism that supports decisive spatial transformation. All the new projects are within the Estimates of Capital Expenditure and spending will continue to be realised in the 2018/19 financial year.

Infrastructure Design

The unit is responsible for the design projects for the road infrastructure projects as well as securing the land required for those projects. The issues within this unit are still continuing which negatively impacted the expenditure for 2017/18 financial year. The unit has been mandated to provide portfolio of evidence to ensure state of readiness on infrastructure projects.

Construction

The unit is responsible for the construction of roads within the province. There are number of projects that the unit has implemented during the period under review, such as:

- K54 from Mamelodi (Tsamaya Road) to R104 Pretoria Bronkhorstspuit road: (See also gravel Road Programme gravel part 3,8km) one carriageway.
- P249/1 Phase 2: Rehabilitation of road P249/1 (R511) in Pretoria region from 10.00km to km18.69 Gauteng/North West border.
- P41/1: Rehabilitation (repair and resurfacing) of road P41/1 from 0.84km to 5.61km West Nigel.

Maintenance

The unit is responsible for the maintenance of roads within the province and implement this within the PRMG as well as additional resources from the equitable share allocations. The contracts within this unit are for major outsourced maintenance programme. The expenditure increased from R892 million in 2016/17 to R912 million in the 2017/18 financial years.

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-programmes:

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.

To improve accessibility, reliability and affordability of public transport services the following initiatives were executed:

Bus subsidies

The Bus Subsidy is aimed at relieving commuters of high transport costs. Subsidies assist the Department to achieve its objective of providing accessible, affordable, reliable and safe public transport to commuters.

The Department manages 34 bus subsidy contracts (32 contracts are funded by the Public Transport Operations Grant (PTOG) and 2 ceded contracts from the North West province are funded by the province). All 34 bus contracts expired at the end of the fiscal year on 31 March 2018. The Department has extended the contracts for a period of 6 months from 1 April 2018 to 30 September 2018.

The five contracts (4 Mamelodi and 1 Sedibeng) were advertised in November 2017. The Department has completed the comprehensive route surveys for the outstanding 25 contracts.

Uninterrupted subsidised bus services in Mamelodi

The Autopax subsidised bus services contract with the Department came to an end as of 30 September 2017 which impacted on bus subsidised services to Mamelodi commuters. To ensure the continuity of subsidised bus transport services to Mamelodi commuters, the Department entered into a new arrangement in terms of a signed inter-governmental agreement with the City of Tshwane (CoT). This Agreement ensured the CoT takes over the responsibility from Autopax of providing public transport in Mamelodi from 1 October 2017. Mamelodi commuters were advised that bus fares and routes would remain the same as Autopax operations.

Bus Subsidy Monitoring

The purpose of Bus Subsidy Monitoring is to monitor the performance of subsidised public transport operators. As stipulated in the PFMA (1999), the Accounting Officer is required to take measures in ensuring that transferred funds are appropriately utilised. In addition to that, the Division of Revenue Act (DoRA, Act 3 Of 2017) stipulates that all subsidised bus contracts must be monitored.

The aim is to ensure that commuters get value for money from utilising public transport. All 34 bus subsidy contracts are monitored by six external service providers, referred to as Supervisory Monitoring Firms (SMFs), as required DoRA (2017).

To provide oversight and ensure that SMFs provides monitoring as required, monitoring reports are submitted to the Department monthly and project meetings are held.

PUBLIC TRANSPORT INTEGRATION AND SPECIAL PROJECTS

• *Intermodal facilities infrastructure*

The Vereeniging Intermodal Facility project is part of the PRASA Corridor Modernisation Programme. The Department entered into an agreement with PRASA and the Sedibeng District Municipality on the development of the station precinct. The project entails the upgrading of Vereeniging Station into a modern, integrated facility. All building works with roofing, layer works are completed. Canopy installations are 85% complete and kerbing is 73% complete. Overall the project progress is at 78%.

• *Integrated Fare Management – Mobile App for all public transport modes*

The Department launched the “Gauteng on the Move” mobile Application (App) for public transport in the province on 15 March 2018 as part of its First Phase Integrated Fare Management Project. The application, aptly named “Gauteng on the Move”, will provide commuters with real - time public transit information, timetables and fares for Gauteng-based public transport operators. These include Gautrain, Metrobus, A re Yeng, Rea Vaya, Metrorail, Gautrain Bus Services, Johannesburg City Sightseeing Bus, Tshwane Bus Services as well as minibus taxi services.

The new application is aimed at allowing users to plan their journeys with the option to select desired transport modes, travel times and criteria specific to travel modes (e.g. shortest versus cheapest trip). The “Gauteng on the Move” App fits strategically into the Department’s Public Transport Modernisation Programme, providing commuters with real-time and point-to-point information when moving from a current to a desired location. Since its launch, the App has achieved 871 downloads with 631 active users and growing with 287 IOS (Apple users) active users. The App has successfully achieved a 97.1% crash-free rating from Google, ensuring the availability of the App for Gauteng commuters.

Strategic Objectives Indicators

Programme: Transport Operations					
Strategic objectives indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
SUB PROGRAMME: PUBLIC TRANSPORT SERVICES					
Provincial indicators					
Number of business and operational plans developed by 2018	0	1st Phase awarding of negotiated/ tendered contracts.	0	1	5 contracts were advertised and evaluated. However, delays were due to prolonged assessment by probity audit.

Programme: Transport Operations					
Strategic objectives indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Public Transport Intergration & Special Projects					
National indicators					
Number of intermodal facilities completed	0	Vereeniging practical completion.	0	1	The Department is experiencing challenges with the completion of the project, due to contractor financial difficulties and community stoppage. Overall project progress is at 78%.
Integrated Fare Management System operationalised by 2019	Back office architecture completed	Transport information website developed. Gautrain integration with BRT cards completed. Transport Management Centre Plans finalised.	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 Plans finalised.	-	-

Performance indicators

Programme: Transport Operations					
Performance indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
SUB-PROGRAMME: PUBLIC TRANSPORT SERVICES					
National indicators					
Number of routes subsidised	3,476	3,477 (non-cumulative)	3,369	108	Performance challenges were due to the DNOs trips. 3 contracts in Ekurhuleni (GT1187/1/2/3) and 1 contract in Sedibeng (GT667/1) have not been operating.
Number of kilometres subsidised	95,134,951	101,992,087	87,023,387	14,968,700	
Number of trips subsidised	1,792,002	1 934,128	1,630,325	303,803	
Number of provincial regulating entity hearings conducted in terms of Section 59 & 79 of the NLTA (2009)	54	24	26	+2	The NLTA Regulation 8 of 2009 mandates the PRE to adjudicate and finalise cases within 60days of receipt.
Public Transport Intergration & Special Projects					
Provincial indicator					
Number of bicycles distributed through the Shovakalula Project	3,000	6,000	0	6,000	Delays experienced due to prolonged tender processes.

Strategy to overcome areas of underperformance

Indicator	Proposed intervention
Number of business and operational plans developed by 2018	Continuous engagements with the probity auditors to expedite the assessment process.
Number of routes subsidised	The long-term solutions to address challenges experienced with old contracts are mostly DNOs that can only be addressed with the introduction of new bus contracts. The Department is already preparing for new bus contracts.
Number of kilometres subsidised	
Number of trips subsidised	
Number of intermodal facilities completed	The challenges experienced have been resolved and the project will be completed in the financial year 2018/19.
Number of bicycles distributed through the Shovakalula Project	The Department will fast-track the tendering process and bicycles distribution in the financial year 2018/19.

Changes to planned targets

Strategic objective/performance indicator	Planned target	Revised target
Number of business and operational plans developed by 2018	First Phase awarding of negotiated / tendered contracts. (Finalisation of new contracts).	First Phase Awarding of negotiated / tendered contracts.

Linking performance with budgets

Programme expenditure

Transport Operation	2017/2018			2016/2017		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000					
Public Transport Services	2,373,718	2,110,764	262,954	2,458,461	2,410,921	47,540
Programme Support Operations	5,733	2,735	2,998	6,446	5,592	854
Total	2,379,451	2,113,499	265,952	2,464,907	2,416,513	48,394

The PTOG and the North West Star demarcation contracts, as well as the IPTN and NMT infrastructure projects form the major allocations within this programme. The grant is not fully spent mainly as a result of penalties imposed to bus operators because of trips that did not operate for the 2017/18 financial year.

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 licencing, registration of operating licenses 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.

List of sub-programmes:

- Transport Administration and Licencing.
- Operator License 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.

To promote safe and quality transport systems and services that are accessible and customer centric

- **Sebokeng DLTC**

A new DLTC is under construction in Sebokeng township located in the Southern corridor. The objective of this initiative is to improve accessibility to license services for the community. Concrete columns, slabs; installation of roof trusses; roof sheeting; brickwork and plastering have been completed. Laying of paving bricks; kerbs; mechanical and electrical works are continuing. Overall, the project is 93% complete.



Construction of Sebokeng DLTC to be completed in the 2018/19 financial year.

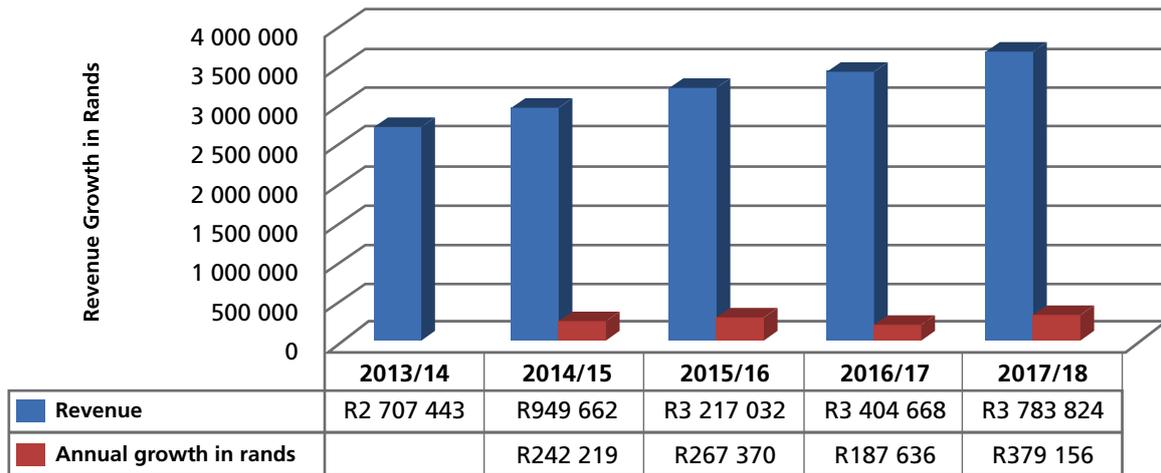
- **Revenue maximisation**

The GDRT adopted a revenue maximisation strategy to improve revenue collection. As a result of the implementation year of the strategy, the Department collected net revenues of R3,783 billion in the 2017/18 financial year. Fees were increased by an average of 8,2% from 1 April 2017. The Department has collected a total of R15,9 billion over the previous five years with a growth of R999,6 million over the same period.

As can be seen below, there has been a steady progress in the growth of revenues as a result of the strategy.

Description	2013/14	2014/15	2015/16	2016/17	2017/18	5 Year total
Revenue	R2,707,443	R2,949,662	R3,217,032	R3,404,668	R3,783,824	R16,062,629
Annual growth in rands		R242,219	R267,370	R187,636	R379,156	R1,076 381
Annual growth in percentage		9%	9%	6%	10%	67%

Revenue Growth



Strategic Objectives Indicators

Programme: Transport Regulation					
Strategic objectives indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Transport Administration and Licensing					
Provincial indicators					
Establishment of DLTCs	0	1 Sebokeng completed	0	1	Delays due to dispute in paving rates and high rainfall impacted on the completion of the project. The overall progress of the project is at 93% complete.
Number of TOLABs constructed by 2019	0	1 Sebokeng commenced	0	1	Gauteng Department of Infrastructure Development delayed issuing the instruction to commence work on the project due to non-confirmation of funds.

Performance indicators

Programme: Transport Regulation					
Performance indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
Transport Administration and Licensing					
National indicator					
Number of compliance inspections conducted	250	195	206	+11	Additional resources allocated to the project.
Provincial indicator					
*Number of DLTCs rolled out with Computerised Learner Licence Test (CLLT) System	-	6 centres completed	2 centres completed	4	RTMC could not install CLLTs due to procurement challenges.
*New indicator					

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 12 273 permits/operating licenses were issued and 798 permits were converted to operating licences.

Issuance of special festive season inter-provincial permits

As part of ensuring safe and regulated public transport services to commuters, the Department initiated a special festive season intra-provincial permits process with the Gauteng minibus taxi operators to apply for special intra-provincial operating permits for the festive season. 419 permits were processed whilst 374 were issued and collected by applicants for use. 30 were declined as they did not comply with requirements.

This was undertaken in consideration of commuters expected to travel to different provinces during the December holiday season. The special permits catered for trips to be undertaken through the festive period in December 2017 until 01 January 2018.

The issuing of special permits intended to improve compliance; reduce illegal trips and prevent the impounding of vehicles by law enforcement agencies.

Strategic Objectives Indicators

Programme: Transport Regulation					
Strategic objectives indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
SUB-PROGRAMME: OPERATOR LICENSE AND PERMITS					
Provincial Indicator					
Number of permits/ operating licences issued by 2019	10,248	9,000	12,273	+3,273	Special events (temporary) operating licenses and the PTOG subsidised bus contracts which expired in March 2018 were subsequently renewed resulting in more operating licences issued.
Number of permits converted to operating licences by 2019	2,603	2,500	798	1,702	Fewer applications received due to slow submission of applications for the permit conversion process after the upliftment of the December 2016 deadline.

Performance indicators

Programme: Transport Regulation					
Performance indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations
SUB-PROGRAMME: OPERATOR LICENSE AND PERMITS					
Provincial indicator					
Registration and Monitoring					
Number of fully registered minibus taxi associations in the Gauteng province by 2019	5	5	2	3	Limited number of associations to be fully registered met the requirements.
Number of audited monitored routes completed by 2019	570	750	374	305	Operators were not co-operative due to safety concerns. This is attributed to intermittent fatal attacks between members of the Metered Taxi Industry and the new entrants (Uber and Taxify).
Number of Non Mini bus Taxi modes registered by 2019	2,094	1,200	3,586	+2,386	More metered taxi (Uber) operations have registered and the number is growing rapidly which results in the overachievement.

Strategy to overcome areas of underperformance

Indicator	Proposed intervention
Establishment of DLTCs	The DLTC will be completed in the financial year 2018/19.
Number of TOLABs constructed by 2019	The Department is continuing to engage with Gauteng Provincial Treasury and Gauteng Department of Infrastructure Development on the commencement of the construction of the TOLAB.
Number of DLTCs rolled out with Computerised Learner Licence Test system	The Department is continuing to engage with the Road Traffic Management Corporation (RTMC) on the procurement of the required CLLTs.
Number of permits converted to operating licenses by 2019	Further engagements with public transport operators through various media platforms will be explored and implemented to ensure that operators submit compliant applications.
Number of fully registered minibus taxi associations in the Gauteng province by 2019	The Department will strengthen the communication platform to further engage with operators on the benefits of being fully registered.
Number of audited monitored routes completed by 2019	The Department is facilitating the reformation of fragmented leadership structures within the meter taxi sector. Continuous engagements with the Uber and Taxify structures.

Changes to planned targets

Strategic objective/performance indicator	Planned target	Revised target
Impact Evaluation study of project	1 Operating License Evaluation study	0

Linking performance with budgets

Programme expenditure

Transport Regulation	2017/2018			2016/2017		
	Final appropriation	Actual expenditure	(Over)/ under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
	R'000					
Transport Administration and Licencing	176,666	175,077	1,589	194,027	191,962	194,027
Operator Licence and Permits	127,855	124,848	3,007	129,891	127,360	129,891
Total	304,521	299,925	4,596	323,918	319,322	323,918

The budget for the TOLAB and DLTC infrastructure projects is located within this programme, together with the allocations for licensing and registration functions. The audited outcome within this programme is at R262 million in the 2015/16 to R300 million in 2017/18 financial years.

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
Gautrain Management Agency	The management coordination and oversight of the Gautrain project.	1,833,694	1,833,694	Refer to GMA Annual Report

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 2017 to 31 March 2018.

Public Transport Operations Grant (PTOG)

Department/municipality to whom the grant has been transferred	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 = 87,023,387 Trips = 1,630,325 Routes = 3,377
Amount per amended DoRA (R'000)	R255,063
Amount transferred (R'000)	R2,155,063
Reasons if amount as per DoRA not transferred	-
Amount spent by the Department/ municipality (R'000)	1,906,072
Reasons for the funds unspent by the entity	The PTOG allocation was not fully spent for the current financial year as a result of penalties levies by the department against the bus operators.
Monitoring mechanism by the transferring Department	-

Provincial Roads Maintenance Grant (PRMG)

Department/municipality to whom the grant has been transferred	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	178 189.62m ² of blacktop patching and 158.15km of re-gravelling.
Amount per amended DoRA	R656,183,000.00
Amount transferred (R'000)	-
Reasons if amount as per DoRA not transferred	-
Amount spent by the Department/ municipality (R'000)	R655,731,818.77
Reasons for the funds unspent by the entity	-
Monitoring mechanism by the transferring Department	-

Expanded Public Works Programme Infrastructure Grant (EPWP)

Department/ Municipality to whom the grant has been transferred	Gauteng Department of Roads and Transport
Purpose of the grant	Job creation.
Expected outputs of the grant	Jobs created.
Actual outputs achieved	3,768
Amount per amended DoRA	R6,504
Amount transferred (R'000)	-
Reasons if amount as per DoRA not transferred	-
Amount spent by the Department/ municipality (R'000)	R6,504
Reasons for the funds unspent by the entity	-
Monitoring mechanism by the transferring Department	Project monitoring team.

7. DONOR FUNDS

7.1 Donor Funds received

The Department did not receive donor funding.

8. CAPITAL INVESTMENT

8.1 Capital investment, maintenance and asset management plan

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

The need to stimulate economic development through implementation of capital infrastructure has driven the Department to make significant progress in implementing its capital asset investment plan. During the current financial year, the Department was able to spend approximately 99.99% of its allocated infrastructure budget. A significant portion of this infrastructure investment has been driven by the implementation of the Department's Road Asset Management Plan.

• *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*

- D1027 Phase 2: Upgrading of D1027 (Cedar Road) from Uranium Road to Valley Road; including associated works on Cedar Road.
- Construction of Sebe Road in Evaton.
- D904: Light rehabilitation of D904 between R82 in Evaton and over rail bridge.
- D670: Light rehabilitation of D670 from Bronkhorstspuit to Ekangala.
- P46/1: Rehabilitation of road P46/1 and D1073.
- P186/1 (N12): Damage bridge repairs.
- P41/1: Rehabilitation (repair and resurfacing) of P41/1 from 0,84km to 5,61km West Nigel.

• *Infrastructure projects that are currently in progress (list projects) and when they are expected to be completed*

- Sebokeng DLTC will be completed in the 2018/19 financial year.

Roads on-going:

- R82 Phase 3 (between D1073 (Walkerville) and K164 (De Deur).
- K69 (upgrading and doubling of Hans Strijdom (Solomon Mahlangu Drive) from the N4 to Mamelodi to K54).
- K54: Mamelodi (Tsamaya Road) to R104 Pretoria Bronkhorstspuit Road.
- K31 access to Green Gate Development: reconstruction and upgrade of the M5 Beyers Naude Road.
- Upgrading of gravel road D1944.
- Rehabilitation of P88/1 between P73/1 and P3/6.
- P158/2 (N14) Phase 2: rehabilitation of P158/2 (N14) from Brakfontein to Diepsloot.
- Light rehabilitation of road P243/1 Section 2 from Vereeniging (9.0km) to Balfour (18.13km) – (approximately 9.13km).
- P249/1 Phase 2: rehabilitation of P249/1 (R511) in Pretoria region to Gauteng/North West border.
- Rehabilitation of D1884 between D478 and P243/1.
- K57 (P122/1) Elardus Road Phase two (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.

- ***Plans to close down or down-grade any current facilities***

None.

- ***Progress made on the maintenance of infrastructure***

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

- Electrical repairs have been completed at Derek Masoek, Tshwane TOLAB, Mabopane DLTC and 11 Diagonal Street building.
- Plumbing related problems have been completed at Tshwane TOLAB, Derek Masoek, Sage Life and ABSA buildings.

- ***Developments relating to the above that are expected to impact on the Department's current expenditure***

None.

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

As of 31 March 2018, the Department's asset holding totalled R40,302,012,000.00. The asset base in the main comprises of roads, bridges and land for future road construction. Included in the above-mentioned amount are various categories of movable assets totalling R26,546,229,547.19.

During the 2017/2018 financial period, the Department spent R966,060,197.13 on major upgrading and rehabilitation of key segments of the provincial road infrastructure network. A total number of 731 of obsolete and redundant assets were disposed of through public auction. 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.

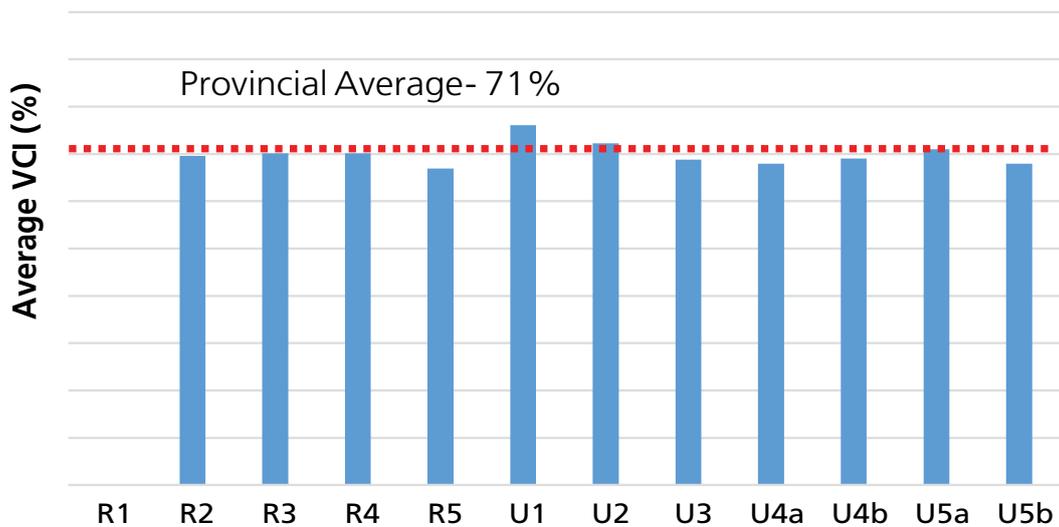
- ***Measures taken to ensure that the Department's asset register remained up-to-date during the period under review***

The Department performs annual physical asset verification of all its movable assets. A total number of 10408 moveable assets were verified which includes road construction vehicles, maintenance and machinery and equipment. The Department's Asset Management Directorate plays an important role in ensuring that the immovable asset register of the Department is continuously updated each time a major upgrade or rehabilitation of the provincial roads and bridges is completed. Project completion certificates issued by the appointed consultants have been extremely important in ensuring that the correct value is allocated to the upgrade or rehabilitation. In addition, as part of the maintenance, and an updated Road (including bridges) Asset Management System, the Department through the assistance of the Council for Scientific Research (CSIR) was able to conclude on the visual and conditional assessments for all provincial roads and bridges. The results thereof will form the basis for future road infrastructure upgrades, rehabilitations and maintenance.

- ***The current state of the Department's capital assets, what percentage is in good, fair or bad condition?***

The average condition of the paved network is 71%, placing it on average slightly into the "good" category.

Average VCI per road class for paved roads



- **Major maintenance projects that have been undertaken during the period under review**

- D904: Light rehabilitation of D904 between R82 in Evaton and over rail bridge.
- D670: Light rehabilitation of D670 from Bronkhorstspuit to Ekangala.
- P46/1: Rehabilitation of road P46/1 and D1073.
- P186/1 (N12): Damage bridge repairs.
- P41/1: Rehabilitation (repair and resurfacing) of P41/1 from 0.84km to 5.61km West Nigel.

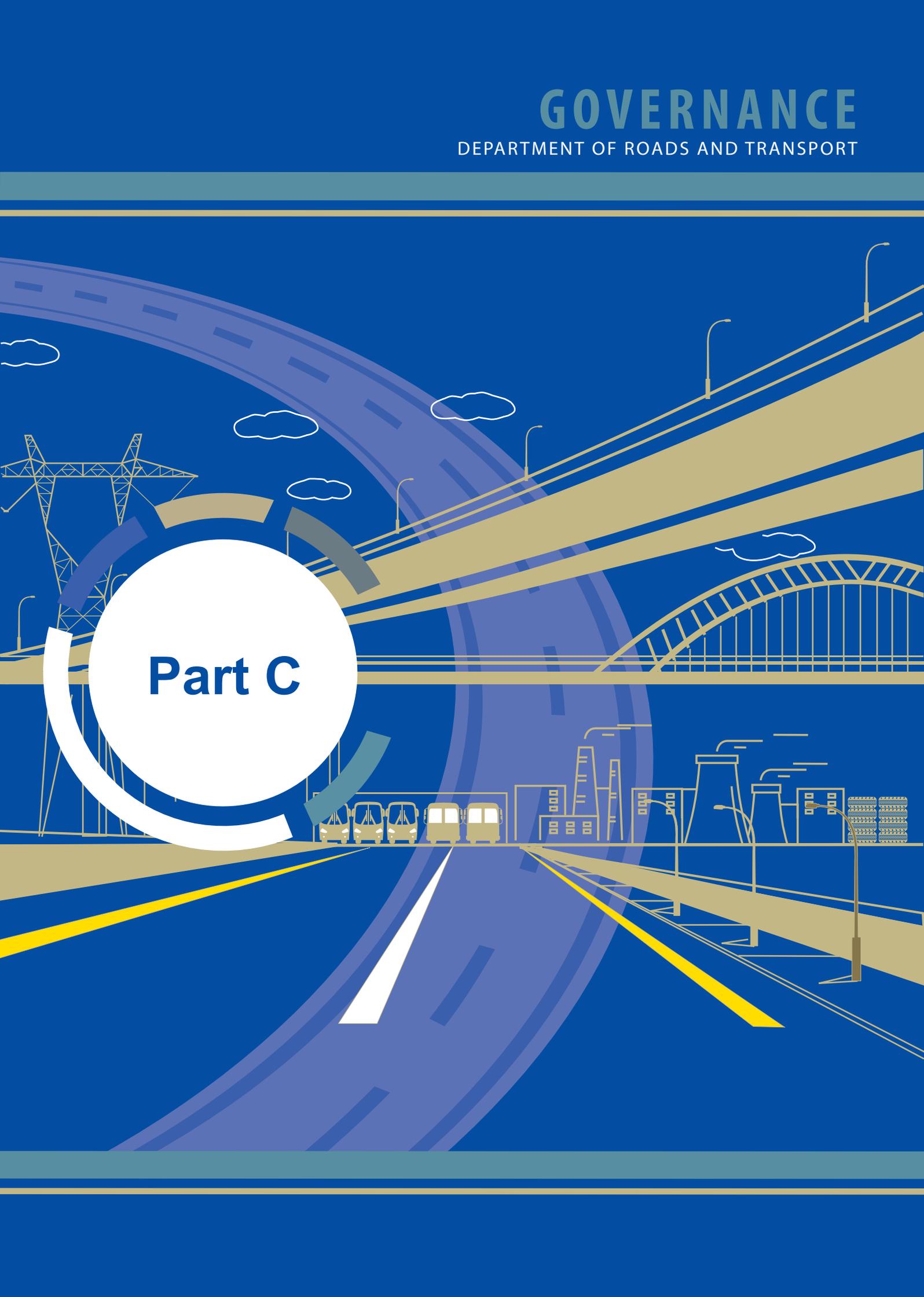
- **Progress made in addressing the maintenance backlog during the period under review.**

Infrastructure projects	2017/2018			2016/2017		
	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	60,461	60,191	270	174,229	156,097	18,132
Existing infrastructure assets	-	-	-	-	-	-
• Upgrades and additions	223,771	232,549	-8,778	361,182	386,078	-24,896
• Rehabilitation renovations and refurbishments	669,256	723,449	-54,198	357,571	308,912	48,659
• Maintenance and repairs	853,080	796,760	56,320	912,753	865,567	47,186
Infrastructure transfer	-	-	-	-	-	-
• Current	-	-	-	-	-	-
• Capital	-	-	-	-	-	-
Total	1,806,568	1,812,949	-6,386	1,805,735	1,716,654	89,081



GOVERNANCE

DEPARTMENT OF ROADS AND TRANSPORT



Part C

The illustration features a central white circle with the text 'Part C' in blue. Surrounding this circle are various stylized elements: a blue road with white dashed lines curving through the scene, a yellow road with white dashed lines leading towards the bottom, a yellow bridge with a white arch, a yellow power line tower, a yellow bus stop with five buses, and a yellow industrial building with smokestacks. The background is a solid blue color with white clouds and streetlights.



1. INTRODUCTION

Commitment by the Department to maintain the highest standards of governance is fundamental to the management of public finances and resources. Users want assurance that the Department has good governance structures in place to effectively, efficiently and economically utilise the State's resources, which is funded by the tax payer.

2. RISK MANAGEMENT

As part of its risk management policy and strategy, the Department conducts regular risk assessments to determine the effectiveness of its risk management strategy and to identify new/ emerging risks.

The Department has a Risk Management Committee that is chaired by an independent person 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 risks on a continuous basis. Also, the performance contract of senior management has incorporated risk management for accountability purpose.

3. FRAUD AND CORRUPTION

The Department's Fraud Prevention Plan

- The DRT is committed to fighting fraud and corruption in a holistic and integrated manner.
- The cornerstone of its concerted effort conforms to the various legislative prescripts like the Gauteng Anti-Corruption Strategy and the Public Finance Management Act (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 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.
- The primary objective is to send out a clear message that the Department adopts a zero tolerance policy to fraud and corrupt behaviour.

The components of the plan are as follows:

- Departments 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 amongst the public and the employees through education and communications.
- Improve accountability, efficiency and effective administration within sectors of society in the province.
- Promoting a culture of good transparent governance.

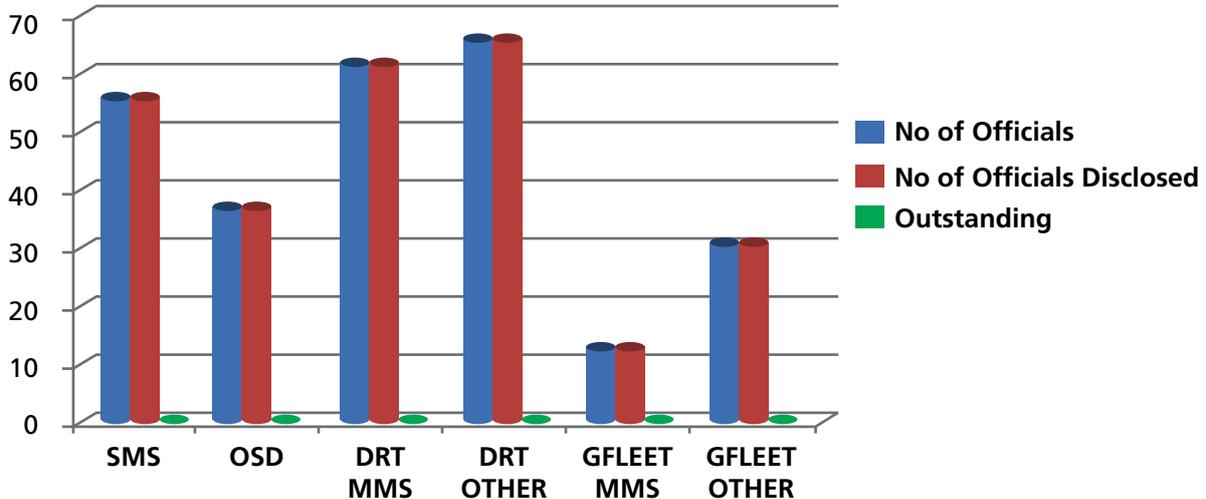
How these cases are reported and what action is taken:

- 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 database 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 is sought whereby preservation orders are obtained.
- The Department has recently successfully obtained a criminal conviction for fraud totalling R841, 367 .76 and the accused was given a direct imprisonment of 6 years.
- The Department also successfully seized the Pension Fund proceeds of this individual in the sum of R841, 367.76.
- The Department also prosecutes identified perpetrators internally.

4. MINIMISING CONFLICT OF INTEREST

In March 2017, the MPSA issued a Determination and Directive on other categories of employees to disclose their financial interests 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 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 prescripts for the 2017/18 financial year. The below graph depicts the various categories and number 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 DRT employees. The Department implemented the code and managers ensured that all employees within the Department adhered to it.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Due to poor infrastructure, which resulted in health concerns, the Departments' head office was relocated to a conducive building. Work is progressing to ensure occupational health and safety (OHSA) compliance in other offices, including the Mabopane DLTC and Koedoespoort regional office. All employees who are at high risk of contracting communicable diseases such as tuberculosis (TB) were subjected to medical surveillance. A total number of 570 employees were screened.

7. PORTFOLIO COMMITTEES

2018 ANNUAL REPORT INPUT – LEGISLATURE OVERSIGHT COMMITTEES

PORTFOLIO COMMITTEE QUESTIONS EMANATING FROM THE 4TH QUARTER REPORT FOR 2016/17 FY		
Reference No.	Question/ Recommendation	Department Response
01.	The Department should explain to the Committee as to why the Administration programme seems to be utilised as a slush fund. This is because, the funds are, at most financial years, transferred to other Departmental programmes during Adjustment budget and subsequently underspent at the end of the financial year.	<p>The Administration programme contains the budget for operational requirements for the MEC's Office, the HOD's Office, Finance Branch and the Corporate Services Branch. The spending within this programme is controlled by the importance and urgency of the goods or services being requested. The urgency and importance of each request is guided by the requirements of the National Treasury cost containment requirements. During the 2016/2017 financial year the programme also catered for the goods and services that was to be purchased for the Departments move to the new office building. This planned expenditure had to be delayed to the 2017/2018 financial year due to the delay in the actual move.</p> <p>It is both unfortunate and fortunate that any unforeseen funding challenges that are encountered by the core programmes of Transport Infrastructure, Transport Operations and Transport Regulation are managed by reducing some of the operational budget contained in the Administration programme. Whilst the situation is not ideal, it does allow the Department to ensure that its core service delivery targets are not compromised as a result of unforeseen funding challenges.</p>
02.	The Department should provide progress on the delays in the approval of Environmental Impact Assessment (EIA) by Gauteng Department of Agriculture and Rural Development (GDARD) and water permit issuance by Department of Water and Sanitation that affected some outputs in the design sub programme. The Department should also indicate road designs affected by these delays and how would this affect the commencement of projects in the 2017/18	<p>Normally it takes 90 days to acquire approval for the EIA and Water Use Licence from GDARD and DWS respectively. The delays, which may take up to additional 120 days, come as a result of additional work to be completed in response to the mitigations that the two departments might have raised. The following projects in the design sub-programme have encountered such delays (120 days each) and would therefore mean that these projects would commence 120 days later than planned; these projects are:</p> <ul style="list-style-type: none"> • K148 Intersection with N3 - Addition of project duration due to the request for more details of mitigations by the DWS. • K109 between K27 (R562) and Dale Road - Addition of project duration due to the resubmission of EIA application with a revised mitigation plan.

03.	What caused huge over expenditure in the Transport Regulation Programme?	<p>One of the key priorities within this programme relates to the legislative requirement of the Department to advertise all new applications for public transport operating licenses in the government gazette. The advertising is performed through the Government Printing Works. At the commencement of the 2016/2017 financial year, Government Printing Works together with the National Treasury approved a significant increase in the tariffs charged for the gazetting. This unforeseen significant increase was not included in the 2016/2017 budget allocation. Unfortunately, the Department managed to ensure implementation of further spending control measures in the goods and services budgets of the other programmes to cover this over-spending.</p> <p>The allocation for the 2017/2018 financial year has been increased to address the prior year challenges.</p>
04	The entity should explain the reason for the under expenditure indicated in page 74 contrary to over expenditure amounting to R355 million indicated in page 73 table 24 of the GMA fourth quarter report.	The over expenditure reported on table 25 does not take into account the roll over budget from the previous year that is reflected under restricted funds used in the same table. The total of the budget rolled over from the previous year is R97.5 million.
05	The entity should explain to the Committee, the consistent pattern of spending the entire allocated budget for the financial year taking into consideration the settlement paid to Bombela during the financial year that was not budgeted for.	GMA original appropriated budget for 2016-2017 was R 1,832,089,000.00. A budget appropriation adjustment of R 980,000,000.00 was received from Provincial Treasury in December 2016 to assist the Province to settle its development phase disputes with the Concessionaire. Thus the GMA's total budget for 2016-2017 is R 2,812,089,000.00.
06	<p>The GMA should provide pending information on the following performance indicators:</p> <ul style="list-style-type: none"> • Average number of quarterly rail passengers • Average number of quarterly bus passengers • Number of monitoring events by the GMA of the Concessionaire on all capacity increase obligations set by the CA or by Variation Notice • Number of reviews of penalty verifications performed • Monthly review of revenue and patronage reports for compliance with CA • Monthly oversight of Concessionaire asset maintenance regime • Number of system and station inspection reports • Plan and implement the migration of Gautrain's Automatic Fare Collection System to be interoperable in compliance with National Regulations in terms of the Project Plan. <p>The Department provided the Committee with a detailed report in this regard.</p>	The Department provided the Committee with a detailed report in this regard.

07.	The entity should explain the under expenditure recorded at the end of financial year.	The Department provided the Committee with a detailed report in this regard.
08	The Entity should provide report on the 89% Client Satisfaction Report	A full report of the Client Satisfaction Survey is included with this response and is attached as Annexure A. It provides a detailed account of how the customer satisfaction score was measured.

PORTFOLIO COMMITTEE QUESTIONS EMANATING FROM THE BUDGET VOTE 9 FOR 2017/18 FY

Reference No.	Question/ Recommendation	Department Response
01.	Why the provincial government cut the equitable share for the Department?	The Department provided the Committee with a detailed response in this regard.
02.	The Department should provide plan in place to curb the likelihood of over under expenditure as a result of current R1 billion budget cut.	The Department can assure the Committee that it has over the past few years developed strong systems of internal control that would prevent any possible over expenditure. The newly adopted approach undertaken by the Gauteng Provincial Treasury as mentioned in 71 above serves to reduce the likelihood of under-expenditure by only funding the Department for projects that demonstrate a clear state of readiness to implement. It is unfortunate that the Department cannot provide the Committee with absolute assurance of no under-expenditure due to the unforeseen challenges experienced on some of its key infrastructure projects.
03.	The Department should provide progress report on the delivery of vehicle licence expiry notification letters to the motorists.	The Motor Vehicle License Renewal Notices are distributed centrally for all provinces in South Africa by the National Department of Transport through their agency called Road Traffic Management Corporation (RTMC). The RTMC has restarted the process of posting the Motor Vehicle Renewal Notices (through Post Office) since April 2017. The first renewals were for vehicles that expired on 31 May 2017.
04.	The Department should highlight the PPP budget, if any.	The Department provided the Committee with a detailed report in this regard.
05.	The Department should provide the targets for the following performance indicators: <ul style="list-style-type: none"> Percentage of BBBEE expenditure awarded to HDIs; Percentage of BBBEE expenditure awarded to women; Percentage of BBBEE expenditure awarded to youth; and Percentage of BBBEE expenditure awarded to PwD. 	The empowerment targets as set by the Department are in terms of the Provincial agreed upon targets. The targets, which now included as part of the narrative of the Annual Performance Plan remain unchanged and are reflected as follows: <p>HDI Contribution % - 80.00%</p> <p>Women Spend % - 30.00%</p> <p>Youth Spend % - 10.00%</p> <p>PWD Spend % - 5.00%</p>
06.	The Department should also provide plan to meet the PwD targets of 2% and more and above as articulated in the State of the Province address.	The Department provided the Committee with a plan in this regard.
07.	Why lower allocations approved for the infrastructure project in the Transport Infrastructure programme particularly on the maintenance sub programme?	The Department provided the Committee with a detailed report in this regard.

08.	The Department should provide budget allocation per construction and maintenance projects to be completed and commencing in 2017/18. This should be listed in comparison with the expenditure of the previous financial year.	The Department provided the Committee with a detailed report in this regard.
09.	Why the Department plan to create only 4 job opportunities for PwD in the construction sub programme in the entire financial year?	The department is implementing three (3) projects in the sub-programme construction i.e. Upgrading of road K46 William Nicol, Upgrading of road D1944 Rust de Winter and Upgrading of road D1027 Cedar Road Phase 2. From these projects 200 job opportunities are to be created. The targets (national standard) for employment of women are 55%, youth 55% and PwD 2%. Therefore 2% of 200 results in four (4) job opportunities for PwD.
10.	The Department should clarify their role in the planning phase of the 4.5 billion rand SANRAL project to upgrade the current Moloto road.	The Department has entered into an implementing agency agreement with SANRAL, which will be implementing the project on behalf of the Department. This will ensure integration and co-ordination of the Gauteng section of the project for the other phases of the project in the other Provinces, and ensure that consistent standards are applied for the road design and construction. A tender was issued by SANRAL and a service provider appointed for the Gauteng section of the project and the Department is having regular meetings with SANRAL and the service provider to discuss and agree on technical matters.
11.	Which industry leaders is the Department working with in every major sector of economy to unlock employment and empowerment opportunities for all the citizens?	The Department is working within the roads construction industry (Construction Industry Development Board - CIDB).
12.	How are the infrastructure projects designed to respond to economic challenges currently faced in the country?	The Departmental infrastructure projects are selected and designed in accordance with the principles as detailed in the Gauteng 25-Year Integrated Transport Master Plan and 5-year Implementation Plan (GTIP5) that focuses on projects that supports the current public transport challenges and underpins the development of the Gauteng City Region. All the roads upgrade projects that are currently being implemented are thus part of the routes as identified in the Gauteng Integrated Public Transport Network (which inter alia provides for non-motorised transport) and supports access to major economic development nodes such as Vaal River City, the Greengate Development, Waterfall City, the Modderfontein development etc. During the implementation of these projects jobs are created, small contractors developed, SMME's developed as well as capacity built in technical and administrative skills.
13.	The Department should brief Committee on the allocated budget and timelines for Gautrain integration with BRT cards.	The Committee was briefed and provided with a report in this regard.
14.	The Department should brief Committee on the progress made on appointing new bus contracts.	The Committee was briefed and provided with a report in this regard.
15.	The Department should provide plan on the subsidisation of public transport for military veterans as articulated in the State of Province address.	There is a Memorandum of Understanding (MOU) developed between the National Department of Transport (NDOT) and the Department of Military Veterans to start discussions on the direction and development of a policy document on subsidisation of Public Transport for Military Veterans.

16.	The Department should provide measures in place to deal with the challenges faced in the Vereeniging Intermodal facility.	PRASA and the Project Managers (AECOM) have finally resolved their contractual dispute and AECOM has returned to site. Currently AECOM is conducting a site assessment of the site. The Local labour wage dispute was resolved through the intervention of the EPWP section as well as Sedibeng District Municipality. The contractor is currently developing a revised accelerated programme. The outstanding work to be completed is estimated at 20%.
17.	The Department should list all projects, including budget that the Department of Infrastructure Development is carrying out on the behalf of DRT in the Transport Operations Programme.	The Department of Infrastructure Development implements projects on behalf of the Department only within the Transport Regulation programme. The applicable projects are Construction of a new DLTC at Kagiso (Retention payment only with allocated budget of R1 200 000) and Construction of a new DLTC Sebokeng (Finalisation of the project with an allocated budget of R51 439 000).
18.	The Department should explain its relationship with PRASA and the extent to which the Department may hold the agency accountable on project deliverables.	The Committee was provided with a detailed report in this regard.
19.	The Department should provide the Committee with the PRASA budget and projects for the Province in the 2017/18 FY.	The Committee was provided with a list of projects with budget allocation per project.

ADOPTED COMMITTEE OVERSIGHT REPORT ON BUDGET VOTE 9: GAUTENG DEPARTMENT OF ROADS AND TRANSPORT OF THE APPROPRIATION BILL (JULY 2017)

Reference No.	Question/ Recommendation	Department Response
01.	Provide the Committee with a detailed report on the state of readiness of all planned key infrastructure projects for 2017/18.	The Department provided a detailed report to the Committee in this regard. The report listed all the projects, project status, allocated budget and expenditure to date amongst other things.
02.	Provide the Committee with a progress report on the formalisation of taxi industry by 31st July 2017	Gauteng Provincial Government (GPG) has made a commitment towards the economic empowerment and transformation of the taxi industry in line with the Transformation, Modernization and Re-Industrialisation (TMR) Agenda. The task team is made up of three (3) senior representatives from GNTA and SANTACO Gauteng and the GPG officials led by the DED. A detailed report was provided to the Committee in this regard.

**QUESTIONS EMANATING FROM THE 1ST QUARTER REPORT 2017/18 FY OF THE DEPARTMENT OF ROADS AND TRANSPORT
(OCTOBER 2017)**

Reference No.	Question/ Recommendation	Department Response
01.	<p>The Department should explain all under performance measures recorded in all programmes, and provide mechanism in place to improve performance in the next quarters.</p> <p>g-Fleet Management should provide a list of owing client departments and revenue owed by each.</p>	<p>The Department provided a detailed report to Committee with breakdown per programme.</p> <p>The Entity submitted a detailed Debtors Report to the Committee.</p>

**QUESTIONS EMANATING FROM THE 2ND QUARTER REPORT 2017/18 OF THE DEPARTMENT OF ROADS AND TRANSPORT
(NOVEMBER 2017)**

Reference No.	Question/ Recommendation	Department Response
01.	<p>The Department should provide a report detailing general state of regional offices in the Province, including the role of DID in this regard.</p>	<p>The Department of Roads and Transport together with DID started a process of conducting assessments of regional offices by checking the building plans and identifying what needed to be done.</p> <p>All regional offices were visited and issues that needed attention were identified:</p> <p>With regard to the role of DID, the function of building maintenance resides with them. DID to appoint consultants to do a thorough analysis of the building plans for all the regions and identifying what needs to be done in terms of revamps and upgrades.</p>
02.	<p>The Department should update the Committee on the relocation to new building including the associated cost.</p>	<p>All officials from Sage Life Building including the HOD and MEC have been successfully moved to the new building except officials affected by the Registry section. Public Transport Operations & Public Transport Integration & Special Projects have been moved from Diagonal Street building to 45 Commissioner Street. Roads Maintenance and Roads Construction have also been moved from Absa Building (Fraser Street) to 45 Commissioner Street.</p> <p>The relocation process resumed on Tuesday, 21 November 2017 to move to officials from Absa Building (Albertina Sisulu Street) who are not affected by the E-natis systems.</p> <p>The summary of relocation expenditure (R13 660 939.80) excludes the rental since it is not appearing in our books but in that of Department of Infrastructure Development.</p> <p>In terms of IT, WAN Links/ Uplink to Building, Networking and Cabinets, Network Points Only, Backbone Fibre interlinking floors, Server Room Build, Switches, and Telephony have been completed. ENATIS is awaiting installation. Consolidated Server Infrastructure Rack and Wireless Devices 2 Per Floor are outstanding due to budget constraints.</p>
03.	<p>The Department should present progress report on the upgrade of OLAS in relation with the Committee Inquiry resolution on the matter.</p>	<p>The department resolved to halt the procurement of the Provincial Operating and Registration following a tender advertisement of a similar system by the National Department of Transport. The tender was advertised in September 2017. The department has been informed that the process is currently at the procurement stage (tender evaluation).</p>

04.	The Department should update the Committee on the court interdict in the awarding of K54 project.	<p>The tender was adjudicated on 01 June 2017 at which time King Civils Engineering Contractors was recommended by the Bid Adjudication Committee as the successful bidder. The objection was against the Bid Adjudications decision to recommend King Civils Engineering Construction as the successful bidder.</p> <p>The Department can however confirm that on the 2nd November 2017, the applicant, Lonerock Construction (Pty) Ltd filed their notice of withdrawal of their application. Based on these recent developments, the Department can now proceed in the awarding of the K54 project. The Department submitted a detailed report to the Committee in this regard.</p>
05.	The Department should provide progress report on the construction of PWV5 Phase2	The construction of the PWV 5 freeway is not on the MTEF construction programme of the Department so there is no progress on the construction thereof.
06.	<p>The Department should update the Committee on the progress to design new contracts in the bus subsidy programme.</p> <p>The Department should also explain the non-operation of buses in Ekurhuleni and other routes, particularly Autopax.</p>	<p>The Department's bus contracting process is already underway where preparations with respect to the optimisation of the current contracts have been partially completed. To this end surveys studies for the 8 Contracts have been completed. The Department has advertised the tender for the only 5 contracts (Mamelodi and Sedibeng) on 17 November 2017 in the tender bulletin and newspapers. The Department is not advertising the contracts in Ekurhuleni because the Municipality has not signed the contracting Authority Formal Agreement for the province to contract on its behalf or jointly with them in terms of section 12(1) of the NLTA.</p> <p>The comprehensive route surveys studies for the 25 Contracts which are being conducted by CSIR have started and this is anticipated to be completed by the end of November 2017. The Department submitted a detailed report to the Committee in this regard.</p>
07.	The Department should provide progress report on the roll out of computerised learner test system in Centurion DLTC. With regard to DLTC, the fieldwork revealed that there is progress in the establishment of Sebokeng DLTC/TOLAB.	Approval was granted by NDoT and commitment letter was given to GPDRT by TASIMA to roll out CLLT's to six centres in 2017/2018 financial year. These centres are Boksburg, Centurion, Edenvale, Midrand, Vanderbijlpark, and Roodepoort. Two centres were completed by TASIMA before they were removed by the NDoT/RTMC. Since taking over by the RTMC, the process has stalled. RTMC has indicated that they are in the process of procuring equipment for the remaining four centres. Difficulty is that the old equipment no longer available in the market. No timelines have been given to date.
08.	GMA should brief the Committee on the nature of the organisational structure pending the approval.	The Entity tabled a detailed presentation before the Committee and responded to all questions emanating from the presentation.
09.	GMA should explain the implications of recorded average number of rail and bus passengers in the revenue collection.	The Entity tabled a detailed presentation before the Committee and responded to all questions emanating from the presentation.

<p>10.</p>	<p>g-Fleet Management should provide progress report on the challenge faced by the Gauteng Department of Health and the intervention of MEC and HOD, thereof. The entity should also update the Committee on the effectiveness of the billing system.</p>	<p>According to the Entity's records the Gauteng Department of Health (GDoH) owes the Entity an aggregate amount of R149 499 282 as at 31 October 2017.</p> <p>Despite numerous engagements and written commitments made by the client department, the account remains well above 120 days in terms of the age analysis. This unfortunate situation puts the Entity in a financial predicament as the Entity continue to incur expenses such as fuel, toll fees and maintenance costs on behalf of GDoH.</p> <p>This has triggered the executive management of the Entity to seek intervention from the Accounting Officer and Executive Authority to recover the outstanding debt from GDoH) in order to avoid the suspension of petrol cards. Furthermore, the client department has advised the Entity through email correspondence dated 31 October 2017 that the office of the Premier has set up the political sub-committee to assist the Department in developing payment plans for all suppliers including g-Fleet Management.</p> <p>The Entity was further advised that the first payment proposal will be tabled at Gauteng Provincial Treasury on the 24th November 2017 for consideration and approval. The next cause of action will be based on the recommendations from the HoD and MEC and the feedback from the Gauteng Provincial Treasury on the payment proposal tabled by Department of Health.</p> <p>EFFECTIVENESS OF THE BILLING SYSTEM</p> <p>Fleet Information System (FIS) has been upgraded from Version 2 to Version 3 effective 01 April 2017. The Entity experienced challenges with the new the Version and thus appointed the system developer to assist in addressing key areas on FIS. The Entity can however confirm that monthly billings are processed on the system and client departments have access to the system to view and download their respective monthly invoices. A detailed report was provided to the Committee.</p>
<p>11.</p>	<p>g-Fleet Management should clarify whether some of the vehicles are leased out without tracking device.</p>	<p>There are 996 vehicles not fitted with trackers leased to client departments. Total units contracted are 6748, at any given time some tracking units are in vehicles and others are de-installed from old vehicles and ready for installation in new vehicles. Some of the vehicles are Exempted per request of client for security reasons. There is a ceiling to the number of trackers units contracted and approved at time of procurement, currently it is 6748.</p>

ADOPTED OVERSIGHT COMMITTEE ON ROADS AND TRANSPORT OVERSIGHT REPORT ON THE 2ND QUARTERLY REPORT OF THE DEPARTMENT OF ROADS AND TRANSPORT, GAUTRAIN MANAGEMENT AGENCY AND G-FLEET MANAGEMENT FOR THE 2017/18 FINANCIAL YEAR (NOVEMBER 2017)

Reference No.	Question/ Recommendation	Department Response
01.	The Department and G-fleet Management should implement intervention plan to ensure the attainment of G-fleet planned targets in line with allocated funds. Provide the Committee with a progress report by 28 February 2018.	A detailed report was submitted to the Committee in this regard. There have been improvements on the Entity's expenditure levels as at the end of January 2018. The under expenditure in the main is attributed to high vacancy rate and delays in implementing capex project.
02.	The Department should provide the Committee with a detailed report on the development of business and operational plans within the Transport Operations programme by 28th February 2018.	The detailed progress report on comprehensive route survey report and the progress report on 25 bus contracts was submitted to the Committee. It must however be noted that the bus contracts that are expiring on 31 April 2018 will be extended for a period of six months (01 April 2018 to 30 September 2018) while appointment of new bus contracts will be underway. The Department's Bid Evaluation process for the 5 advertised contracts is underway and the process is anticipated to be completed by the end of March 2018.

8. STANDING COMMITTEE ON PARLIAMENTARY ACCOUNTS (SCOPA) RESOLUTIONS

SCOPA REPORT ON THE AUDITOR-GENERAL'S REPORT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE DEPARTMENT OF ROADS AND TRANSPORT FOR THE YEAR ENDED 31 MARCH 2017 (DECEMBER 2017)

Recommendation	Question/Recommendation	Department Response
4.1.1 Material uncertainties	<p>Material uncertainties</p> <p>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 finalisation thereof.</p> <p>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.</p>	<p>Updated and detailed report submitted.</p> <p>The bulk of the cases which involves land expropriated for Gautrain are in the process of being transferred to the GMA. Where legal challenges arise from the negligence of any of our officials, the necessary disciplinary measures will be implemented. With regard to consequence management, it is now entrenched within the Department that all employees must do what is right and do it properly. The Accounting Officer has not hesitated to take disciplinary action against any employee who is suspected to have committed misconduct.</p> <p>The Department submitted a detailed report in this regard.</p>

<p>4.1.2 Re-statement of corresponding figures</p>	<p>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.</p>	<p>The Department has developed a detailed intervention/action plan address this matter. These areas of intervention have been implemented. Monthly financial statements are prepared and reviewed within the office of the Chief Financial Officer (CFO) to ensure accuracy thereof. In addition, Internal Audit and Gauteng Provincial Treasury are continuously performing a thorough review of the interim financial statements and financial reports which will assist management in further identifying any errors.</p> <p>All of the above areas of intervention have been implemented and are yielding the desired results. In addition to the above action plan, an intensive and practical non-accredited learning programme on Annual Financial Statements in line with Modified Cash Standard have been developed in collaboration with National and Provincial Treasury as well as other public sector role players which aim to contribute to the on-going development and review of departmental Annual Financial Statements.</p> <p>The details of the above intervention are outlined in the report submitted to SCOPA.</p>
<p>4.2.1 Report on the Audit of the Annual Performance Report</p>	<p>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.</p> <p>That the Department provides the Committee with a progress report detailing the effectiveness of measures put in place to address weaknesses of pre-determined objectives within 30 days after adoption hereof and thereafter every quarter continuing up until the end of June 2018.</p>	<p>The audit finding relating to the reliability of the information on jobs created on infrastructure project is being addressed on a continuous basis.</p> <p>The measures undertaken by the Department to address the audit finding are articulated in the report submitted to SCOPA.</p>

<p>4.3.1.1 Irregular expenditure</p>	<p>In terms of GPL Rule 179 (4), the MEC provides the Committee (SCOPA) and Portfolio Committee on Roads and Transport with a monthly report detailing its adherence with and compliance to the requirements of all applicable legislation to ensure that effective measures are implemented to prevent irregular expenditure as required by Section 38(1) (c)(ii) of the PFMA (1999) and Treasury Regulation 9.1.1 within 30 days of adoption hereof and thereafter every quarter continuing up until the end of June 2018.</p> <p>That the Accounting Officer provides the Committee with a progress report detailing the status of the condonation of the irregular expenditures within 30 days after adoption hereof and thereafter every quarter continuing up until the end of June 2018.</p> <p>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.</p>	<p>As part of strengthening internal controls within the Department and in line with Section 40 and 41 of the PFMA (1999), the Department prepares and submits compliance reports to the Gauteng Provincial Treasury; all analysis and recommendations made by the Provincial Treasury are taken into consideration in the subsequent months.</p> <p>The Department has also arranged compulsory five-day workshop on the PFMA (1999) for Bid Adjudication, Specification and Evaluation committee members. This was an effort to ensure that these committee members are equipped with the necessary skills and knowledge to prevent recurrence of irregular expenditure.</p> <p>The Department continues to implement its Standard Operating Procedures for SCM to prevent the occurrence of any irregular expenditure. On-going training and skills courses for SCM officials have assisted in supporting the prevention of incurring any new irregular expenditure. The Department remains committed to continuously applying measures to prevent irregular expenditure as required in terms of S.381(c)(ii) of the PFMA (1999).</p> <p>A progress report detailing the status of condonation of the irregular expenditures and the investigation regarding the irregular expenditure relating to the disciplinary inquiry is was provided to the Committee.</p>
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SCOPA REPORT ON THE AUDITOR-GENERAL'S REPORT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE DEPARTMENT OF ROADS AND TRANSPORT FOR THE YEAR ENDED 31 MARCH 2017 (DECEMBER 2017) (continued)

Recommendation	Question/Recommendation	Department Response
<p>4.3.1.2 Advance payments</p>	<p>That the Department should ensure that pre-payments are not made unless it is required by a signed and binding contractual agreement with the supplier and that it provides 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.</p> <p>That the MEC provides the Committee with a progress report detailing the status of the investigations within 30 days of adoption hereof and a quarterly progress continuing up until finalisation thereof.</p>	<p>A progress report detailing the status of the investigations was provided to the Committee.</p>

4.4.1 Leadership, financial and performance management	That the MEC provides the Committee with a progress report detailing the implementation and effectiveness of measures put in place to address poor leadership in the Department within 30 days after adoption hereof and thereafter every quarter continuing up until the end of June 2018.	The Department provided the Committee with a response in respect of intervention measures being introduced and implemented. This is an ongoing process.
4.5.1 Investigations	That the MEC provides the Committee with a progress report detailing the status of the investigations within 30 days of adoption hereof and a quarterly progress continuing up until finalisation thereof.	A detailed progress report was submitted to Committee.

FOLLOW-UP QUESTIONS ON PROGRESS REPORT ON RESOLUTIONS (MARCH 2018)

REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF GAUTENG DEPARTMENT OF TRANSPORT FOR THE YEAR ENDED 31 MARCH 2017

Follow-up to Recommendation 4.1.1 - Material uncertainties	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.
Follow-up to Recommendation 4.1.1 - Material uncertainties	Provide the Committee with a progress report detailing the effectiveness of measures put in place to address challenges related to lawsuits.	A detailed progress report was submitted to the Committee. With regard to causes of lawsuits, most cases are historical and road conditions cases.
Follow-up to Recommendation 4.2.1 - Report on the Audit of the Annual Performance Report	Provide the Committee with evidence on how performance information had improved, and a quarterly report as submitted to Provincial Treasury.	A detailed report in this regard was submitted to the Committee.
Follow-up to Recommendation 4.3.1.1 - Irregular Expenditure	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 a written outcome.
Follow-up to Recommendation 4.3.1.1 - Irregular Expenditure	What is the long-term/permanent plan to address irregular expenditure related to bus subsidies?	The Department provided the Committee with a report in respect of this audit finding.
Follow-up to Recommendation 4.3.1.1 - Irregular Expenditure	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.	A detailed progress report was submitted to Committee.

	<p>Provide the detailed transactions of each instance of irregular expenditure including:</p> <ul style="list-style-type: none"> a. The name of the service provider and the service provided. 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? 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? 	<p>A detailed report was submitted to the Committee in this regard.</p>
<p>Follow-up to Recommendation 4.3.2.2 - Advance Payments</p>	<p>Provide the Committee with the latest report on investigations and the steps taken to implement recommendations of the report.</p>	<p>A detailed progress report was submitted to Committee.</p>

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Include discussions on mechanisms put in place by the Accounting Officer to resolve the matters reported by the AGSA in the previous financial year. This should include all matters in the audit report and those noted as important in the management report.

The discussion should be limited to all matters that gave rise to a qualification, disclaimer, adverse opinion and matters of non-compliance only. The Department may include the information in a table as follows:

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 procurement process).	2015/16	The matter has been investigated and referred to National Treasury for condonement. There was no new irregular expenditure incurred in the current financial year.
Fruitless and Wasteful expenditure (non-compliance with PFMA).	2014/15	The matter has been resolved. The current year fruitless and wasteful expenditure was also resolved and no findings were raised in the 2017/18 financial year.

10. INTERNAL CONTROL UNIT

In accordance with the requirements of the PFMA (1999), and best practice, the Department has a fully resourced internal audit function.

The Internal Audit performed its audits according to the approved Internal Audit Coverage Plan. The Plan was based on high risk areas as per the strategic risk profile. The Head of the 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 risks faced by the Department in order to prioritise high risk and ensure adequate controls are designed and tested on a regular basis for effectiveness.

All planned internal audits were completed during the year under review. Administrative policies were reviewed, approved and communicated. Quarterly audit reports were presented to the Audit Committee for independent oversight. Risk Management Action Plans were closely monitored for implementation.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit

Gauteng Audit Services (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 internal control environment.

Key activities of Internal Audit

Risk-based Internal Audit Plans were developed by GAS and approved by the respective Departmental Audit Committees who exercise oversight over the activities of GAS.

The activities are as follows:

- Risk and compliance audit.
- Performance audit.
- Computer audit.
- Information Technology risk assessment.

Summary of audit work completed

Ten risk, compliance, performance and computer audits completed.

During the last quarter of the 2017/18 financial year, 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 implementation from 1 April 2017.

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
Janice Meissner	<ul style="list-style-type: none"> Chartered Accountant (SA) B.Com B.Com (Hons) 	External	-	1 October 2014	Current	
George Higgins	<ul style="list-style-type: none"> B. Com B. Com (Hons) Higher Diploma in Auditing Chartered Accountant (SA) Registered Auditor 	External	-	1 September 2016	Current	
Masaccha Mbonambi	<ul style="list-style-type: none"> B. Accounting B. Com (Hons) Certificate in Board Governance 	External	-	1 September 2016	Resigned on 9 July 2017	
Leon Langalibalele	<ul style="list-style-type: none"> Bachelor of Accounting Science (Hons) Bachelor of Accounting Science Advanced Diploma in Management Accounting 	External	-	08 November 2017	Current	

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 2018.

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
Janice Meissner	04
Masaccha Mbonambi	00 (Resigned 09 July 2017)
George Higgins	04
Leon Langalibalele	03 (Appointed 08 November 2017)

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
Ronald Swartz (Accounting Officer)	04
Sanele Zondo (Chief Financial Officer)	04
Delicia Kgage (Chief Risk Officer)	05
Lorraine Francois (Chief Audit Executive)	01 (Resigned 8 May 2018)
Luthendo Makhadi (Acting Chief Audit Executive)	02 (Appointed 10 May 2018)

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

The Audit Committee has observed that the overall control environment of the Department continued to improve during the year under review. Some deficiencies in the system of internal control and deviations were reported in the Internal Audit Reports. These issues as noted in the audit report include inadequacies in the portfolio of evidence for performance information.

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 Departments in the Province.

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. The Audit Committee is satisfied that the Internal Audit has discharged its functions and responsibilities during the year under review.

The Audit Committee has noted 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. The Audit Committee wishes to stress that in order for the Internal Audit to operate at optimal level as expected by the Audit Committee, the shortage in human resources and skills should be addressed.

Risk Management

Progress on the departmental risk management was reported to the Audit Committee on a quarterly basis. The Audit Committee is satisfied that the actual management of risk is receiving attention, although there are areas that still require improvement. Management should 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.

Forensic Investigations

Investigations into alleged financial irregularities, financial misconduct and fraud were completed during the year under review. Furthermore, a number of investigations are still in progress. 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.

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

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.

Evaluation of Annual Financial Statements

The Audit Committee is comfortable that the Annual Financial Statements have been prepared in terms of the Modified Cash Standard (MCS) and PFMA.

The Audit Committee has also:

- Discussed the audited Annual Financial Statements to be included in the Annual Report with the AGSA and the Accounting Officer;
- Reviewed the Audit Report of the AGSA;
- Reviewed the AGSA's Management Report and Management's response thereto; and
- Reviewed the Department's compliance with legal and regulatory provisions.

Auditor-General's report

The Audit Committee acknowledges the conclusion and audit opinion of the AGSA on the Annual Financial Statements and Annual Performance Report. The Committee is of the view that the audited financial statements and annual performance report be accepted and read together with the audit report of the AGSA. The Audit Committee notes the finding reported by the AGSA with regard to the performance information and notes the recommendations of the AGSA to improve the documentation to support the achievement of a particular KPI.

The Audit Committee 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 comfortable that given the implementation of effective and efficient controls these matters should be adequately dealt with in future periods.

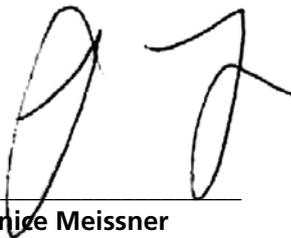
The external audit function performed by the AGSA is independent of the Department. The Audit Committee has met with the AGSA to address any unresolved issues and acknowledges the diligence and cooperation of the AGSA's team.

One-on-One Meeting with the Accounting Officer

The Audit Committee has met with the Accounting Officer for the 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.

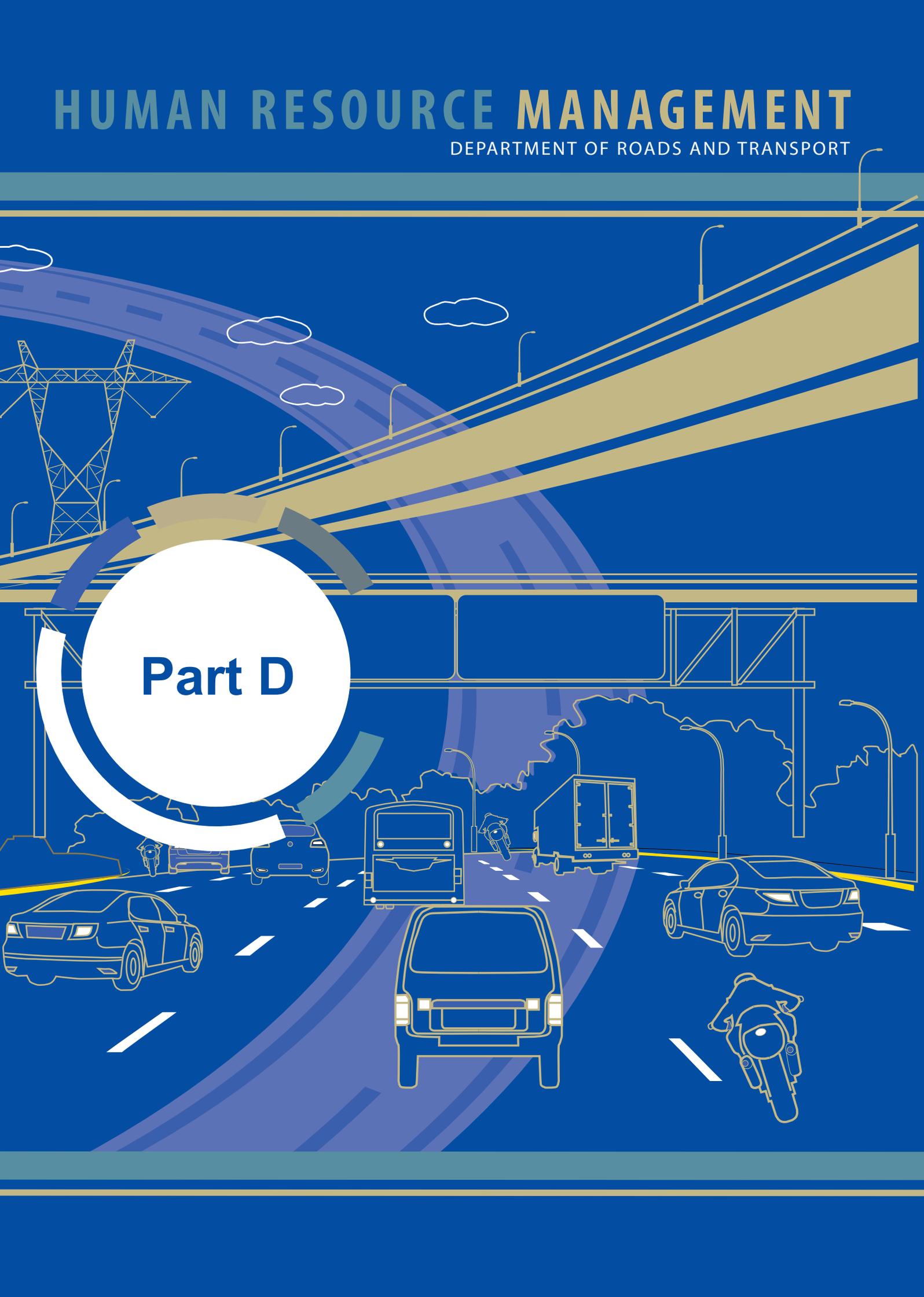


Ms. Janice Meissner
Chairperson of the Audit Committee
Date: 31 July 2018



HUMAN RESOURCE MANAGEMENT

DEPARTMENT OF ROADS AND TRANSPORT



Part D

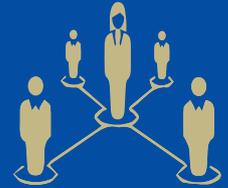
Highlights

Offices



Number of transport service centres
Benoni, Bsonk, Koug, Veseenig
Pretoria, Heidelberg

Leadership



Women in leadership
Total = 25

Transport



Number of transport service centres
Benoni, Bsonk, Koug,
Veseenig Pretoria, Heidelberg

Number of Employees

1784 (DRT) 223
(G-FLEET)
Total = 1807



Employees trained

Number of employees
undergone training
Total = 958



Interns trained

Number of interns
undergone experiential
training
Total = 95



Human Resource

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

The Department is experiencing stability in terms of staffing due to implementation of the organisational structure that was implemented on PERSAL in 2013. It assisted in bringing stability by placing staff on permanent posts and others on fixed-term contracts in line with DPSA prescripts, especially with regards to OSD personnel.

The Department is currently embarking on aligning the structure to the Programme of Action of the province as espoused in the ten pillars of the current Administration. In addition, the Department is implementing the IDMS, as approved by the Provincial Executive Committee (EXCO). The implementation of IDMS necessitates alignment of the components of the Department which are responsible for capital infrastructure to streamline functionalities for efficient implementation to mitigate service delivery challenges. This will enhance achievement of the adopted ITMP25 strategy.

The Department resolved to institute a technical moratorium on the filling of non-critical posts, in an endeavour to mitigate risks associated with instability brought by fear of job losses when the proposed structure is concurred by the MPSA and implemented by DRT.

A total number of 112 out of 1784 (total staff complement) equating to 6.27% terminated their services during the financial year 2017/18, 91% of the exited employees participated in an exit interview, while 9% did not participate due to the nature of termination i.e. death and retirements.

- Employee Health and Wellness Programme.
- Employee and Organisational Wellness.

As part of the Occupation Health and Safety Act (OHSA, Act 85 of 1993), the Department has conducted health screenings and medical examinations in the Departmental regional offices including head office in Johannesburg for the personnel.

Climate survey

An organisational climate survey was conducted within the organisation in order to examine the organisational climate with a view to identify areas of strength and weaknesses, and to proffer solutions that might improve structural and operation processes within the Department.

It was also intended to measure employee experiences including perceptions of policies, practices, procedures, routines, expected behaviours and rewards within an organisation.

Awareness sessions

The following awareness sessions and commemorations were conducted by the Department:

- Substance abuse sessions were held in departmental regional offices.
- A gender-based violence dialogue was held at the Johannesburg head office and 106 employees participated in the commemoration of the 16 Days of Activism for No Violence against Women and Children programme.
- Health wellness and awareness screening campaigns.
- A Youth Day commemoration.

Safety, Health, Environment, Risk and Quality (SHERQ) management

SHERQ aims to ensure a healthy and safe work environment. The Department's SHERQ Audit Report was presented to General Public Service Sectoral Bargaining Council (GPSSBC) standing committee meetings. SHERQ investigations were conducted and reports were submitted to relevant stakeholders.

Employee Health Wellness (EHW) assessment and submission of approved Systems Monitoring Tool (SMT) to Department of Public Service and Administration (DPSA).

In line with DPSA SMT, the Department conducted an EHW assessment of its functions and submitted the approved report to DPSA.

In addition, the Department has also completed and submitted the Human Resource Implementation Plan, Transport Sector Implementation Plan and Employees Health Wellness (EHW) Annual Report to stakeholders (namely the DPSA, the Office of the Premier and the National Department of Transport).

The OHS Act (Act 85 of 1993) stipulates that the working environment should be free of hazards that will be detrimental to employees. The Department has conducted training for 104 employees in fire fighting, first aid, health and safety. OHS audits were conducted in all buildings to identify occupational hazards.

Employment Equity (EE)

The Department has been striving to achieve the statutory 2% quota of PwDs as well as 50% of women in SMS in the financial year under review. In an effort to achieve the EE targets, the Department is collaborating with organisations of PwDs as well as medical aids namely, GEMS and BONITAS together with the DPSA to advise the Department on chronic diseases that may render an employee either temporarily or permanently disabled.

The recruitment process has been structured to alleviate the shortage of vacant funded critical posts; it also targets the attainment of 50% representation of women in SMS.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2017 and 31 March 2018

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)	Employment
Administration	293 658	164 432	8 094	20 683	56.00	84	1 962
Transport Infrastructure	2 246 184	281 176	0	23 125	12.50	143	1 962
Transport Operations	2 113 499	25 595	0	0	1.20	13	1 962
Transport Regulation	299 925	162 724	0	0	54.30	83	1 962
Gautrain	1 833 694	0	0	0	0.00	0	1 962
Total as on financial systems (BAS)	6 786 960	633 927	8 094	43 808	9.30	323	1 962

Table 3.1.2 Personnel costs by salary band for the period 1 April 2017 and 31 March 2018

Salary Bands	Compensation of Employees Cost including Transfers (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods and Services (R'000)	Number of Employees
Lower skilled (Levels 1-2)	30 348	4.70	147 320	647 163	206
Skilled (Levels 3-5)	157 124	24.30	223 188	647 163	704
Highly skilled production (Levels 6-8)	210 612	32.50	361 876	647 163	582
Highly skilled supervision (Levels 9-12)	131 509	20.30	638 393	647 163	206
Senior management (Levels 13-16)	72 881	11.30	1 235 271	647 163	59
Contract (Levels 3-5)	471	0.10	235 500	647 163	2
Contract (Levels 6-8)	2 968	0.50	329 778	647 163	9
Contract (Levels 9-12)	7 231	1.10	556 231	647 163	13
Contract (Levels 13-16)	4	0.00	1 333	647 163	3
Periodical Remuneration	3 731	0.60	339 182	647 163	11
Abnormal Appointment	17 048	2.60	102 084	647 163	167
TOTAL	633 927	98.00	323 102	647 163	1 962

Table 3.1.3 Salaries, overtime, home owners' allowance and medical aid by programme for the period 1 April 2017 and 31 March 2018

Programme	Salaries		Overtime		Home owners' allowance		Medical aid		Total personnel cost per salary band (R'000)
	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	175 350	82.20	365	0.20	7 245	3.40	10 120	4.70	213 298
Transport Infrastructure	317 439	78.20	68	0.00	17 089	4.20	24 865	6.10	405 863
Transport Operations	20 416	79.80	94	0.40	761	3.00	1 470	5.70	25 573
Transport Regulation	2 145	88.30	0	0.00	48	2.00	15	0.60	2 429
Total	515 350	79.60	527	0.10	25 143	3.90	36 470	5.60	647 163

Table 3.1.4 Salaries, overtime, home owners' allowance and medical aid by salary band for the period 1 April 2017 and 31 March 2018

Salary band	Salaries		Overtime		Home owners' allowance (HOA)		Medical aid		Total Personnel cost per salary band (R'000)
	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)	21 581	71.10	5	0.00	2 583	8.50	3 406	11.20	30 348
Skilled (Levels 3-5)	116 989	73.60	202	0.10	9 994	6.30	14 836	9.30	158 865
Highly skilled production (Levels 6-8)	168 778	79.60	222	0.10	7 570	3.60	13 379	6.30	212 125
Highly skilled supervision (Levels 9-12)	110 613	81.90	98	0.10	3 360	2.50	3 930	2.90	134 978
Senior management (Levels 13-16)	62 866	84.00	0	0.00	1 509	2.00	859	1.10	74 797
Contract (Levels 3-5)	425	90.20	0	0.00	0	0.00	0	0.00	471
Contract (Levels 6-8)	2 641	88.90	0	0.00	33	1.10	61	2.10	2 972
Contract (Levels 9-12)	6 659	89.90	0	0.00	94	1.30	0	0.00	7 411
Contract (Levels 13-16)	4 067	95.20	0	0.00	0	0.00	0	0.00	4 273
Periodical remuneration	3 683	95.10	0	0.00	0	0.00	0	0.00	3 872
Abnormal appointment	17 048	100.00	0	0.00	0	0.00	0	0.00	17 051
Total	515 350	79.60	527	0.10	25 143	3.90	36 471	5.60	647 163

3.2 Employment and vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- Programme.
- Salary band.
- Critical occupations (see definition in notes below).

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 2018

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate (includes frozen posts)	Number of employees additional to the establishment
Administration, Permanent	677	530	21.70	0
Road Infrastructure, Permanent	1 426	1 171	17.90	19
Transport Operations, Permanent	103	81	21.40	1
Transport Regulation, Permanent	2	2	0.00	0
TOTAL	2 208	1 784	19.20	20

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2018

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	256	206	19.50	0
Skilled (Levels 3-5), permanent	804	704	12.40	0
Highly skilled production (Levels 6-8), permanent	742	582	21.60	11
Highly skilled supervision (Levels 9-12), permanent	315	206	34.60	6
Senior management (Levels 13-16), permanent	64	59	7.80	0
11 Contract (Levels 3-5), permanent	2	2	0.00	0
12 Contract (Levels 6-8), permanent	9	9	0.00	2
13 Contract (Levels 9-12), permanent	16	16	0.00	1
Total	2 208	1 784	19.20	20

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2017

Critical Occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Administrative Related, Permanent	224	167	25.40	3
All Artisans In The Building Metal Machinery Etc., Permanent	12	12	0.00	0
Appraisers-Valuers And Related Professionals, Permanent	1	0	100.00	0
Artisan Project And Related Superintendents, Permanent	34	24	29.40	0
Attorneys, Permanent	2	2	0.00	0
Authors Journalists And Other Writers, Permanent	1	1	0.00	0
Auxiliary And Related Workers, Permanent	49	41	16.30	0
Building And Other Property Caretakers, Permanent	5	5	0.00	0
Bus And Heavy Vehicle Drivers, Permanent	12	7	41.70	0
Cartographers And Surveyors, Permanent	12	2	83.30	2
Cartographic Surveying And Related Technicians, Permanent	4	1	75.00	0
Civil Engineering Technicians, Permanent	3	3	0.00	0
Cleaners In Offices Workshops Hospitals Etc., Permanent	100	87	13.00	0
Client Inform Clerks(Switchb Recept Inform Clerks), Permanent	7	5	28.60	0
Communication And Information Related, Permanent	7	3	57.10	0
Computer System Designers And Analysts, Permanent	6	6	0.00	0
Economists, Permanent	5	3	40.00	0
Engineering Sciences Related, Permanent	32	27	15.60	2
Engineers And Related Professionals, Permanent	100	60	40.00	13
Finance And Economics Related, Permanent	21	18	14.30	0
Financial And Related Professionals, Permanent	13	9	30.80	0
Financial Clerks And Credit Controllers, Permanent	51	40	21.60	0

Critical Occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
General Legal Administration & Rel. Professionals, Permanent	2	2	0.00	0
Head Of Department/Chief Executive Officer, Permanent	2	2	0.00	0
Human Resources & Organisat Developm & Relate Prof, Permanent	43	37	14.00	0
Human Resources Clerks, Permanent	30	22	26.70	0
Human Resources Related, Permanent	23	19	17.40	0
Identification Experts, Permanent	1	1	0.00	0
Information Technology Related, Permanent	9	4	55.60	0
Language Practitioners Interpreters & Other Commun, Permanent	1	1	0.00	0
Legal Related, Permanent	7	6	14.30	0
Library Mail And Related Clerks, Permanent	16	14	12.50	0
Light Vehicle Drivers, Permanent	10	7	30.00	0
Logistical Support Personnel, Permanent	4	3	25.00	0
Material-Recording And Transport Clerks, Permanent	21	16	23.80	0
Messengers Porters And Deliverers, Permanent	27	25	7.40	0
Motor Vehicle Drivers, Permanent	6	6	0.00	0
Other Administrat & Related Clerks And Organisers, Permanent	353	287	18.70	0
Other Administrative Policy And Related Officers, Permanent	224	166	25.90	0
Other Information Technology Personnel, Permanent	22	21	4.50	0
Other Occupations, Permanent	67	67	0.00	0
Photographic Lithographic And Related Workers, Permanent	2	1	50.00	0
Quantity Surveyors & Rela Prof Not Class Elsewhere, Permanent	1	1	0.00	0
Risk Management And Security Services, Permanent	1	1	0.00	0
Road Superintendents, Permanent	15	9	40.00	0
Road Trade Workers., Permanent	16	12	25.00	0
Road Workers, Permanent	462	410	11.30	0

Critical Occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Secretaries & Other Keyboard Operating Clerks, Permanent	63	50	20.60	0
Security Guards, Permanent	1	1	0.00	0
Senior Managers, Permanent	35	30	14.30	0
Statisticians And Related Professionals, Permanent	4	4	0.00	0
Trade Labourers, Permanent	22	22	0.00	0
Trade Related, Permanent	8	5	37.50	0
Water Plant And Related Operators, Permanent	9	9	0.00	0
Total	2 208	1 784	19.20	20

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - (a) In which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria.
 - (b) For which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction.
 - (c) Where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature.
 - (d) In respect of which a Department experiences a high degree of difficulty to recruit or retain the services of employees.

3.3 Filling of SMS posts

The tables in this section provide information on employment and vacancies as it relates to members of the SMS by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 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
Director-General/ Head of Department	01	01	100	0	0
Salary Level 16 (MEC)	01	01	100	0	0
Salary Level 15	4	4	100	0	0
Salary Level 14	09	07	78	2	22
Salary Level 13	31	28	90	3	10
Total	46	41	89	11	24

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	01	01	100	0	0
Salary Level 16 (MEC)	01	01	100	0	0
Salary Level 15	04	04	100%	0	0
Salary Level 14	11	07	64	3	27
Salary Level 13	34	29	85	4	12
Total	51	42	82	7	14

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 and 31 March 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	0	0%	0	0%
Salary Level 16 (MEC)	1	0	0%	0	0%
Salary Level 15	4	0	0%	0	0%
Salary Level 14	9	0	0%	2	22%
Salary Level 13	31	0	0%	3	10%
Total	46	0	0%	5	11%

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2017 and 31 March 2018

Reasons for vacancies not advertised within six months
The Department is in the process of aligning the organisational structure. Once the structure is finalised, all critical posts will be filled through the recruitment process.
Reasons for vacancies not filled within six months
The Department is in the process of aligning the organisational structure. Once the structure is finalized, all critical posts will be filled through the recruitment process.

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, Departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

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 2017 and 31 March 2018

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
The Department is in the process of updating the departmental organisational structure. Once the structure is finalised, all critical posts will be filled through the recruitment process.

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, Departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of Department must take appropriate disciplinary steps in terms of section 16A (1) or (2) of the Public Service Act (1994).

3.4 Job evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. 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 2017 and 31 March 2018

Salary band	Number of posts on approved establishment	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
01 Lower Skilled (Levels 1-2)	256	253	98.80	0	0.00	20	100.00
02 Skilled (Levels 3-5)	804	623	77.50	176	100.00	8	100.00
03 Highly Skilled Production (Levels 6-8)	742	293	39.50	86	79.07	5	100.00
04 Highly Skilled Supervision (Levels 9-12)	315	181	57.50	8	75.00	15	100.00
05 Senior Management Service Band A	43	26	60.50	2	100.00	0	0.00
06 Senior Management Service Band B	9	7	77.80	0	0.00	0	0.00
07 Senior Management Service Band C	11	2	18.20	0	0.00	0	0.00
08 Senior Management Service Band D	1	0	0.00	0	0.00	0	0.00
11 Contract (Levels 3-5)	2	0	0.00	0	0.00	0	0.00
12 Contract (Levels 6-8)	9	2	22.20	1	100.00	0	0.00
13 Contract (Levels 9-12)	13	0	0.00	0	0.00	0	0.00
14 Contract Band A	1	0	0.00	0	0.00	0	0.00
16 Contract Band C	1	1	100.00	0	0.00	0	0.00
17 Contract Band D	1	0	0.00	0	0.00	0	0.00
Total	2 208	1 388	62.90	273	92.67	48	100.00

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 also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 and 31 March 2018

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

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 2017 and 31 March 2018

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Total number of employees whose salaries exceeded the level determined by job evaluation				None
Percentage of total employed				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 2017 and 31 March 2018

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

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

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 (see definition in notes below):

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 2017	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2), permanent	218	1	1	0.50
Skilled (Levels 3-5), permanent	797	0	60	7.50
Highly skilled production (Levels 6-8), permanent	627	0	21	3.30
Highly skilled supervision (Levels 9-12), permanent	158	0	11	7.00
SMS Band A, permanent	42	0	4	9.50
SMS Band B, permanent	11	0	1	9.10
SMS Band C, permanent	7	0	0	0.00
SMS Band D, permanent	2	1	0	0.00
Contract (Levels 3-5), permanent	1	0	0	0.00
Contract (Levels 6-8), permanent	5	0	0	0.00
Contract (Levels 9-12), permanent	5	6	2	40.00
Contract Band C, permanent	1	0	0	0.00
Contract Band D, permanent	1	0	0	0.00
Total	1 875	9	100	5.30

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 and 31 March 2018

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	174	2	9	5.20
All Artisans In The Building Metal Machinery Etc, Permanent	18	0	1	5.60
Artisan Project And Related Superintendents, Permanent	21	0	2	9.50
Attorneys, Permanent	2	0	0	0.00
Authors Journalists And Other Writers, Permanent	1	0	0	0.00
Auxiliary And Related Workers, Permanent	42	0	1	2.40
Building And Other Property Caretakers, Permanent	9	0	4	44.40
Bus And Heavy Vehicle Drivers, Permanent	9	0	2	22.20
Cartographers And Surveyors, Permanent	2	0	0	0.00
Cartographic Surveying And Related Technicians, 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
Civil Engineering Technicians, Permanent	3	0	0	0.00
Cleaners In Offices Workshops Hospitals Etc, Permanent	89	0	2	2.20
Client Inform Clerks(Switchb Receipt Inform Clerks), Permanent	5	0	0	0.00
Communication And Information Related, Permanent	3	0	0	0.00
Computer System Designers And Analysts, Permanent	6	0	0	0.00
Economists, Permanent	2	0	0	0.00
Engineering Sciences Related, Permanent	20	4	2	10.00
Engineers And Related Professionals, Permanent	59	2	1	1.70
Finance And Economics Related, Permanent	17	0	0	0.00
Financial And Related Professionals, Permanent	9	0	0	0.00
Financial Clerks And Credit Controllers, Permanent	40	0	1	2.50
General Legal Administration & Rel. Professionals, Permanent	2	0	0	0.00
Head Of Department/Chief Executive Officer, Permanent	2	0	0	0.00
Human Resources & Organisat Developm & Relate Prof, Permanent	39	0	2	5.10
Human Resources Clerks, Permanent	26	0	3	11.50
Human Resources Related, Permanent	17	0	1	5.90
Identification Experts, Permanent	1	0	0	0.00
Information Technology Related, Permanent	4	0	0	0.00
Language Practitioners Interpreters & Other Commun, Permanent	1	0	0	0.00
Legal Related, Permanent	5	0	0	0.00
Library Mail And Related Clerks, Permanent	14	0	0	0.00
Light Vehicle Drivers, Permanent	7	0	0	0.00
Logistical Support Personnel, Permanent	4	0	1	25.00
Material-Recording And Transport Clerks, Permanent	20	0	1	5.00
Messengers Porters And Deliverers, Permanent	29	0	4	13.80
Motor Vehicle Drivers, Permanent	7	0	2	28.60

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
Other Administrat & Related Clerks And Organisers, Permanent	296	0	9	3.00
Other Administrative Policy And Related Officers, Permanent	167	0	3	1.80
Other Information Technology Personnel, Permanent	21	0	0	0.00
Other Occupations, Permanent	77	0	8	10.40
Photographic Lithographic And Related Workers, Permanent	1	0	0	0.00
Printing And Related Machine Operators, Permanent	1	0	1	100.00
Quantity Surveyors & Rela Prof Not Class Elsewhere, Permanent	1	0	0	0.00
Road Superintendents, Permanent	9	0	0	0.00
Road Trade Workers, Permanent	15	0	2	13.30
Road Workers, Permanent	442	1	27	6.10
Secretaries & Other Keyboard Operating Clerks, Permanent	53	0	1	1.90
Security Guards, Permanent	1	0	0	0.00
Senior Managers, Permanent	32	0	2	6.30
Statisticians And Related Professionals, Permanent	4	0	0	0.00
Trade Labourers, Permanent	26	0	4	15.40
Trade Related, Permanent	7	0	2	28.60
Water Plant And Related Operators, Permanent	10	0	1	10.00
Total	1 875	9	100	5.30

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - (a) In which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria.

- (b) For which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction.
- (c) Where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature.
- (d) In respect of which a Department experiences a high degree of difficulty to recruit or retain the services of employees.

The table below identifies the major reasons why staff left the Department:

Table 3.5.3 Reasons why staff left the Department for the period 1 April 2017 and 31 March 2018

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
01 Death, Permanent	11	11.00	0.60	100.00	1 784
02 Resignation, Permanent	37	37.00	2.10	100.00	1 784
03 Expiry of contract, Permanent	2	2.00	0.10	100.00	1 784
07 Dismissal-misconduct, Permanent	6	6.00	0.30	100.00	1 784
09 Retirement, Permanent	44	44.00	2.50	100.00	1 784
Total	100	100.00	5.60	100.00	1 784

Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 and 31 March 2018

Occupation	Employees 1 April 2017	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	174	0	0.00	120.00	69.00
All Artisans In The Building Metal Machinery Etc.	18	0	0.00	4	22.20
Artisan Project And Related Superintendents	21	0	0.00	15	71.40
Attorneys	2	0	0.00	1	50.00
Authors Journalists And Other Writers	1	0	0.00	1	100.00
Auxiliary And Related Workers	42	0	0.00	36	85.70
Building And Other Property Caretakers	9	0	0.00	6	66.70
Bus And Heavy Vehicle Drivers	9	0	0.00	6	66.70
Cartographers And Surveyors	2	0	0.00	0	0.00
Cartographic Surveying And Related Technicians	3	0	0.00	0	0.00
Civil Engineering Technicians	3	0	0.00	0	0.00
Cleaners In Offices Workshops Hospitals Etc.	89	0	0.00	21	23.60

Occupation	Employees 1 April 2017	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
Client Inform Clerks (Switchb Recept Inform Clerks)	5	0	0.00	4	80.00
Communication And Information Related	3	0	0.00	2	66.70
Computer System Designers And Analysts	6	0	0.00	6	100.00
Economists	2	0	0.00	1	50.00
Engineering Sciences Related	20	0	0.00	8	40.00
Engineers And Related Professionals	59	0	0.00	14	23.70
Finance And Economics Related	17	0	0.00	14	82.40
Financial And Related Professionals	9	0	0.00	7	77.80
Financial Clerks And Credit Controllers	40	0	0.00	31	77.50
General Legal Administration & Rel. Professionals	2	0	0.00	2	100.00
Head Of Department/Chief Executive Officer	2	0	0.00	1	50.00
Human Resources & Organisat Developm & Relate Prof	39	0	0.00	33	84.60
Human Resources Clerks	26	0	0.00	12	46.20
Human Resources Related	17	0	0.00	13	76.50
Identification Experts	1	0	0.00	0	0.00
Information Technology Related	4	0	0.00	1	25.00
Language Practitioners Interpreters & Other Commun	1	0	0.00	0	0.00
Legal Related	5	0	0.00	5	100.00
Library Mail And Related Clerks	14	0	0.00	8	57.10
Light Vehicle Drivers	7	0	0.00	7	100.00
Logistical Support Personnel	4	0	0.00	3	75.00
Material-Recording And Transport Clerks	20	0	0.00	16	80.00
Messengers Porters And Deliverers	29	0	0.00	17	58.60
Motor Vehicle Drivers	7	0	0.00	5	71.40
Other Administrat & Related Clerks And Organisers	296	0	0.00	220	74.30
Other Administrative Policy And Related Officers	167	0	0.00	123	73.70
Other Information Technology Personnel	21	0	0.00	18	85.70
Other Occupations	77	0	0.00	66	85.70

Occupation	Employees 1 April 2017	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
Photographic Lithographic And Related Workers	1	0	0.00	0	0.00
Printing And Related Machine Operators	1	0	0.00	0	0.00
Quantity Surveyors & Rela Prof Not Class Elsewhere	1	0	0.00	0	0.00
Road Superintendents	9	0	0.00	9	100.00
Road Trade Workers.	15	0	0.00	9	60.00
Road Workers	442	0	0.00	374	84.60
Secretaries & Other Keyboard Operating Clerks	53	0	0.00	36	67.90
Security Guards	1	0	0.00	1	100.00
Senior Managers	32	0	0.00	25	78.10
Statisticians And Related Professionals	4	0	0.00	4	100.00
Trade Labourers	26	0	0.00	21	80.80
Trade Related	7	0	0.00	3	42.90
Unknown	0	0	0.00	1	0.00
Water Plant And Related Operators	10	0	0.00	10	100.00
Total	1 875	0	0.00	1 340	71.50

Table 3.5.5 Promotions by salary band for the period 01 April 2016 and 31 March 2017

Salary band	Employees 1 April 2017	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	218	0	0.00	114	52.30
Skilled (Levels 3-5), Permanent	797	0	0.00	602	75.50
Highly Skilled Production (Levels 6-8), Permanent	627	0	0.00	440	70.20
Highly Skilled Supervision (Levels 9-12), Permanent	158	0	0.00	134	84.80
Senior Management (Levels 13-16), Permanent	62	0	0.00	44	71.00
Contract (Levels 3-5), Permanent	1	0	0.00	1	100.00
Contract (Levels 6-8), Permanent	5	0	0.00	1	20.00
Contract (Levels 9-12), Permanent	5	0	0.00	2	40.00
Contract (Levels 13-16), Permanent	2	0	0.00	2	100.00
Total	1 875	0	0.00	1 340	71.50

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 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Professionals	104	1	3	15	93	0	4	6	226
Technicians and Associate Professionals	171	6	0	8	169	8	4	15	381
Labourers and Related Workers	452	3	0	17	137	1	0	5	615
Plant and Machine Operators and Assemblers	29	0	0	0	0	0	0	0	29
Service Shop and Market Sales Workers	1	0	1	0	0	0	0	0	2
Clerks	138	5	1	4	245	9	2	31	435
Senior Officials and Managers	13	2	3	1	12	1	1	0	33
Craft and Related Trade Workers	32	0	0	21	8	0	1	1	63
Total	940	17	8	66	664	19	12	58	1 784
Employees with disabilities	4	1	0	1	2	0	0	0	8

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management, permanent	4	0	1	4	2	1	0	0	12
Senior management, permanent	20	1	3	3	15	2	2	1	47
Professionally qualified and experienced specialists and mid-management, permanent	80	4	2	17	90	1	3	9	206
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	214	4	1	26	284	8	5	40	582
Semi-skilled and discretionary decision making, permanent	497	5	0	14	173	6	2	7	704
Unskilled and defined decision making, permanent	110	1	0	0	94	1	0	0	206

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Contract (top management), permanent	0	1	0	1	0	0	0	0	2
Contract (senior management), permanent	0	0	0	1	0	0	0	0	1
Contract (professionally qualified), permanent	10	1	0	0	1	0	0	1	13
Contract (skilled technical), permanent	4	0	1	0	4	0	0	0	9
Contract (semi-skilled), permanent	1	0	0	0	1	0	0	0	2
Total	940	17	8	66	664	19	12	58	1 784

Table 3.6.3 Recruitment for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	0	0	0	1	0	0	0	0	1
Unskilled and defined decision making, Permanent	0	0	0	0	1	0	0	0	1
Contract (Senior Management), Permanent	0	0	0	1	0	0	0	0	1
Contract (Professionally qualified), Permanent	4	2	0	0	0	0	0	0	6
Total	4	2	0	2	1	0	0	0	9

Table 3.6.4 Promotions for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	3	0	0	2	2	0	0	0	7
Senior Management, Permanent	15	0	2	0	14	3	2	1	37
Professionally qualified and experienced specialists and mid-management, Permanent	51	2	2	10	60	1	2	6	134
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	156	3	1	16	219	7	5	33	440
Semi-skilled and discretionary decision making, Permanent	437	4	0	12	138	4	1	6	602
Unskilled and defined decision making, Permanent	70	1	0	0	43	0	0	0	114
Contract (Top Management), Permanent	0	0	0	1	0	0	0	0	1
Contract (Senior Management), Permanent	0	1	0	0	0	0	0	0	1
Contract (Professionally qualified), Permanent	2	0	0	0	0	0	0	0	2
Contract (Skilled technical), Permanent	0	0	1	0	0	0	0	0	1
Contract (Semi-skilled), Permanent	0	0	0	0	1	0	0	0	1
TOTAL	734	11	6	41	477	15	10	46	1 340
Employees with disabilities	4	0	0	1	2	0	0	0	7

Table 3.6.5 Terminations for the period 1 April 2017 to 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior management, permanent	2	0	0	0	0	1	0	0	3
Professionally qualified and experienced specialists and mid-management, permanent	5	1	0	0	3	0	0	2	11
Skilled technical and academically qualified workers, junior management, supervisors, foremen, permanent	10	0	0	2	6	2	0	1	21
Semi-skilled and discretionary decision making, permanent	52	0	0	1	7	0	0	0	60
Unskilled and defined decision making, permanent	1	0	0	0	0	0	0	0	1
Contract (professionally qualified), permanent	0	2	0	0	0	0	0	0	2
Total	70	3	0	3	16	3	0	3	98

Table 3.6.6 Disciplinary action for the period 1 April 2017 to 31 March 2018

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
No outcome	1	1	0	0	0	0	1	0	3
Total	1	1	0	0	0	0	1	0	3

Table 3.6.7 Skills development for the period 1 April 2017 to 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0
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	0								
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.7 Signing of performance agreements by SMS members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of performance agreements by SMS members as on 31 May 2018

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	1		
Salary level 15	4	5	5	100%
Salary level 14	11	8	8	87.5%
Salary level 13	34	33	33	100%
Total	51	48	47	97.92%

Notes

- In the event of a national or provincial election occurring within the first three months of a financial year, all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example, if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2018.

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 2018

Reasons
None.

3.8 Performance rewards

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 (see definition in notes below).

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

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African, female	513	662	77.50	3 287	6 407
African, male	802	936	85.70	4 420	5 512
Asian, female	7	12	58.30	62	8 827
Asian, male	5	8	62.50	52	10 453
Coloured, female	12	19	63.20	84	6 966
Coloured, male	11	16	68.80	74	6 739
White, female	44	58	75.90	343	7 796
White, male	49	65	75.40	441	8 997
Employees with a disability	7	8	87.50	49	7 017
Total	1 450	1 784	81.30	8 812	6 077

Table 3.8.2 Performance rewards by salary band for personnel below SMS for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary profile			Cost	
	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)	192	206	93.20	606	3 157
02 Skilled (Levels 3-5)	679	704	96.40	3 261	4 803
03 Highly skilled Production (Levels 6-8)	423	582	72.70	3 277	7 746
04 Highly skilled Supervision (Levels 9-12)	137	206	66.50	1 402	10 231
11 Contract (Levels 3-5)	1	2	50.00	6	5 610
12 Contract (Levels 6-8)	5	9	55.60	42	8 405
13 Contract (Levels 9-12)	2	13	15.40	21	10 386
Total	1 439	1 722	83.60	8 614	5 986

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2017 to 31 March 2018

Critical Occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Financial Clerks And Credit Controllers	34	40	85.00	223	6 567
Human Resources Clerks	13	22	59.10	90	6 947
Human Resources & Organisat Developm & Relate Prof	28	37	75.70	242	8 625
Messengers Porters And Deliverers	19	25	76.00	83	4 387
All Artisans In The Building Metal Machinery Etc.	12	12	100.00	102	8 529
Risk Management And Security Services	1	1	100.00	12	11 764
Road Trade Workers	12	12	100.00	76	6 362
Photographic Lithographic And Related Workers	1	1	100.00	9	9 015
Logistical Support Personnel	3	3	100.00	28	9 198
Finance And Economics Related	12	18	66.70	111	9 289
Other Administrat & Related Clerks And Organisers	244	287	85.00	1 488	6 100
Identification Experts	0	1	0.00	0	0
Auxiliary And Related Workers	40	41	97.60	219	5 485
Other Occupations	64	67	95.50	310	4 838

Critical Occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Legal Related	3	6	50.00	29	9 783
Financial And Related Professionals	7	9	77.80	62	8 868
Building And Other Property Caretakers	9	5	180.00	38	4 270
Water Plant And Related Operators	9	9	100.00	53	5 866
Administrative Related	91	167	54.50	760	8 353
Communication And Information Related	2	3	66.70	18	9 065
Secretaries & Other Keyboard Operating Clerks	37	50	74.00	249	6 743
Library Mail And Related Clerks	9	14	64.30	55	6 086
Cleaners In Offices Workshops Hospitals Etc	85	87	97.70	276	3 251
Human Resources Related	11	19	57.90	121	11 045
Attorneys	2	2	100.00	30	14 829
Head Of Department/Chief Executive Officer	0	2	0.00	0	0
Trade Labourers	24	22	109.10	101	4 228
Language Practitioners Interpreters & Other Commun	0	1	0.00	0	0
Road Superintendents	8	9	88.90	78	9 693
General Legal Administration & Rel. Professionals	2	2	100.00	24	12 024
Cartographic Surveying And Related Technicians	0	1	0.00	0	0
Civil Engineering Technicians	2	3	66.70	28	14 130
Road Workers	411	410	100.20	1 713	4 167
Material-Recording And Transport Clerks	14	16	87.50	96	6 824
Other Administrative Policy And Related Officers	111	166	66.90	920	8 286
Artisan Project And Related Superintendents	24	24	100.00	183	7 630
Statisticians And Related Professionals	2	4	50.00	17	8 324
Bus And Heavy Vehicle Drivers	7	7	100.00	30	4 343
Senior Managers	0	30	0.00	0	0

Critical Occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Client Inform Clerks (Switchboard Recept Inform Clerks)	3	5	60.00	15	4 861
Computer System Designers And Analysts	4	6	66.70	36	8 884
Authors Journalists And Other Writers	0	1	0.00	0	0
Economists	1	3	33.30	9	9 169
Engineers And Related Professionals	43	60	71.70	447	10 399
Cartographers And Surveyors	0	2	0.00	0	0
Trade Related	4	5	80.00	38	9 590
Other Information Technology Personnel	16	21	76.20	133	8 315
Light Vehicle Drivers	7	7	100.00	37	5 221
Engineering Sciences Related	11	27	40.70	174	15 799
Motor Vehicle Drivers	6	6	100.00	38	6 276
Security Guards	1	1	100.00	4	4 202
Quantity Surveyors & Related Prof Not Class Elsewhere	0	1	0.00	0	0
Information Technology Related	0	4	0.00	0	0
Total	1 450	1 784	81.30	8 812	6 077

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation:
 - (a) In which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria.
 - (b) For which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction.
 - (c) Where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature.
 - (d) In respect of which a Department experiences a high degree of difficulty to recruit or retain the services of employees.

Table 3.8.4 Performance related rewards (cash bonus), by salary band for SMS for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure	(Personnel cost SMS) R'000
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee		
Band A	0	41	0	0	0	0	0
Band B	0	7	0	0	0	0	0
Band C	0	12	0	0	0	0	0
Band D	0	2	0	0	0	0	0
Total	0	62	0	0	0	0	0

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 2017 and 31 March 2018

Salary band	Employment at Beginning of Period	Percentage of Total at Beginning of Period	Employment at End of Period	Percentage of Total at End of Period	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Lower skilled (Level 1-5)	1	33.30	1	33.30	0	0.00	3	3	0
Highly skilled production (Levels 6-8)	0	0.00	0	0.00	0	0.00	3	3	0
Highly skilled supervision (Levels 9-12)	1	33.30	1	33.30	0	0.00	3	3	0
Senior management (Level 13-16)	1	33.30	1	33.30	0	0.00	3	3	0
Total	3	100.00	3	100.00	0	0.00	3	3	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2017 and 31 March 2018

Major Occupational Class	Employment at Beginning of Period	Percentage of Total at Beginning of Period	Employment at End of Period	Percentage of Total at End of Period	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Elementary occupations	1.00	33.30	1.00	33.30	0.00	0.00	3.00	3.00	0.00
Professionals and managers	2.00	66.70	2.00	66.70	0.00	0.00	3.00	3.00	0.00
Total	3.00	100.00	3.00	100.00	0.00	0.00	3.00	3.00	0.00

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 2017 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)	Total number of Employees using Sick Leave	Total number of days with medical certification
Contract (Levels 13-16)	6	66.70	2	0.20	3	35	1 125	4
Contract (Levels 3-5)	1	0.00	1	0.10	1	1	1 125	0
Contract (Levels 6-8)	3	0.00	2	0.20	2	4	1 125	0
Contract (Levels 9-12)	13	92.30	2	0.20	7	27	1 125	12
Highly skilled production (Levels 6-8)	2 555	73.00	387	34.40	7	3 293	1 125	1 864
Highly skilled supervision (Levels 9-12)	725	75.00	124	11.00	6	1 622	1 125	544
Lower skilled (Levels 1-2)	910	77.30	152	13.50	6	422	1 125	703
Senior management (Levels 13-16)	168	66.10	27	2.40	6	670	1 125	111
Skilled (Levels 3-5)	2 968	81.70	428	38.00	7	2 154	1 125	2 425
Total	7 349	77.10	1 125	100.00	7	8 226	1 125	5 663

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2017 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)	Total number of Employees using Sick Leave	Total number of days with medical certification
Highly skilled production (Levels 6-8)	47	100.00	7	43.80	7	61	47	16
Highly skilled supervision (Levels 9-12)	20	100.00	1	6.30	20	48	20	16
Lower skilled (Levels 1-2)	3	100.00	1	6.30	3	1	3	16
Skilled (Levels 3-5)	292	100.00	7	43.80	42	178	292	16
Total	362	100.00	16	100.00	23	288	362	16

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

Table 3.10.3 Annual Leave for the period 1 January 2017 to 31 December 2018

Salary band	Total days taken	Number of employees using annual leave	Average per employee
Contract (Levels 13-16)	51	17	3
Contract (Levels 3-5)	26	13	2
Contract (Levels 6-8)	80	9	9
Contract (Levels 9-12)	111	9	12
Highly skilled production (Levels 6-8)	11 974	19	640
Highly skilled supervision (Levels 9-12)	4 562	20	233
Lower skilled (Levels 1-2)	4 010	19	215
Senior management (Levels 13-16)	1 381	21	66
Skilled (Levels 3-5)	16 756	22	766
Total	38 951	20	1 946

Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2018

Salary band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at end of period	Number of Employees who took Capped leave	Total number of capped leave available at end of period	Number of Employees as at end of period
Contract (Levels 13-16)	0	0	73	0	73	1
Contract (Levels 3-5)	0	0	0	0	0	0
Contract (Levels 6-8)	0	0	0	0	0	0
Contract (Levels 9-12)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	36	9	54	4	8 229	153
Highly skilled supervision (Levels 9-12)	28	9	45	3	2 903	64
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	40	0	1 001	25
Skilled (Levels 3-5)	19	1	35	14	13 570	384
Total	83	4	41	21	25 776	627

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

Table 3.10.5 Leave payouts for the period 1 April 2017 and 31 March 2018

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Capped leave payouts on termination of service for current financial year	4 546	86	52 860
Current leave payout on termination of service for current financial year	21	3	7 000
Total	4 566	89	51 303

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, employees in road construction laboratories	Male and female condom demonstration and distribution, Medical surveillance and HIV testing were conducted.
Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk.

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.	x		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		Six employees with a budget of R1 million.
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		Programmes include health screening, medical surveillance, counselling, health education, training, condom distribution,
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		SHE reps, Peer education, fire marshals, EHW coordinators.
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.		x	
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.	x		Health screening, medical surveillance.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	x		745 employees were screened.
8. Has the Department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	x		Climate survey and a satisfaction survey were conducted.

3.12 Labour relations

Table 3.12.1 Collective agreements for the period 1 April 2017 and 31 March 2018

Total number of disciplinary hearings finalised	None
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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 2017 and 31 March 2018

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	14
Verbal warning	0	0
Written warning	0	0
Final written warning	2	29
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	3	43
Not guilty	0	0
Case withdrawn	1	14
Total	7	100

Total number of disciplinary hearings finalised	3	100
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Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 and 31 March 2018

Type of misconduct	Number	Percentage of Total	Total
Intimidation	1	33.30	3
Sexual Harassment	1	33.30	3
Steals Bribes or Fraud	1	33.30	3
Total	3	100.00	3

Table 3.12.4 Grievances logged for the period 1 April 2016 and 31 March 2018

Grievances	Number	% of Total
Number of grievances resolved	21	60
Number of grievances not resolved	14	40
Total number of grievances lodged	35	100

Table 3.12.5 Disputes lodged with councils for the period 1 April 2017 and 31 March 2018

Disputes	Number	% of Total
Number of disputes upheld	2	50
Number of disputes dismissed	2	50
Total number of disputes lodged	12 (4 finalised and 8 pending)	100

Table 3.12.6 Strike actions for the period 1 April 2017 and 31 March 2018

Total number of people working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2016 and 31 March 2018

Number of people suspended	3
Number of people who's suspension exceeded 30 days	3
Average number of days suspended	
Cost of suspension (R'000)	R644 028.82

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 2017 and 31 March 2018

Occupational category	Gender	Number of employees as at 01 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	0	0	0
	Male	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub total	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		0	0	0	0	0

Table 3.13.2 Training provided for the period 1 April 2017 and 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	0	0	0
	Male	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub total	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		0	0	0	0	0

3.14 INJURY ON DUTY

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2017 and 31 March 2018

Nature of injury on duty	Number	% of total
Required basic medical attention only	35	87,4
Temporary total disablement	0	0.00
Permanent disablement	1	12,6
Fatal	0	0.00
Total	36	100

3.15 Utilisation of consultants

The following tables relate information on the utilisation of consultants in the Department. In terms of the Public Service Regulations "consultant" means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a Department against remuneration received from any source:

- The rendering of expert advice.
- The drafting of proposals for the execution of specific tasks.
- The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a Department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2017 and 31 March 2018

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
-	-	-	-

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2017 and 31 March 2018

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 2017 and 31 March 2018

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 consultants	Total duration Work days	Total contract value in Rand
-	-	-	-

Table 3.15.4 Analysis of consultant appointments using donor funds, in terms of HDIs for the period 1 April 2017 and 31 March 2018

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 2017 and 31 March 2018

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



FINANCIAL INFORMATION

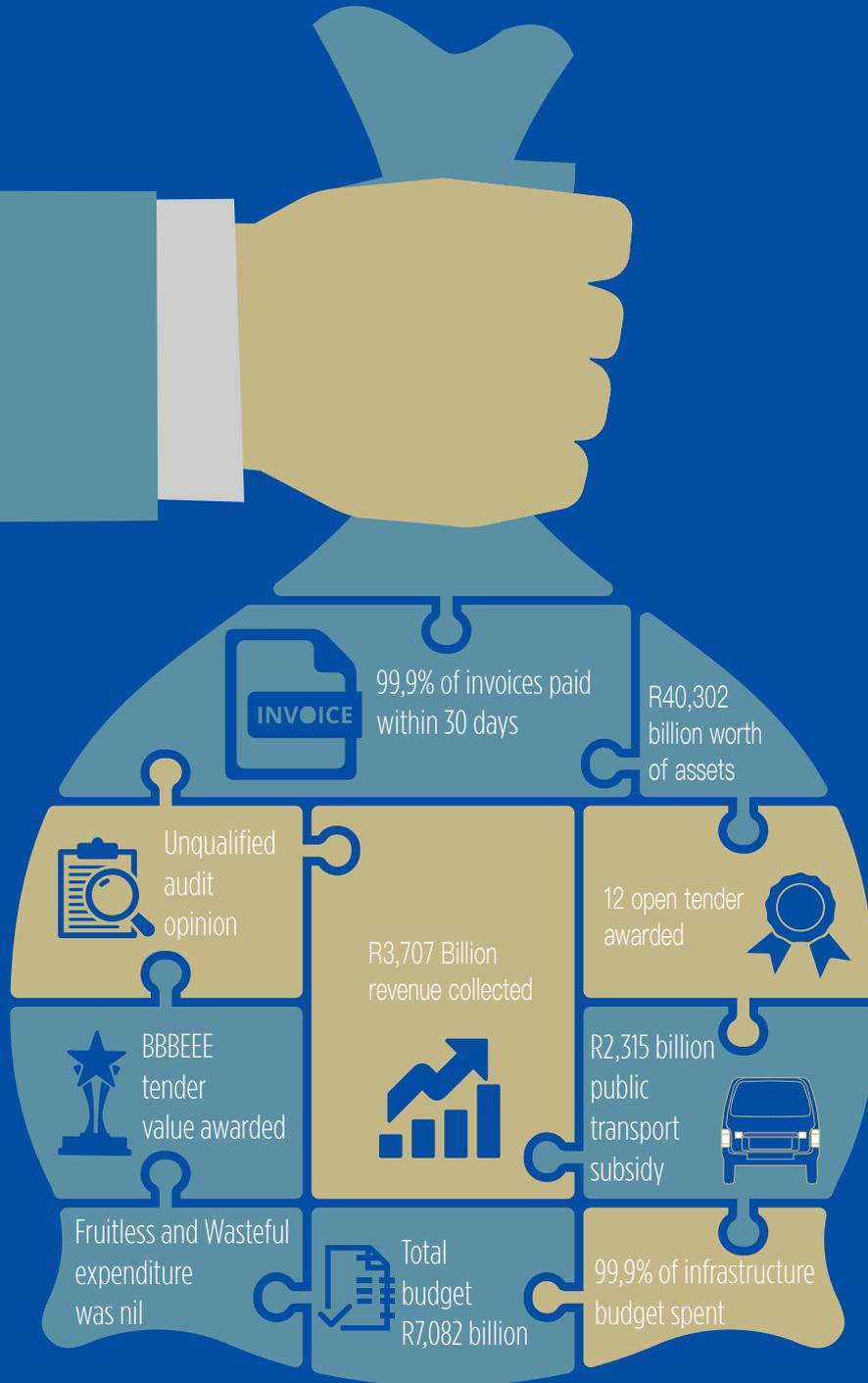
DEPARTMENT OF ROADS AND TRANSPORT



Part E

	27 053 054	36 010 985	33		
Other	7 10 354 132	110 317 614	22 264 025		
Capital Expense	308	356	30 932		
Operating Revenue	7 725 869	13 041 860	14 056 716		
Net Operating Profit	44 666 630	29 020 160	28 830 355	-33,81%	
Operating Profit	187 854	23 041 432	31 529 450	-49,21%	
Operating Loss	36 941 587	10 987 048	24 862 571	-94,56%	23,0%
Operating Profit	56 997 196	151 527 679	156 178 390	-3,61%	3,35%
Operating Loss	1013 534	19 336 695	21 793 469	11,19%	11,27%
Operating Profit	807 793	9 018 163	8 506 469	46,69%	-1,25%
Operating Loss	384 077	209 908 421	222 408 957	14,07%	5,65%
Operating Profit	61 500 13	268 434 430	267 987 054	2,57%	-0,17%
Operating Loss	4 090	652 639	1 021 543	-105,88%	36,09%
Operating Profit	172 260 156	402 999 505	434 081 580	7,63%	7,16%
Total Debt	261 536 513	268 434 430	267 987 054	2,57%	-0,17%
Total Equity	110 723 643	134 565 075	166 094 526	17,72%	18,98%

Highlights



Report on the Audit of the Financial Statements

Opinion

1. I have audited the financial statements of the Gauteng Department of Roads and Transport set out on pages 164 to 241, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net asset 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 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standards (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, 2017 (Act No. 3 of 2017) (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 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 matter below. My opinion is not modified in respect of this matter.

Material uncertainties

7. With reference to note 18.1 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.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with 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.
9. 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 accounting officer 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

10. 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.
11. 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

12. 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.
13. 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.
14. 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 2018:

Programmes	Pages in the annual performance report
Programme 2 – Transport infrastructure	56 – 73
Programme 3 – Transport operations	74 – 78
Programme 4 – Transport regulations	79 – 83

15. 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.
16. The material finding in respect of the usefulness and reliability of the selected programmes is as follows:

Programme 4 – Transport infrastructure

Number of audited monitored routes completed by 2019

17. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of Number of audited monitored routes completed by 2019. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 374 as reported in the annual performance report.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2 – Transport infrastructure
 - Programme 3 – Transport operations

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the annual performance report on pages 43 to 83 for information on the achievement of planned targets for the year and explanations provided for the under and over achievement of a number of targets. This information should be considered in the context of the material finding on the usefulness and reliability of the reported performance information in paragraph 17 of this report.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2: transport infrastructure and programme 3: 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

22. 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.
23. I did not identify material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

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. 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

27. 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 finding on the annual performance report included in this report.

Financial and performance management

28. Management did not prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information.

Other reports

29. 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 with legislation.
30. Various investigations were initiated by the department into allegations of possible unethical behaviour, misuse of assets and matters of procurement and contract management. These investigations are at various stages of completion at the date of this auditor's report.

Auditor - General

Johannesburg
31 July 2018



AUDITOR - GENERAL
SOUTH AFRICA

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 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.



GAUTENG PROVINCE
ROADS AND TRANSPORT
REPUBLIC OF SOUTH AFRICA

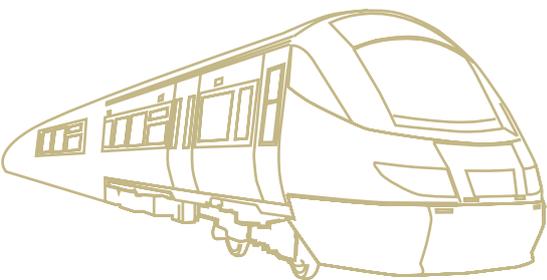
ANNUAL FINANCIAL STATEMENTS FOR GAUTENG DEPARTMENT OF ROADS AND TRANSPORT

For the year ended 31 March 2018



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**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

APPROPRIATION STATEMENT for the year ended 31 March 2018

	Appropriation per programme									
	2017/18					2016/17				
	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	318 664	-	(16 155)	302 509	293 658	8 851	97,1%	281 643	262 914	
2. Transport Infrastructure	2 227 006	-	35 159	2 262 165	2 246 184	15 981	99,3%	2 026 890	1 961 151	
3. Transport Operations	2 390 247	-	(10 796)	2 379 451	2 113 499	265 952	88,8%	2 464 907	2 416 513	
4. Transport Regulation	312 729	-	(8 208)	304 521	299 975	4 596	98,5%	323 918	319 322	
5. Gautrain	1 833 694	-	-	1 833 694	1 833 694	-	100,0%	2 812 089	2 812 089	
TOTAL	7 082 340	-	-	7 082 340	6 786 960	295 380	95,8%	7 909 447	7 771 989	
TOTAL (brought forward)										
Reconciliation with statement of financial performance										
ADD										
Departmental receipts				3 783 824				3 477 137		
Actual amounts per statement of financial performance (total revenue)				10 866 164				11 386 584		
ADD										
Prior year unauthorised expenditure approved without funding					-				11 526	
Actual amounts per statement of financial performance (total expenditure)					6 786 960				7 783 515	

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

APPROPRIATION STATEMENT for the year ended 31 March 2018

Appropriation per economic classification	2017/18						2016/17		
	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	1 954 139	(149 721)	(7 548)	1 796 870	1 771 102	25 768	98,6%	1 755 598	1 750 232
Compensation of employees	647 972	-	-	647 972	633 927	14 045	97,8%	602 432	595 813
Salaries and wages	540 740	820	3 911	545 471	542 616	2 855	99,5%	515 521	510 048
Social contributions	107 232	(820)	(3 911)	102 501	91 311	11 190	89,1%	86 911	85 765
Goods and services	1 273 347	(149 669)	(13 609)	1 110 069	1 098 542	11 527	99,0%	1 153 164	1 154 417
Administrative fees	1 190	155	-	1 345	1 309	36	97,3%	840	840
Advertising	8 362	(2 011)	(1 974)	4 377	4 289	88	98,0%	8 184	8 183
Minor assets	2 550	2 638	-	5 188	5 073	115	97,8%	1 697	1 698
Audit costs: External	6 000	(40)	(400)	5 560	5 560	-	100,0%	4 897	4 897
Bursaries: Employees	2 000	-	(1 300)	700	700	-	100,0%	943	943
Catering: Departmental activities	2 120	76	(81)	2 115	1 685	430	79,7%	2 714	2 712
Communication	21 507	(5 445)	(864)	15 198	13 619	1 579	89,6%	21 385	21 388
Computer services	24 700	(200)	(2 017)	22 483	22 482	1	100,0%	19 501	19 475
Consultants: Business and advisory services	44 625	(5 475)	(11 962)	27 188	24 663	2 525	90,7%	32 023	32 023
Infrastructure and planning services	20 562	(5 168)	2 442	17 836	17 835	1	100,0%	18 077	15 082
Laboratory services	350	(288)	-	62	62	-	100,0%	421	421
Legal services	8 200	8 479	-	16 679	16 138	541	96,8%	17 406	17 407
Contractors	901 756	(129 218)	9 947	782 485	791 915	(9 430)	101,2%	832 908	836 496
Agency and support / outsourced services	-	-	-	-	-	-	-	621	622
Fleet services	10 449	(824)	(611)	9 014	8 656	358	96,0%	5 044	4 513

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

APPROPRIATION STATEMENT for the year ended 31 March 2018

Appropriation per economic classification continued	2017/18							2016/17	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Inventory: Clothing material and supplies	2 641	59	-	2 700	2 617	83	96,9%	3 708	3 708
Inventory: Fuel, oil and gas	-	369	-	369	368	1	99,7%	1 083	1 082
Inventory: Materials and supplies	33 177	(16 258)	-	16 919	5 646	11 273	33,4%	12 886	12 885
Inventory: Other supplies	10 154	(5 112)	-	5 042	4 864	178	96,5%	3 413	3 414
Consumable supplies	2 521	(18)	(267)	2 236	2 188	48	97,9%	6 254	6 253
Consumable: Stationery, printing and office supplies	81 042	(1 110)	(2 047)	77 885	76 045	1 840	97,6%	82 538	82 563
Operating leases	17 095	2 909	-	20 004	20 008	(4)	100,0%	18 270	19 693
Property payments	41 293	9 145	-	50 438	50 436	2	100,0%	32 357	32 355
Transport provided: Departmental activity	100	53	-	153	92	61	60,1%	673	641
Travel and subsistence	14 720	(738)	(1 032)	12 950	11 759	1 191	90,8%	11 662	11 663
Training and development	13 000	(1 563)	(3 343)	8 094	8 095	(1)	100,0%	8 602	8 601
Operating payments	-	-	-	-	-	-	-	343	148
Venues and facilities	2 710	24	(100)	2 634	2 048	586	77,8%	2 447	2 444
Rental and hiring	523	(108)	-	415	390	25	94,0%	2 267	2 267
Interest and rent on land	32 820	(52)	6 061	38 829	38 633	196	99,5%	2	2
Interest	2 820	29 948	6 061	38 829	38 633	196	99,5%	2	2
Rent on land	30 000	(30 000)	-	-	-	-	-	-	-
Transfers and subsidies	4 248 274	2 346	19 937	4 270 557	4 006 249	264 308	93,8%	5 188 591	5 163 865
Provinces and municipalities	2 000	(249)	-	1 751	1 751	-	100,0%	1 582	1 581
Municipalities	2 000	(249)	-	1 751	1 751	-	100,0%	1 582	1 581
Municipal bank accounts	2 000	(249)	-	1 751	1 751	-	100,0%	1 582	1 581

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

APPROPRIATION STATEMENT for the year ended 31 March 2018

Appropriation per economic classification continued	2017/18							2016/17	
	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
Departmental agencies and accounts	1 833 694	-	-	1 833 694	1 833 694	-	100,0%	2 812 089	2 812 089
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 833 694	-	-	1 833 694	1 833 694	-	100,0%	2 812 089	2 812 089
Public corporations and private enterprises	2 315 535	-	-	2 315 535	2 052 599	262 936	88,6%	2 365 706	2 340 673
Private enterprises	2 315 535	-	-	2 315 535	2 052 599	262 936	88,6%	2 365 706	2 340 673
Other transfers to private enterprises	2 315 535	-	-	2 315 535	2 052 599	262 936	88,6%	2 365 706	2 340 673
Households	97 045	2 595	19 937	119 577	118 205	1 372	98,9%	9 214	9 522
Social benefits	4 045	2 348	-	6 393	5 020	1 373	78,5%	1 642	1 604
Other transfers to households	93 000	247	19 937	113 184	113 185	(1)	100,0%	7 572	7 918
Payments for capital assets	879 927	147 142	(12 389)	1 014 680	1 009 376	5 304	99,5%	953 687	857 806
Buildings and other fixed structures	857 671	143 605	(12 389)	988 887	984 736	4 151	99,5%	845 993	759 292
Buildings	38 339	-	(12 694)	25 645	25 643	2	100,0%	-	-
Other fixed structures	819 332	143 605	305	963 242	959 093	4 149	99,6%	845 993	759 292
Machinery and equipment	21 256	4 326	-	25 582	24 429	1 153	95,5%	106 676	98 296
Transport equipment	7 256	1 967	-	9 223	6 751	2 472	73,2%	86 280	81 187
Other machinery and equipment	14 000	2 359	-	16 359	17 678	(1 319)	108,1%	20 396	17 109
Intangible assets	1 000	(789)	-	211	211	-	100,0%	1 018	218
Payments for financial assets	-	233	-	233	233	-	100,0%	11 571	86
Total	7 082 340	-	-	7 082 340	6 786 960	295 380	95,8%	7 909 447	7 771 989

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

APPROPRIATION STATEMENT for the year ended 31 March 2018

PROGRAMME 1: ADMINISTRATION	2017/18						2016/17		
	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	8 760	-	-	8 760	7 141	1 619	81,5%	7 778	7 778
1.2. Management of the Department	19 050	-	(1 594)	17 456	15 863	1 593	90,9%	26 708	15 078
1.3. Corporate Support	287 581	-	(14 561)	273 020	267 931	5 089	98,1%	243 605	238 041
1.4. Departmental Strategy	3 273	-	-	3 273	2 723	550	83,2%	3 552	2 017
Total for sub programmes	318 664	-	(16 155)	302 509	293 658	8 851	97,1%	281 643	262 914
Economic classification									
Current payments	304 934	(433)	(16 155)	288 346	280 090	8 256	97,1%	262 698	258 195
Compensation of employees	169 590	-	-	169 590	164 432	5 158	97,0%	163 351	158 479
Salaries and wages	145 057	14	-	145 071	142 943	2 128	98,5%	142 629	138 042
Social contributions	24 533	(14)	-	24 519	21 489	3 030	87,6%	20 722	20 437
Goods and services	135 264	(381)	(16 155)	118 728	115 647	3 081	97,4%	99 347	99 716
Administrative fees	750	346	-	1 096	1 060	36	96,7%	517	518
Advertising	4 347	412	(1 974)	2 785	2 665	120	95,7%	3 900	3 900
Minor assets	1 700	3 028	-	4 728	4 727	1	100,0%	194	194
Audit costs: External	6 000	(40)	(400)	5 560	5 560	-	100,0%	4 897	4 897
Bursaries: Employees	2 000	-	(1 300)	700	700	-	100,0%	943	943
Catering: Departmental activities	1 460	149	(81)	1 528	1 423	105	93,1%	2 418	2 418
Communication	21 400	(5 461)	(864)	15 075	13 597	1 478	90,2%	18 438	18 439
Computer services	22 700	-	(2 017)	20 683	20 682	1	100,0%	17 615	17 589

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

APPROPRIATION STATEMENT for the year ended 31 March 2018

PROGRAMME 1: ADMINISTRATION continued	2017/18						2016/17		
	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	4 175	(517)	(2 119)	1 539	1 540	(1)	100,1%	963	964
Legal services	4 000	2 433	-	6 433	6 434	(1)	100,0%	6 561	6 562
Contractors	700	41	-	741	741	-	100,0%	271	272
Fleet services	4 520	266	(611)	4 175	4 179	(4)	100,1%	2 116	2 116
Inventory: Other supplies	4 654	(4 654)	-	-	-	-	-	-	-
Consumable supplies	1 390	(100)	(267)	1 023	999	24	97,7%	421	421
Consumable: Stationery, printing and office supplies	6 745	(2 398)	(2 047)	2 300	2 050	250	89,1%	3 688	3 715
Operating leases	700	1 352	-	2 052	2 052	-	100,0%	1 641	2 041
Property payments	28 500	6 217	-	34 717	34 715	2	100,0%	21 170	21 168
Transport provided: Departmental activity	100	53	-	153	92	61	60,1%	673	641
Travel and subsistence	3 800	(36)	(1 032)	2 732	2 107	625	77,1%	2 646	2 646
Training and development	13 000	(1 563)	(3 343)	8 094	8 095	(1)	100,0%	8 602	8 601
Operating payments	-	-	-	-	-	-	-	27	27
Venues and facilities	2 100	199	(100)	2 199	1 839	360	83,6%	1 646	1 644
Rental and hiring	523	(108)	-	415	390	25	94,0%	-	-
Interest and rent on land	80	(52)	-	28	11	17	39,3%	-	-
Interest	80	(52)	-	28	11	17	39,3%	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	550	60	-	610	610	-	100,0%	947	948
Households	550	60	-	610	610	-	100,0%	947	948
Social benefits	550	60	-	610	610	-	100,0%	354	9

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

APPROPRIATION STATEMENT for the year ended 31 March 2018

PROGRAMME 1: ADMINISTRATION continued	2017/18						2016/17		
	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
Other transfers to households	-	-	-	-	-	-	-	593	939
Payments for capital assets	13 180	332	-	13 512	12 918	594	95,6%	6 470	3 768
Buildings and other fixed structures	-	-	-	-	-	-	-	1 034	-
Other fixed structures	-	-	-	-	-	-	-	1 034	-
Machinery and equipment	12 180	1 121	-	13 301	12 707	594	95,5%	4 436	3 568
Transport equipment	2 920	(2 067)	-	853	259	594	30,4%	2 342	617
Other machinery and equipment	9 260	3 188	-	12 448	12 448	-	100,0%	2 094	2 951
Intangible assets	1 000	(789)	-	211	211	-	100,0%	1 000	200
Payments for financial assets	-	41	-	41	40	1	97,6%	11 528	3
Total	318 664	-	(16 155)	302 509	293 658	8 851	97,1%	281 643	262 914

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

APPROPRIATION STATEMENT for the year ended 31 March 2018

SUBPROGRAMME: 1.1: OFFICE OF THE MEC	2017/18						2016/17		
	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	8 360	-	-	8 360	7 141	1 219	85,4%	7 251	7 251
Compensation of employees	5 580	-	-	5 580	5 342	238	95,7%	5 169	5 169
Goods and services	2 780	-	-	2 780	1 799	981	64,7%	2 082	2 082
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	450	450
Households	-	-	-	-	-	-	-	450	450
Payments for capital assets	400	-	-	400	-	400	-	77	77
Machinery and equipment	400	-	-	400	-	400	-	77	77
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	8 760	-	-	8 760	7 141	1 619	81,5%	7 778	7 778

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

APPROPRIATION STATEMENT for the year ended 31 March 2018

SUBPROGRAMME: 1.2: MANAGEMENT OF THE DEPARTMENT		2017/18						2016/17	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	18 780	(9)	(1 594)	17 177	15 778	1 399	91,9%	14 786	14 811
Compensation of employees	15 150	-	-	15 150	14 155	995	93,4%	12 859	12 859
Goods and services	3 630	(9)	(1 594)	2 027	1 623	404	80,1%	1 927	1 952
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	50	8	-	58	58	-	100,0%	9	9
Households	50	8	-	58	58	-	100,0%	9	9
Payments for capital assets	220	-	-	220	26	194	11,8%	388	258
Machinery and equipment	220	-	-	220	26	194	11,8%	388	258
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	1	-	1	1	-	100,0%	11 525	-
Total	19 050	-	(1 594)	17 456	15 863	1 593	90,9%	26 708	15 078

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

APPROPRIATION STATEMENT for the year ended 31 March 2018

SUBPROGRAMME: 1.3: CORPORATE SUPPORT	2017/18						2016/17		
	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	274 521	(424)	(14 561)	259 536	254 448	5 088	98,0%	237 219	234 226
Compensation of employees	145 787	-	-	145 787	142 219	3 568	97,6%	141 936	138 599
Goods and services	128 654	(372)	(14 561)	113 721	112 218	1 503	98,7%	95 283	95 627
Interest and rent on land	80	(52)	-	28	11	17	39,3%	-	-
Transfers and subsidies	500	52	-	552	552	-	100,0%	488	489
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Households	500	52	-	552	552	-	100,0%	488	489
Payments for capital assets	12 560	332	-	12 892	12 892	-	100,0%	5 895	3 323
Buildings and other fixed structures	-	-	-	-	-	-	-	1 034	-
Machinery and equipment	11 560	1 121	-	12 681	12 681	-	100,0%	3 861	3 123
Intangible assets	1 000	(789)	-	211	211	-	100,0%	3 861	3 123
Payments for financial assets	-	40	-	40	39	1	97,5%	3	3
Total	287 581	-	(14 561)	273 020	267 931	5 089	98,1%	243 605	238 041

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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APPROPRIATION STATEMENT for the year ended 31 March 2018

SUBPROGRAMME: 1.4: DEPARTMENTAL STRATEGY		2017/18						2016/17		
		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	R'000
Current payments	3 273	-	-	-	3 273	2 723	550	83,2%	3 442	1 907
Compensation of employees	3 073	-	-	-	3 073	2 716	357	88,4%	3 387	1 852
Goods and services	200	-	-	-	200	7	193	3,5%	55	55
Interest and rent on land	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies										
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-
Payments for capital assets										
Machinery and equipment	-	-	-	-	-	-	-	-	110	110
Payments for financial assets										
	-	-	-	-	-	-	-	-	-	-
Total	3 273	-	-	-	3 273	2 723	550	83,2%	3 552	2 017

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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APPROPRIATION STATEMENT for the year ended 31 March 2018

PROGRAMME 2: TRANSPORT INFRASTRUCTURE	2017/18						2016/17	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Sub programme								
2.1. INFRASTRUCTURE PLANNING	58 279	(8 069)	2 442	52 652	50 073	2 579	45 400	42 404
2.2. INFRASTRUCTURE DESIGN	115 486	(1 559)	1 258	115 185	114 225	960	202 536	153 122
2.3. CONSTRUCTION	803 398	91 679	-	895 077	903 307	(8 230)	649 639	637 333
2.4. MAINTENANCE	1 098 060	(83 467)	5 461	1 020 054	1 002 552	17 502	1 084 087	1 088 130
2.5. PROGRAMME SUPPORT INFRASTRUCTURE	151 783	1 416	25 998	179 197	176 027	3 170	45 228	40 162
Total for sub programmes	2 227 006	-	35 159	2 262 165	2 246 184	15 981	2 026 890	1 961 151
Economic classification								
Current payments	1 315 548	(149 149)	13 964	1 180 363	1 167 959	12 404	1 170 087	1 169 343
Compensation of employees	299 864	-	(4 486)	289 378	281 176	8 202	262 543	261 529
Salaries and wages	238 297	638	-	238 935	238 636	299	222 323	221 447
Social contributions	55 567	(638)	(4 486)	50 443	42 540	7 903	40 220	40 082
Goods and services	989 124	(149 149)	12 389	852 364	848 161	4 203	907 542	907 812
Administrative fees	380	(172)	-	208	208	-	304	303
Advertising	3 315	(1 890)	-	1 425	1 492	(67)	4 125	4 124
Minor assets	100	96	-	196	196	-	609	610
Catering: Departmental activities	210	(150)	-	60	59	1	164	164
Communication	7	4	-	11	6	5	1 521	1 521
Computer services	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	7 450	(4 926)	-	2 524	-	2 524	-	-
Infrastructure and planning services	20 562	(5 168)	2 442	17 836	17 835	1	18 077	15 082

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

APPROPRIATION STATEMENT for the year ended 31 March 2018

	2017/18						2016/17		
	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	350	(288)	-	62	62	-	100,0%	421	421
Legal services	2 200	6 509	-	8 709	8 709	-	100,0%	7 769	7 768
Contractors	896 096	(126 024)	9 947	780 019	789 665	(9 646)	101,2%	830 346	833 933
Fleet services	2 885	(1 838)	-	1 047	1 044	3	99,7%	1 297	769
Inventory: Clothing material and supplies	2 641	59	-	2 700	2 617	83	96,9%	3 708	3 708
Inventory: Fuel, oil and gas	-	369	-	369	368	1	99,7%	1 083	1 082
Inventory: Materials and supplies	33 177	(16 258)	-	16 919	5 646	11 273	33,4%	12 886	12 885
Consumable supplies	1 131	80	-	1 211	1 187	24	98,0%	5 723	5 723
Consumable: Stationery, printing and office supplies	1 197	(206)	-	991	989	2	99,8%	1 845	1 845
Operating leases	450	681	-	1 131	1 130	1	99,9%	947	1 157
Property payments	8 373	321	-	8 694	8 694	-	100,0%	6 375	6 376
Travel and subsistence	8 350	(98)	-	8 252	8 254	(2)	100,0%	7 462	7 460
Operating payments	-	-	-	-	-	-	-	79	80
Venues and facilities	250	(250)	-	-	-	-	-	534	534
Rental and hiring	-	-	-	-	-	-	-	2 267	2 267
Interest and rent on land	32 560	-	6 061	38 621	38 622	(1)	100,0%	2	2
Interest	2 560	30 000	6 061	38 621	38 622	(1)	100,0%	2	2
Rent on land	30 000	(30 000)	-	-	-	-	-	-	-
Transfers and subsidies	97 730	2 240	19 937	119 907	118 799	1 108	99,1%	9 721	10 027
Provinces and municipalities	2 000	(249)	-	1 751	1 751	-	100,0%	1 582	1 581
Municipalities	2 000	(249)	-	1 751	1 751	-	100,0%	1 582	1 581

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

APPROPRIATION STATEMENT for the year ended 31 March 2018

	2017/18							2016/17	
	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
Municipal bank accounts	2 000	(249)	-	1 751	1 751	-	100,0%	1 582	1 581
Households	95 730	2 489	19 937	118 156	117 048	1 108	99,1%	8 139	8 446
Social benefits	2 730	2 242	-	4 972	3 863	1 109	77,7%	1 160	1 467
Other transfers to households	93 000	247	19 937	113 184	113 185	(1)	100,0%	6 979	6 979
Payments for capital assets	813 728	146 810	1 258	961 796	959 326	2 470	99,7%	847 045	781 705
Buildings and other fixed structures	808 332	143 605	1 258	953 195	949 047	4 148	99,6%	754 391	692 676
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	808 332	143 605	1 258	953 195	949 047	4 148	99,6%	754 391	692 676
Machinery and equipment	5 396	3 205	-	8 601	10 279	(1 679)	119,5%	92 654	89 029
Transport equipment	2 656	4 034	-	6 690	5 787	902	86,5%	81 898	79 355
Other machinery and equipment	2 740	(829)	-	1 911	4 492	(2 581)	235,1%	10 756	9 674
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	99	-	99	99	-	100,0%	37	76
Total	2 227 006	-	35 159	2 262 165	2 246 184	15 981	99,3%	2 026 890	1 961 151

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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APPROPRIATION STATEMENT for the year ended 31 March 2018

SUBPROGRAMME: 2.1: INFRASTRUCTURE PLANNING		2017/18					2016/17		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	58 169	(9 334)	2 442	51 277	48 746	2 531	95,1%	45 141	42 253
Compensation of employees	27 600	1 241	-	28 841	28 838	3	100,0%	24 212	24 210
Goods and services	30 569	(10 575)	2 442	22 436	19 908	2 528	88,7%	20 929	18 043
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	30	1 265	-	1 295	1 295	-	100,0%	-	-
Provinces and Municipalities	-	-	-	-	-	-	-	-	-
Households	30	1 265	-	1 295	1 295	-	100,0%	-	-
Payments for capital assets	80	-	-	80	32	48	40,0%	259	151
Machinery and equipment	80	-	-	80	32	48	40,0%	259	151
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	58 279	(8 069)	2 442	52 652	50 073	2 579	95,1%	45 400	42 404

SUBPROGRAMME: 2.2: INFRASTRUCTURE DESIGN		2017/18					2016/17		
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	64 750	(1 393)	-	63 357	63 356	1	100,0%	57 240	57 235
Compensation of employees	41 500	2 034	-	43 534	43 533	1	100,0%	36 277	36 276
Goods and services	23 250	(3 427)	-	19 823	19 823	-	100,0%	20 963	20 959
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	100	574	-	674	674	-	100,0%	145	146
Households	100	574	-	674	674	-	100,0%	145	146
Payments for capital assets	50 636	(753)	1 258	51 141	50 182	959	98,1%	145 150	95 740
Buildings and other fixed structures	50 636	(753)	1 258	51 141	50 182	959	98,1%	145 150	95 740
Payments for financial assets	-	13	-	13	13	-	100,0%	1	1
Total	115 486	(1 559)	1 258	115 185	114 225	960	99,2%	202 536	153 122

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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APPROPRIATION STATEMENT for the year ended 31 March 2018

SUBPROGRAMME: 2.3: CONSTRUCTION	2017/18						2016/17			
	Economic classification	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	R'000
Current payments	44 902	2	-	-	44 904	57 432	(12 528)	127,9%	40 381	40 380
Compensation of employees	40 902	-	-	-	40 902	39 810	1 092	97,3%	36 801	36 801
Goods and services	4 000	2	-	-	4 002	17 622	(13 620)	100,0%	3 580	3 579
Interest and rent on land	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies	800	554	-	-	1 354	245	1 109	18,1%	3	3
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-
Households	800	554	-	-	1 354	245	1 109	18,1%	3	3
Payments for capital assets	757 696	91 123	-	-	848 819	845 630	(3 189)	99,6%	609 241	596 936
Buildings and other fixed structures	757 696	91 123	-	-	848 819	845 630	(3 189)	99,6%	609 241	596 936
Machinery and equipment	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	14	14
Total	803 398	91 679	-	-	895 077	903 307	(8 230)	100,9%	649 639	637 333

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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APPROPRIATION STATEMENT for the year ended 31 March 2018

SUBPROGRAMME: 2.4: MAINTENANCE	2017/18						2016/17		
	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	1 092 860	(139 702)	5 461	958 619	936 422	22 197	97,7%	998 008	1 001 707
Compensation of employees	181 772	(3 275)	(4 486)	174 011	167 077	6 934	96,0%	162 441	162 442
Goods and services	911 088	(136 427)	9 947	784 608	769 345	15 263	98,1%	835 567	839 265
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	3 700	(158)	-	3 542	3 542	-	100,0%	2 582	2 887
Provinces and municipalities	2 000	(249)	-	1 751	1 751	-	100,0%	1 582	1 581
Households	1 700	91	-	1 791	1 791	-	100,0%	1 000	1 306
Payments for capital assets	1 500	3 155	-	4 655	9 350	(4 695)	200,9%	83 497	83 497
Buildings and other fixed structures	1 500	56 390	-	57 890	62 585	(4 695)	108,1%	83 497	83 497
Machinery and equipment	-	53 235	-	53 235	53 235	-	100,0%	-	-
Payments for financial assets	-	3	-	3	3	-	100,0%	-	39
Total	1 098 060	(83 467)	5 461	1 020 054	1 002 552	17 502	98,3%	1 084 087	1 088 130

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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APPROPRIATION STATEMENT for the year ended 31 March 2018

	2017/18						2016/17		
	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	54 867	1 278	6 061	62 206	62 003	203	99,7%	29 317	27 768
Compensation of employees	2 090	-	-	2 090	1 919	171	91,8%	2 812	1 800
Goods and services	20 217	1 278	-	21 495	21 463	32	99,9%	26 503	25 966
Interest and rent on land	32 560	-	6 061	38 621	38 622	(1)	100,0%	2	2
Transfers and subsidies	93 100	5	19 937	113 042	113 043	(1)	100,0%	6 991	6 991
Households	93 100	5	19 937	113 042	113 043	(1)	100,0%	6 991	6 991
Payments for capital assets	3 816	50	-	3 866	898	2 368	23,2%	8 898	5 381
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 816	50	-	3 866	898	2 368	23,2%	8 898	5 381
Payments for financial assets	-	83	-	83	83	-	100,0%	22	22
Total	151 783	1 416	25 998	179 197	176 027	3 170	98,2%	45 228	40 162

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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APPROPRIATION STATEMENT for the year ended 31 March 2018

PROGRAMME 3: TRANSPORT OPERATIONS	2017/18						2016/17		
	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	2 383 807	707	(10 796)	2 373 718	2 110 764	262 954	88,9%	2 458 461	2 410 921
3.2.PROGRAMME SUPPORT OPERATIONS	6 440	(707)	-	5 733	2 735	2 998	47,7%	6 446	5 592
Total for sub programmes	2 390 247	-	(10 796)	2 379 451	2 113 499	265 952	88,8%	2 464 907	2 416 513
Economic classification									
Current payments	62 932	(46)	(9 843)	53 043	50 677	2 366	95,5%	59 120	58 763
Compensation of employees	26 282	-	-	26 282	25 595	687	97,4%	23 480	22 934
Salaries and wages	22 250	107	-	22 357	21 930	427	98,1%	19 665	19 485
Social contributions	4 032	(107)	-	3 925	3 665	260	93,4%	3 815	3 449
Goods and services	36 650	(46)	(9 843)	26 761	25 082	1 679	93,7%	35 640	35 829
Administrative fees	-	-	-	-	-	-	-	-	-
Advertising	300	(151)	-	149	122	27	81,9%	-	-
Minor assets	-	-	-	-	1	(1)	-	5	4
Catering: Departmental activities	100	77	-	177	178	(1)	100,6%	47	46
Communication	-	-	-	-	-	-	-	747	749
Consultants: Business and advisory services	33 000	(32)	(9 843)	23 125	23 123	2	100,0%	31 060	31 059
Legal services	1 000	(420)	-	580	74	506	12,8%	2 228	2 229
Agency and support / outsourced services	-	-	-	-	-	-	-	290	290
Fleet services	720	-	-	720	360	360	50,0%	428	427
Consumable supplies	-	-	-	-	-	-	-	3	2
Consumable: Stationery, printing and office supplies	400	-	-	400	16	384	4,0%	18	18

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

APPROPRIATION STATEMENT for the year ended 31 March 2018

PROGRAMME 3: TRANSPORT OPERATIONS continued	2017/18					2016/17			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Operating leases	300	420	-	720	720	-	100,0%	83	271
Travel and subsistence	770	(15)	-	755	353	402	46,8%	677	681
Venues and facilities	60	75	-	135	135	-	100,0%	54	53
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 315 635	46	-	2 315 681	2 052 745	262 936	88,6%	2 365 728	2 340 695
Public corporations and private enterprises	2 315 535	-	-	2 315 535	2 052 599	262 936	88,6%	2 365 706	2 340 673
Private enterprises	2 315 535	-	-	2 315 535	2 052 599	262 936	88,6%	2 365 706	2 340 673
Other transfers to private enterprises	2 315 535	-	-	2 315 535	2 052 599	262 936	88,6%	2 365 706	2 340 673
Households	100	46	-	146	146	-	100,0%	22	22
Social benefits	100	46	-	146	146	-	100,0%	22	22
Payments for capital assets	11 680	-	(953)	10 727	10 077	650	93,9%	40 059	17 055
Buildings and other fixed structures	11 000	-	(953)	10 047	10 046	1	100,0%	39 109	16 599
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	11 000	-	(953)	10 047	10 046	1	100,0%	39 109	16 599
Machinery and equipment	680	-	-	680	31	649	4,6%	950	456
Transport equipment	680	-	-	680	31	649	4,6%	640	315
Other machinery and equipment	-	-	-	-	-	-	-	310	141
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	2 390 247	-	(10 796)	2 379 451	2 113 499	265 952	88,8%	2 464 907	2 416 513

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

APPROPRIATION STATEMENT for the year ended 31 March 2018

SUBPROGRAMME: 3.1: PUBLIC TRANSPORT SERVICES	2017/18						2016/17		
	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	57 272	561	(9 843)	47 990	47 973	17	100,0%	53 624	53 627
Compensation of employees	23 902	607	-	24 509	24 510	(1)	100,0%	22 143	22 143
Goods and services	33 370	(46)	(9 843)	23 481	23 463	18	99,9%	31 481	31 484
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2 315 535	146	-	2 315 681	2 052 745	262 936	88,6%	2 365 728	2 340 695
Public corporations and private enterprises	2 315 535	-	-	2 315 535	2 052 599	262 936	88,6%	2 365 706	2 340 673
Households	-	146	-	146	146	-	100,0%	22	22
Payments for capital assets	11 000	-	(953)	10 047	10 046	1	100,0%	39 109	16 599
Buildings and other fixed structures	11 000	-	(953)	10 047	10 046	1	100,0%	39 109	16 599
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	2 383 807	707	(10 796)	2 373 718	2 110 764	262 954	88,9%	2 458 461	2 410 921

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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APPROPRIATION STATEMENT for the year ended 31 March 2018

	2017/18						2016/17		
	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	5 660	(607)	-	5 053	2 704	2 349	53,5%	5 496	5 136
Compensation of employees	2 380	(607)	-	1 773	1 085	688	61,2%	1 337	791
Goods and services	3 280	-	-	3 280	1 619	1 661	49,4%	4 159	4 345
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	100	(100)	-	-	-	-	-	-	-
Households	100	(100)	-	-	-	-	-	-	-
Payments for capital assets	680	-	-	680	31	649	4,6%	950	456
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	680	-	-	680	31	649	4,6%	950	456
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	6 440	(707)	-	5 733	2 735	2 998	47,7%	6 446	5 592

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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APPROPRIATION STATEMENT for the year ended 31 March 2018

PROGRAMME 4: TRANSPORT REGULATION	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Sub programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1. TRANSPORT ADMINISTRATION AND LICENCING	184 424	137	(7 895)	176 666	175 077	1 589	99,1%	194 027	191 962
4.2. OPERATOR LICENCE AND PERMITS	128 305	(137)	(313)	127 855	124 848	3 007	97,6%	129 891	127 360
Total for sub programmes	312 729	-	(8 208)	304 521	299 925	4 596	98,5%	323 918	319 322
Economic classification									
Current payments	270 725	(93)	4 486	275 118	272 376	2 742	99,0%	263 693	263 931
Compensation of employees	158 236	-	4 486	162 722	162 724	(2)	100,0%	153 058	152 871
Salaries and wages	135 136	61	3 911	139 108	139 107	1	100,0%	130 904	131 074
Social contributions	23 100	(61)	575	23 614	23 617	(3)	100,0%	22 154	21 797
Goods and services	112 309	(93)	-	112 216	109 652	2 564	97,7%	110 635	111 060
Administrative fees	60	(19)	-	41	41	-	100,0%	19	19
Advertising	400	(382)	-	18	10	8	55,6%	159	159
Minor assets	750	(486)	-	264	149	115	56,4%	889	890
Catering: Departmental activities	350	-	-	350	25	325	7,1%	85	84
Communication	100	12	-	112	16	96	14,3%	679	679
Computer services	2 000	(200)	-	1 800	1 800	-	100,0%	1 886	1 886
Consultants: Business and advisory services	-	-	-	-	-	-	-	-	-
Agency and support / outsourced services	2 260	(1 929)	-	331	332	(1)	100,3%	-	-

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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APPROPRIATION STATEMENT for the year ended 31 March 2018

	2017/18							2016/17	
	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
Legal services	1 000	(43)	-	957	921	36	96,2%	848	848
Contractors	4 960	(3 235)	-	1 725	1 509	216	87,5%	2 291	2 291
Agency and support / outsourced services	-	-	-	-	-	-	-	331	332
Fleet services	2 324	748	-	3 072	3 073	(1)	100,0%	1 203	1 201
Inventory: Other supplies	5 500	(458)	-	5 042	4 864	178	96,5%	3 413	3 414
Consumable supplies	-	2	-	2	2	-	100,0%	107	107
Consumable: Stationery, printing and office supplies	72 700	1 494	-	74 194	72 990	1 204	98,4%	76 987	76 985
Operating leases	15 645	456	-	16 101	16 106	(5)	100,0%	15 599	16 224
Property payments	4 420	2 607	-	7 027	7 027	-	100,0%	4 812	4 811
Travel and subsistence	1 800	(589)	-	1 211	1 045	166	86,3%	877	876
Operating payments	-	-	-	-	-	-	-	237	41
Venues and facilities	300	-	-	300	74	226	24,7%	213	213
Interest and rent on land	180	-	-	180	-	180	-	-	-
Interest	180	-	-	180	-	180	-	-	-
Transfers and subsidies	665	-	-	665	401	264	60,3%	106	106
Households	665	-	-	665	401	264	60,3%	106	106
Social benefits	665	-	-	665	401	264	60,3%	106	106

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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APPROPRIATION STATEMENT for the year ended 31 March 2018

	2017/18						2016/17		
	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	41 339	-	(12 694)	28 645	27 054	1 591	94,4%	60 113	55 278
Buildings and other fixed structures	38 339	-	(12 694)	25 645	25 643	2	100,0%	51 459	50 017
Buildings	38 339	-	(12 694)	25 645	25 643	2	100,0%	-	-
Other fixed structures	-	-	-	-	-	-	-	51 459	50 017
Machinery and equipment	3 000	-	-	3 000	1 411	1 589	47,0%	8 636	5 243
Transport equipment	1 000	-	-	1 000	673	327	67,3%	1 400	900
Other machinery and equipment	2 000	-	-	2 000	738	1 262	36,9%	7 236	4 343
Intangible assets	-	-	-	-	-	-	-	18	18
Payments for financial assets	-	93	-	93	94	(1)	101,1%	6	7
Total	312 729	-	(8 208)	304 521	299 925	4 596	98,5%	323 918	319 322

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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APPROPRIATION STATEMENT for the year ended 31 March 2018

SUBPROGRAMME: 4.1: TRANSPORT ADMINISTRATION AND LICENCING		2017/18						2016/17	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	146 585	135	1 099	147 819	147 817	2	100,0%	140 792	140 542
Compensation of employees	110 236	-	1 099	111 335	111 335	-	100,0%	106 260	105 976
Goods and services	36 349	135	-	36 484	36 482	2	100,0%	34 532	34 566
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	600	(81)	-	519	255	264	49,1%	61	61
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Households	600	(81)	-	519	255	264	49,1%	61	61
Payments for capital assets	37 239	-	(8 994)	28 245	26 921	1 324	95,3%	53 169	51 353
Buildings and other fixed structures	34 639	-	(8 994)	25 645	25 643	2	100,0%	47 459	48 642
Machinery and equipment	2 600	-	-	2 600	1 278	1 322	49,2%	5 692	2 693
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	18
Payments for financial assets	-	83	-	83	84	(1)	101,2%	5	6
Total	184 424	137	(7 895)	176 666	175 077	1 589	99,1%	194 027	191 962

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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APPROPRIATION STATEMENT for the year ended 31 March 2018

	2017/18						2016/17		
	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	124 140	(228)	3 387	127 299	124 559	2 740	97,8%	122 901	123 389
Compensation of employees	48 000	-	3 387	51 387	51 389	(2)	100,0%	46 798	46 895
Goods and services	75 960	(228)	-	75 732	73 170	2 562	96,6%	76 103	76 494
Interest and rent on land	180	-	-	180	-	180	-	-	-
Transfers and subsidies	65	81	-	146	146	-	100,0%	45	45
Households	65	81	-	146	146	-	100,0%	45	45
Payments for capital assets	4 100	-	(3 700)	400	133	267	33,3%	6 944	3 925
Buildings and other fixed structures	3 700	-	(3 700)	-	-	-	-	4 000	1 375
Machinery and equipment	400	-	-	400	133	267	33,3%	2 944	2 550
Payments for financial assets	-	10	-	10	10	-	100,0%	1	1
Total	128 305	(137)	(313)	127 855	124 848	3 007	97,6%	129 891	127 360

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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APPROPRIATION STATEMENT for the year ended 31 March 2018

	2017/18							2016/17	
	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	1 833 694	-	-	1 833 694	1 833 694	-	100,0%	2 812 089	2 812 089
Total for sub programmes	1 833 694	-	-	1 833 694	1 833 694	-	100,0%	2 812 089	2 812 089
Economic classification									
Transfers and subsidies	1 833 694	-	-	1 833 694	1 833 694	-	100,0%	2 812 089	2 812 089
Departmental agencies and accounts	1 833 694	-	-	1 833 694	1 833 694	-	100,0%	2 812 089	2 812 089
Total	1 833 694	-	-	1 833 694	1 833 694	-	100,0%	2 812 089	2 812 089

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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NOTES TO THE APPROPRIATION STATEMENTS

for the year ended 31 March 2018

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-H) 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	302 509	293 658	8 851	3%
Transport infrastructure	2 262 165	2 246 184	15 981	1%
Transport operations	2 379 451	2 113 499	265 952	11%
Transport regulation	304 521	299 925	4 596	2%
Gautrain	1 833 694	1 833 694	-	0%
4.2 Per economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
Current payments				
Compensation of employees	647 972	633 927	14 045	2%
Goods and services	1 110 069	1 098 542	11 527	1%
Interest and rent on land	38 829	38 633	196	1%
Transfers and subsidies				
Provinces and municipalities	1 751	1 751	-	0%
Departmental agencies and accounts	1 833 694	1 833 694	-	0%
Public corporations and private enterprises	2 315 535	2 052 599	262 936	11%
Households	119 577	118 205	1 372	1%
Payments for capital assets				
Buildings and other fixed structures	988 887	984 736	4 151	0%
Machinery and equipment	25 645	24 429	1 216	5%
Intangible assets	211	211	-	0%
Payments for financial assets	233	233	-	0%

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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NOTES TO THE APPROPRIATION STATEMENTS

for the year ended 31 March 2018

The Department incurred total under spending of R295.380 million for the 2017/18 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).

2. Transport operations-R 265.952 million

The underspending within this programme occurred mainly due to the prolonged challenges around bus operators not operating within the required operating time table due to mechanical breakdowns. A bus operator's failure to operate as required results in the Department levying financial penalties against the affected bus operator.

In addition, some of the special infrastructure projects located within this programme experienced poor contractor performance which added to the overall underspending within this programme.

3. Transport regulation-R 4.596 million

The underspending arises mainly as a result of the strict implementation of the National Treasury cost containment measures.

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	2 155 063	1 906 072	248 991	12%
Provincial Roads Maintenance Grant	656 183	655 732	451	0%
EPWP Intergrated Grant for Prov	6 504	6 504	-	0%

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
REVENUE			
Annual appropriation	1	7 082 340	7 909 447
Departmental revenue	2	3 783 824	3 477 137
TOTAL REVENUE		10 866 164	11 386 584
EXPENDITURE			
Current expenditure			
Compensation of employees	3	633 927	595 813
Goods and services	4	1 098 542	1 154 417
Interest and rent on land	5	38 633	2
Total current expenditure		1 771 102	1 750 232
Transfers and subsidies			
Transfers and subsidies	7	4 006 249	5 163 865
Total transfers and subsidies		4 006 249	5 163 865
Expenditure for capital assets			
Tangible assets	8	1 009 165	857 588
Intangible assets	8	211	218
Total expenditure for capital assets		1 009 376	857 806
Unauthorised expenditure approved without funding		-	11 526
Payments for financial assets	6	233	86
TOTAL EXPENDITURE		6 786 960	7 783 515
SURPLUS/(DEFICIT) FOR THE YEAR		4 079 204	3 603 069
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		295 380	125 932
Annual appropriation		45 938	97 400
Conditional grants		249 442	28 532
Departmental revenue and NRF Receipts	14	3 783 824	3 477 137
SURPLUS/(DEFICIT) FOR THE YEAR		4 079 204	3 603 069

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
VOTE 9**

STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
ASSETS			
Current assets			
		622 673	524 327
Cash and cash equivalents	10	619 443	521 845
Receivables	12	3 230	2 482
Non-current assets			
		786	786
Receivables	12	786	786
TOTAL ASSETS		623 459	525 113
LIABILITIES			
Current liabilities			
		621 944	524 544
Voted funds to be surrendered to the Revenue Fund	13	295 380	137 457
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	325 142	278 132
Payables	15	1 422	108 955
TOTAL LIABILITIES		621 944	524 544
NET ASSETS		1 515	569
Represented by:			
Recoverable revenue		1 515	569
TOTAL		1 515	569

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2018

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Recoverable revenue			
Opening balance		569	231
Transfers:		946	338
Irrecoverable amounts written off		-9	-15
Debts revised		-	-
Debts recovered (included in departmental receipts)		(404)	-167
Debts raised		1 359	520
Closing balance		1 515	569
TOTAL		1 515	569

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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CASH FLOW STATEMENT
for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts		10 858 919	11 373 879
Annual appropriated funds received	1	7 082 340	7 909 447
Statutory appropriated funds received		-	-
Departmental revenue received	2	3 776 566	3 464 417
Interest received	2.2	13	15
NRF Receipts		-	-
Aid assistance received		-	-
Net increase/decrease in working capital		(108 281)	303 232
Surrendered to Revenue Fund		(3 874 271)	(3 692 411)
Surrendered to RDP Fund/Donor		-	-
Current payments		(1 732 469)	(1 761 756)
Interest paid	5	(38 633)	(2)
Payments for financial assets		(233)	(86)
Transfers and subsidies paid		(4 006 249)	(5 163 865)
Net cash flow available from operating activities		1 098 783	1 058 991
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(1 009 376)	(857 806)
Proceeds from sale of capital assets	2.3	7 245	12 705
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		-	-
(Increase)/decrease in other financial assets		-	-
Net cash flows from investing activities		(1 002 131)	(845 101)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		-	-
Increase/(decrease) in net assets		946	338
Increase/(decrease) in non-current payables		-	-
Net cash flows from financing activities		946	338
Net increase/(decrease) in cash and cash equivalents		97 598	214 228
Cash and cash equivalents at beginning of period		521 845	307 617
Unrealised gains and losses within cash and cash equivalents		-	-
Cash and cash equivalents at end of period	10	619 443	521 845

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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ACCOUNTING POLICIES
for the year ended 31 March 2018

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.

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 comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). 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.

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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ACCOUNTING POLICIES
for the year ended 31 March 2018

7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> • 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. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy.</p>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>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.</p>
8.2	<p>Other expenditure</p> <p>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.</p>
8.3	<p>Accruals and payables not recognised</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>
8.4	Leases
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • 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	Aid Assistance
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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ACCOUNTING POLICIES
for the year ended 31 March 2018

9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>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.</p>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p>Prepayments are expensed in line with the contractual agreement.</p>
12	<p>Loans and receivables</p> <p>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.</p>
13	<p>Investments</p> <p>Investments are recognised in the statement of financial position at cost.</p>
14	<p>Financial assets</p>
14.1	<p>Financial assets (not covered elsewhere)</p> <p>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.</p> <p>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.</p>
14.2	<p>Impairment of financial assets</p> <p>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.</p>
15	<p>Payables</p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
16	<p>Capital Assets</p>
16.1	<p>Immovable capital assets</p> <p>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.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>

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ACCOUNTING POLICIES
for the year ended 31 March 2018

16.2	<p>Movable capital assets</p> <p>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.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.3	<p>Intangible assets</p> <p>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.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>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.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.4	<p>Project Costs: Work-in-progress</p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>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.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
17	<p>Provisions and Contingents</p>
17.1	<p>Provisions</p> <p>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.</p>
17.2	<p>Contingent liabilities</p> <p>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.</p>
17.3	<p>Contingent assets</p> <p>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.</p>
17.4	<p>Commitments</p> <p>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.</p>

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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ACCOUNTING POLICIES
for the year ended 31 March 2018

18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</p> <p>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.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>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.</p>
20	<p>Irregular expenditure</p> <p>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.</p> <p>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.</p> <p>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.</p>
21	<p>Changes in accounting policies, accounting estimates and errors</p> <p>Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
22	<p>Events after the reporting date</p> <p>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.</p>
23	<p>Principal-Agent arrangements</p> <p>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.</p>
24	<p>Departures from the MCS requirements</p> <p>The Department has complied with the provision of Modified Cash Standards.</p>

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ACCOUNTING POLICIES
for the year ended 31 March 2018

25	<p>Capitalisation reserve</p> <p>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.</p>
26	<p>Recoverable revenue</p> <p>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.</p>
27	<p>Related party transactions</p> <p>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.</p> <p>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.</p>
28	<p>Inventories</p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>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.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>
29	<p>Public-Private Partnerships</p> <p>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.</p> <p>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.</p>
30	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

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).

	2017/18			2016/17	
	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	318 664	318 664	-	281 643	281 643
TRANSPORT INFRASTRUCTURE	2 227 006	2 227 006	-	2 026 890	2 026 890
TRANSPORT OPERATIONS	2 390 247	2 390 247	-	2 464 907	2 464 907
TRANSPORT REGULATION	312 729	312 729	-	323 918	323 918
GAUTRAIN	1 833 694	1 833 694	-	2 812 089	2 812 089
Total	7 082 340	7 082 340	-	7 909 447	7 909 447

1.2 CONDITIONAL GRANTS

	Note	2017/18 R'000	2016/17 R'000
Total grants received	35	2 817 750	2 567 566
Provincial grants included in Total Grants received		-	-

2. DEPARTMENTAL REVENUE

Tax revenue		3 717 041	3 404 962
Sales of goods and services other than capital assets	2.1	54 029	58 918
Fines, penalties and forfeits		-	-
Interest, dividends and rent on land	2.2	13	15
Sales of capital assets	2.3	7 245	12 705
Transactions in financial assets and liabilities	2.4	5 496	537
Transfer received		-	-
Total revenue collected		3 783 824	3 477 137
Less: Own revenue included in appropriation		-	-
Departmental revenue collected		3 783 824	3 477 137

2.1 SALES OF GOODS AND SERVICES OTHER THAN CAPITAL ASSETS

Sales of goods and services produced by the department		53 735	58 918
Sales by market establishment		207	203
Administrative fees		50 209	51 804
*Other sales		3 319	6 911
Sales of scrap, waste and other used current goods #		294	-
Total		54 029	58 918

*Other sales consists of collections in relation to face value forms sold by the Department the relevant revenue collecting authorities.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
2.2 INTEREST, DIVIDENDS AND RENT ON LAND			
Interest		13	15
Total		13	15
2.3 SALE OF CAPITAL ASSETS			
Tangible assets		7 245	12 705
Machinery and equipment	39	7 245	12 705
Total		7 245	12 705
2.4 TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES			
Receivables		480	241
*Other Receipts including Recoverable Revenue		5 016	296
Total		5 496	537
<p><i>*Included in Other receipts is an amount of R4.654 million received in relation to deproclamation (sale) of portions of K14 and P2-6 which were initially proclaimed by the Department in terms of Gauteng Transport Infrastructure Act. These portions of land were de-proclaimed back to the applicable owner as it fell outside the road reserve plans.</i></p>			
3. COMPENSATION OF EMPLOYEES			
3.1 SALARIES AND WAGES			
Basic salary		424 316	400 005
Performance award		8 842	7 635
Service Based		1 277	2 309
Compensative/circumstantial		20 919	19 236
Periodic payments		3 735	4 029
Other non-pensionable allowances		83 526	76 832
Total		542 615	510 046
3.2 SOCIAL CONTRIBUTIONS			
Employer contributions			
Pension		54 732	51 820
Medical		36 429	33 805
Bargaining council		151	142
Total		91 312	85 767
Total compensation of employees		633 927	595 813
Average number of employees		1 840	1 884

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
4. GOODS AND SERVICES			
Administrative fees		1 309	838
Advertising		4 291	8 185
Minor assets	4.1	5 074	1 700
Bursaries (employees)		700	943
Catering		1 684	2 713
Communication		13 619	21 387
Computer services	4.2	22 482	19 475
Consultants: Business and advisory services		24 662	32 022
Infrastructure and planning services		17 835	15 082
Laboratory services		62	421
Scientific and technological services		-	-
Legal services		16 139	17 407
Contractors		791 917	836 495
Agency and support / outsourced services		-	622
Entertainment		-	-
Audit cost – external	4.3	5 560	4 897
Fleet services		8 656	4 511
Inventory	4.4	13 495	21 091
Consumables	4.5	78 232	88 816
Housing		-	-
Operating leases		20 007	19 693
Property payments	4.6	50 435	32 355
Rental and hiring		390	2 267
Transport provided as part of the departmental activities		92	641
Travel and subsistence	4.7	11 758	11 663
Venues and facilities		2 048	2 445
Training and development		8 095	8 601
Other operating expenditure	4.8	-	147
Total		1 098 542	1 154 417
4.1 MINOR ASSETS			
Tangible assets		5 074	1 700
Machinery and equipment		5 074	1 700
Total		5 074	1 700

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
4.2 COMPUTER SERVICES			
External computer service providers		22 482	19 475
Total		22 482	19 475
4.3 AUDIT COST – EXTERNAL			
Regularity audits		5 164	4 700
Computer audits		396	197
Total		5 560	4 897
4.4 INVENTORY			
Clothing material and accessories	6	2 617	3 708
Fuel, oil and gas		368	1 083
Materials and supplies		5 646	12 886
Other supplies	6.4.1	4 864	3 414
Total		13 495	21 091
4.4.1 OTHER SUPPLIES			
*Other		4 864	3 414
Total		4 864	3 414
<i>*The expenditure relates to the purchase of Departmental "Face Value" forms from Government Printing Works for the printing of vehicle licences.</i>			
4.5 CONSUMABLES			
Consumable supplies		2 186	6 253
Uniform and clothing		-	48
Household supplies		787	1 839
Building material and supplies		1 059	3 916
IT consumables		227	226
Other consumables		113	224
*Stationery, printing and office supplies		76 046	82 563
Total		78 232	88 816
4.6 PROPERTY PAYMENTS			
Municipal services		24 043	14 111
Other*		26 392	18 244
Total		50 435	32 355
<i>*Included in other property payments is expenditure relating to Security, Cleaning and Gardening services.</i>			

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

	Note	2017/18	2016/17
	6	R'000	R'000
4.7 TRAVEL AND SUBSISTENCE			
Local		10 714	10 884
Foreign		1 044	779
Total		11 758	11 663
4.8 OTHER OPERATING EXPENDITURE			
Professional bodies, membership and subscription fees		-	-
Resettlement costs		-	106
Other		-	41
Total		-	147
5. INTEREST AND RENT ON LAND			
Interest paid		38 633	2
Total		38 633	2
<i>Variance explanation: The significant increase in interest paid is due to the interest levied on the outstanding lawsuits that were settled during the current financial year on the basis of the court order.</i>			
6. PAYMENTS FOR FINANCIAL ASSETS			
Debts written off	6.1	233	86
Total		233	86
6.1 DEBTS WRITTEN OFF			
Other debt written off			
Ex-employees		233	86
Total		233	86
Total debt written off		233	86
7. TRANSFERS AND SUBSIDIES			
Provinces and municipalities	36, 37	1 750	1 581
Departmental agencies and accounts	Annex 1B	1 833 694	2 812 089
Public corporations and private enterprises	Annex 1C	2 052 599	2 340 673
Households	Annex 1D	118 206	9 522
Total		4 006 249	5 163 865

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
8. EXPENDITURE FOR CAPITAL ASSETS			
Tangible assets		1 009 165	857 588
Buildings and other fixed structures	33	984 738	759 293
Machinery and equipment	31	24 427	98 295
Intangible assets		211	218
Software	32	211	218
Total		1 009 376	857 806

8.1 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2017/18

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	1 009 165	-	1 009 165
Buildings and other fixed structures	984 738	-	984 738
Machinery and equipment	24 427	-	24 427
Intangible assets	211	-	211
Software	211	-	211
Total	1 009 376	-	1 009 376

8.2 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2016/17

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	857 588	-	857 588
Buildings and other fixed structures	759 293	-	759 293
Machinery and equipment	98 295	-	98 295
Intangible assets	218	-	218
Software	218	-	218
Total	857 806	-	857 806

**GAUTENG DEPARTMENT OF ROADS AND TRANSPORT
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
8.3 FINANCE LEASE EXPENDITURE INCLUDED IN EXPENDITURE FOR CAPITAL ASSETS			
Tangible assets			
Machinery and equipment		3 255	2 435
Total		3 255	2 435
9. UNAUTHORISED EXPENDITURE			
9.1 RECONCILIATION OF UNAUTHORISED EXPENDITURE			
Opening balance		-	195 457
Prior period error		-	-
As restated		-	195 457
Less: Amounts approved by Parliament/Legislature with funding		-	(183 931)
Less: Amounts approved by Parliament/Legislature without funding		-	(11 526)
Capital		-	-
Current		-	(11 526)
Transfers and subsidies		-	-
Less: Amounts transferred to receivables for recovery		-	-
Closing balance		-	-
Analysis of closing balance			
Unauthorised expenditure awaiting authorisation		-	-
Total		-	-
10. CASH AND CASH EQUIVALENTS			
Consolidated Paymaster General Account		619 364	521 763
Cash on hand		79	82
Total		619 443	521 845
11. PREPAYMENTS AND ADVANCES			
Staff advances		-	-
Travel and subsistence		-	-
Total		-	-

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11.1 PREPAYMENTS (EXPENSED)

	<i>Note</i>	Amount as at 1 April 2017 R'000	Less: Received in the current year R'000	Add: Current Year prepayments R'000	Amount as at 31 March 2018 R'000
Goods and services		882	(882)	3 311	3 311
Total		882	(882)	3 311	3 311

The amount of R3.311 million consists of payments made to National School of Government (NSG) and leased buildings in line with the Departmental approved contracts.

12. RECEIVABLES

	<i>Note</i>	2017/18			2016/17		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	15.1	970	-	970	1 206	-	1 206
Recoverable expenditure	15.3	19	-	19	62	-	62
Staff debt	15.4	2 241	-	2 241	1 214	-	1 214
Other debtors	15.5	-	786	786	-	786	786
Total		3 230	786	4 016	2 482	786	3 268

12.1 CLAIMS RECOVERABLE

	<i>Note</i>	2017/18 R'000	2016/17 R'000
National departments		-	-
Provincial departments		22	3
Public entities		948	1 203
Total		970	1 206

12.2 RECOVERABLE EXPENDITURE (DISALLOWANCE ACCOUNTS)

	2017/18 R'000	2016/17 R'000
Sal:Reversal Control:CA	17	-
Sal:Pesion Fund:CL	1	-
Sal:Fin Institution Study Loans:CL	1	-
Deposit Account:Dom	-	62
Total	19	62

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	Note	2017/18 R'000	2016/17 R'000
12.3 STAFF DEBT			
Breach of Contract Ex-employee		251	115
Employees		596	327
Ex-employees		1 310	691
Supplier		84	81
Total		2 241	1 214
12.4 OTHER DEBTORS			
*Other		786	786
Total		786	786
<i>*Included in other debtors are payment that relates to security deposit for the leased facilities at the Driving Licence Testing Centre (Xavier Junction Premises).</i>			
12.5 IMPAIRMENT OF RECEIVABLES			
Estimate of impairment of receivables		186	111
Total		186	111
13. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND			
Opening balance		137 457	233 825
Prior period error		-	-
As restated		137 457	233 825
Transfer from statement of financial performance (as restated)		295 380	125 932
Paid during the year		(137 457)	(222 300)
Closing balance		295 380	137 457
14. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND			
Opening balance		278 132	271 106
Prior period error		-	-
As restated		278 132	271 106
Transfer from Statement of Financial Performance (as restated)		3 783 824	3 477 137
Paid during the year		(3 736 814)	(3 470 111)
Closing balance		325 142	278 132
15. PAYABLES – CURRENT			
Amounts owing to other entities		246	1 318
Other payables	15.1	1 176	107 637
Total		1 422	108 955

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	<i>Note</i>	2017/18	2016/17
		R'000	R'000
15.1 OTHER PAYABLES			
Sal: ACB Recalls: CA		2	66
Sal: Pension Fund: CL		-	2
EBT Rejection Acc: Dom		9	-
Sal: Income Tax: CL		214	28
Sal: Reversal Control: ACC		-	3
Oustanding Payments: Dom		-	107 249
Sal: Persal EBT Control Acc: Dom		720	276
Bank Adjustment Acc: Dom		125	13
Telephone Control Acc: CL		106	-
Total		1 176	107 637
16. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES			
Net surplus/(deficit) as per Statement of Financial Performance		4 079 204	3 603 069
Add back non cash/cash movements not deemed operating activities		(2 980 421)	(2 544 078)
(Increase)/decrease in receivables – current		(748)	(1 029)
(Increase)/decrease in prepayments and advances		-	-
(Increase)/decrease in other current assets		-	195 457
Increase/(decrease) in payables – current		(107 533)	108 804
Proceeds from sale of capital assets		(7 245)	(12 705)
Proceeds from sale of investments		-	-
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		1 009 376	857 806
Surrenders to Revenue Fund		(3 874 271)	(3 692 411)
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		1 098 783	1 058 991
17. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES			
Consolidated Paymaster General account		619 364	521 763
Cash on hand		79	82
Total		619 443	521 845

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	Note	2017/18 R'000	2016/17 R'000
18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS			
18.1 CONTINGENT LIABILITIES			
Liable to Nature			
Claims against the department	Annex 2	711 760	877 398
Intergovernmental payables (unconfirmed balances)	Annex 4	3 606	299
Other		-	-
Total		715 366	877 697

Patronage Guarantee is paid to the Concessionaire if after OCD 2 the actual passenger kilometres are less than the minimum required passenger kilometres. The amount paid is the difference between Minimum Required Total Revenue and the Actual Total Revenue as defined in the Concession Agreement. It is foreseen that the Patronage Guarantee will be paid for the next 12 months. Reference is made to the notes under Contingent Liabilities and Commitments as contained in the Annual Report of the Gautrain Management Agency for additional information and disclosure on the Patronage guarantee.

18.2 CONTINGENT ASSETS

Nature of contingent asset

Construction of Road K174 interchange (R42) with R59 (P156-2)	82 822	82 822
Design and review of various intersections within Allandale and Woodmead Road	97 410	97 410
Construction for the upgrade of provincial road 374 (Beyers Naude Avenue) between Peter Road and the N14	10 000	10 000
Total	190 232	190 232

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).*

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	Note	2017/18 R'000	2016/17 R'000
19. COMMITMENTS			
Current expenditure			
Approved and contracted		21 314	2 341 672
Approved but not yet contracted		-	-
		21 314	2 341 672
Capital expenditure			
Approved and contracted		3 711 498	3 636 405
Approved but not yet contracted		643 240	-
		4 354 738	3 636 405
Total Commitments		4 376 052	5 978 077

Commitment less than 1 year – R1 542 933
Commitment more than 1 year – R 2 833 119

Included in the year end commitment balance for 2017/18 are commitments totalling R10.726 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. ACCRUALS AND PAYABLES NOT RECOGNISED

20.1 ACCRUALS

Listed by economic classification

	30 Days	30+ Days	Total	Total
Goods and services	10 698	-	10 698	25 054
Interest and rent on land	-	-	-	-
Transfers and subsidies	125 611	-	125 611	20 124
Capital assets	73 803	-	73 803	25 477
Other	35 477	-	35 477	17 156
Total	245 589	-	245 589	87 811

Listed by programme level

Administration	7 213	4 160
Transport Infrastructure	72 772	29 350
Transport Operations	125 359	20 000
Transport Regulations	40 245	34 301
Total	245 589	87 811

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	Note	2017/18 R'000	2016/17 R'000
20.2 PAYABLES NOT RECOGNISED			
Listed by economic classification			
	30 Days	30+ Days	Total
Goods and services	57	-	57
Interest and rent on land	-	-	-
Transfers and subsidies	-	-	41 356
Capital assets	4 294	-	4 294
Other	-	-	-
Total	4 351	-	4 351
Listed by programme level			
Administration		568	-
Transport Infrastructure		3 783	41 458
Transport Operations		-	-
Transport Regulations		-	-
Total		4 351	41 458
Included in the above totals are the following:			
Confirmed balances with other departments	Annex 4	7 521	9 811
Confirmed balances with other government entities	Annex 4	37 173	19 721
Total		44 694	29 532

Included in the year end accrual balance for 2017/18 is accrual totalling R3.108 million that relate to project which is 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.

21. EMPLOYEE BENEFITS

*Leave entitlement	32 970	32 034
Service bonus (Thirteenth cheque)	18 362	17 740
Performance awards	9 436	8 084
Capped leave commitments	22 756	24 437
**Other	1 535	1 447
Total	85 059	83 742

**Included herein is negative leave entitlement to the value of R 406,087.63 which occurred as a result of the pro-rata calculation of leave taken as at 31 March 2018.*

***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.*

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22. LEASE COMMITMENTS

22.1 OPERATING LEASES*

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
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
Later than 5 years			-	-	-
Total lease commitments			11 722	13 250	24 972

2016/17	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year			10 798	4 082	14 880
Later than 1 year and not later than 5 years			11 620	5 270	16 890
Later than 5 years			-	-	-
Total lease commitments			22 418	9 352	31 770

**Included in the operating lease commitment is the lease agreement relating to the leased facilities at the Driving Licence Testing Centre (Xavier Junction Premises) which expires in 2019. The future minimum lease payments expected to be made for the next twelve month is R8.981 million. This figure include an annual escalation of 10%.*

22.2 FINANCE LEASES**

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	-	-	-	3 639	3 639
Later than 1 year and not later than 5 years	-	-	-	2 261	2 261
Later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	5 900	5 900

2016/17	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				712	712
Later than 1 year and not later than 5 years				1 291	1 291
Later than 5 years				-	-
Total lease commitments				2 003	2 003

***The Department did not enter into any material finance leasing during the year under review.*

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	<i>Note</i>	2017/18	2016/17
		R'000	R'000
23. ACCRUED DEPARTMENTAL REVENUE			
Tax revenue		427 387	362 869
Total		427 387	362 869
23.1 ANALYSIS OF ACCRUED DEPARTMENTAL REVENUE			
Opening balance		362 869	301 212
Less: amounts received		(3 717 041)	(3 404 962)
Add: amounts recognised		3 793 248	3 482 229
Less: amounts written-off/reversed as irrecoverable		(11 689)	(15 610)
Closing balance		427 387	362 869
23.2 ACCRUED DEPARTMENT REVENUE WRITTEN OFF			
Nature of losses			
Writing off of interest in relation to outstanding road traffic act fees		11 689	15 610
Total		11 689	15 610
24. IRREGULAR EXPENDITURE			
24.1 RECONCILIATION OF IRREGULAR EXPENDITURE			
Opening balance		4 425 558	2 821 465
Prior period error		-	-
As restated		4 425 558	2 821 465
Add: Irregular expenditure – relating to prior year		-	641
Add: Irregular expenditure – relating to current year		2 086 924	2 379 460
Less: Prior year amounts condoned		(4 300 284)	(775 989)
Less: Current year amounts condoned		-	-
Less: Amounts not condoned and recoverable		-	-
Less: Amounts not condoned and not recoverable		-	(19)
Closing balance		2 212 198	4 425 558
Analysis of awaiting condonation per age classification			
Current year		2 086 924	2 379 460
Prior years		125 274	2 046 098
Total		2 212 198	4 425 558

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24.2 DETAILS OF IRREGULAR EXPENDITURE – ADDED CURRENT YEAR (RELATING TO CURRENT AND PRIOR YEARS)

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
Extension of Bus subsidy contracts, devolved from the National Department of Transport (NDoT),	The department has referred some of this irregular expenditure to the National Treasury for condonation.	2 052 599
Extension of security and cleaning service contracts due to an ongoing litigation process.	The department has referred some of this irregular expenditure to the National Treasury for condonation.	23 418
Payments in relation to Disciplinary Inquiry	Investigations has been conducted and concluded. Disciplinary actions have been taken against the relevant official.	861
Construction of intermodal public transport facilities at the station precincts of Vereeniging	The Department will refer this expenditure to the National Treasury for condonation.	10 046
Total		2 086 924

24.3 DETAILS OF IRREGULAR EXPENDITURE CONDONED

Incident	Condoned by (condoning authority)	2017/18 R'000
Bus subsidy contracts	National Treasury	4 300 284
Total		4 300 284

25. FRUITLESS AND WASTEFUL EXPENDITURE

25.1 RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Opening balance		437	935
Prior period error			
As restated		437	935
Fruitless and wasteful expenditure – relating to current year		147 981	2
Less: Amounts resolved		(147 981)	(500)
Less: Amounts transferred to receivables for recovery	15.6	(437)	-
Closing balance		-	437

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	Note	2017/18 R'000	2016/17 R'000
25.2 ANALYSIS OF AWAITING RESOLUTION PER ECONOMIC CLASSIFICATION			
Current		-	437
Capital		-	-
Transfers and subsidies		-	-
Total		-	437

25.3 ANALYSIS OF CURRENT YEAR'S (RELATING TO CURRENT AND PRIOR YEARS) FRUITLESS AND WASTEFUL EXPENDITURE

Incident	Disciplinary steps taken/criminal proceedings	2016/17 R'000
Court order payment-Leasing of Photocopy Machines	Condoned	11
Court order payment-Routine Roads Maintenance contracts	Condoned	147 970
Total		147 981

26. RELATED PARTY TRANSACTIONS

Revenue received		
Tax revenue	-	-
Sales of goods and services other than capital assets	-	-
Total	-	-
Payments made		
Goods and services	-	-
Interest and rent on land	-	-
Total	-	-
Year end balances arising from revenue/payments		
Receivables from related parties	-	-
Payables to related parties	-	-
Total	-	-
In kind goods and services provided/received		
<i>List in kind goods and services between the department and the related party</i>	-	-
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 (2017/18): g-Fleet Management R 15.953 and R 4.703 million respectively which are payments made for fleet services and salaries, these transactions were at arm's length. Gautrain Management Agency (GMA) R 1.833 billion (Total value of transfer payments made during the year). Key Management Personnel are deemed to be related parties, for 2017/18 financial year a total amount of R 24.828 million was paid as compensation to Key Management Personnel. Please refer to note 34 for a detailed breakdown of payments made in 2017/18 financial year as compensation to Key Management Personnel.

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27. KEY MANAGEMENT PERSONNEL

	No. of Individuals	2017/18 R'000	2016/17 R'000
Political office bearers (provide detail below)	1	1 978	1 902
Officials:			
Level 15 to 16	6	9 557	8 922
Level 14 (incl. CFO if at a lower level)	14	13 293	14 360
Total		24 828	25 184

28. PUBLIC PRIVATE PARTNERSHIP

Concession fee received	1 833 694	2 812 089
MTEF	1 833 694	2 812 089
Unitary fee paid	-	-
Fixed component	-	-
Indexed component	-	-
Analysis of indexed component	-	-
Compensation of employees	-	-
Goods and services (excluding lease payments)	-	-
Operating leases	-	-
Capital / (Liabilities)	-	-
Tangible rights	-	-
Intangible rights	-	-
Other	-	-
Prepayments and advances	-	-
Pre-production obligations	-	-
Other obligations	-	-
	-	-

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 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 2017/18 financial year, The Department transferred R 1.833 billion to ensure business continuity and service delivery. For additional information pertaining to Gautrain asset please refer to GMA Annual Financial Statements.

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29. PROVISIONS

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Retentions		21 254	31 869
Total		21 254	31 869

29.1 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

Reconciliation of movement in provisions – 2016/17

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Total provisions R'000
Opening balance	54 664	-	-	54 664
Increase in provision	21 195	-	-	21 195
Settlement of provision	(40 784)	-	-	(40 784)
Unused amount reversed	(3 206)	-	-	(3 206)
Closing balance	31 869	-	-	31 869

30. NON-ADJUSTING EVENTS AFTER REPORTING DATE

Nature of event	2017/18 R'000
Include an estimate of the financial effect of the subsequent non-adjusting events or a statement that such an estimate cannot be made.	-
Total	-

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31. MOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	472 767	4 775	21 300	(37 213)	461 629
Transport assets	362 086	3 604	5 283	(10 506)	360 467
Computer equipment	56 143	153	4 034	(12 767)	47 563
Furniture and office equipment	17 046	26	7 474	(819)	23 727
Other machinery and equipment	37 492	992	4 509	(13 121)	29 872
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	472 767	4 775	21 300	(37 213)	461 629

Movable Tangible 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	2 621	53 775

Included in the asset register is a total amount of R53.775 million relating to assets that could not be verified at year-end. 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 2017/18 financial year. Please refer to the above table.

31.1 ADDITIONS

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	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	24 428	-	(3 255)	127	21 300
Transport assets	6 748	-	(1 215)	(250)	5 283
Computer equipment	3 910	-	-	124	4 034
Furniture and office equipment	7 083	-	-	391	7 474
Other machinery and equipment	6 687	-	(2 040)	(138)	4 509
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	24 428	-	(3 255)	127	21 300

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31.2 DISPOSALS

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	13 294	23 919	37 213	7 245
Transport assets	10 506	-	10 506	7 141
Computer equipment	57	12 710	12 767	-
Furniture and office equipment	11	808	819	-
Other machinery and equipment	2 720	10 401	13 121	104
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	13 294	23 919	37 213	7 245

The above proceeds (R7.245 million) were received in relation to sale of obsolete and redundant assets through public auction held by the Department during the 2017/18 financial year.

31.3 MOVEMENT FOR 2017/18

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	406 961	-	86 788	(20 982)	472 767
Transport assets	313 068	-	69 870	(20 852)	362 086
Computer equipment	50 069	-	6 204	(130)	56 143
Furniture and office equipment	13 828	-	3 218	-	17 046
Other machinery and equipment	29 996	-	7 496	-	37 492
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	406 961	-	86 788	(20 982)	472 767

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31.4 MINOR ASSETS

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR 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
Opening balance	-	102	-	33 318	-	33 420
Value adjustments	-	(1)	-	554	-	553
Additions	-	-	-	5 251	-	5 251
Disposals	-	(80)	-	(388)	-	(468)
TOTAL MINOR ASSETS	-	21	-	38 735	-	38 756

	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	-	-	-	21 870	-	21 870
TOTAL NUMBER OF MINOR ASSETS	-	-	-	21 877	-	21 877

Minor Capital Assets under investigation

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	10 568	15 623

*Included in the asset register is a total amount of **R15.623 million** relating to assets that could not be verified at year-end. 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 2017/18 financial year.*

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR 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
Opening balance	-	102	-	31 618	-	31 720
Prior period error	-	-	-	-	-	-
Additions	-	-	-	1 700	-	1 700
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	102	-	33 318	-	33 420

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	-	26 171	-	26 171
TOTAL NUMBER OF MINOR ASSETS	-	-	-	26 171	-	26 171

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31.5 MOVABLE ASSETS WRITTEN OFF

MOVABLE ASSETS WRITTEN OFF FOR 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

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2017

	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	-	-	-	-	-	-
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	-	-	-

31.6 S42 MOVABLE CAPITAL ASSETS

MAJOR ASSETS SUBJECTED TO TRANSFER IN TERMS OF S42 OF THE PFMA - 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
No. of Assets	-	-	-	-	-	-
Value of the Assets (R'000)	-	-	-	-	-	-

MINOR ASSETS SUBJECTED TO TRANSFER IN TERMS OF S42 OF THE PFMA - 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
No. of Assets	-	-	-	-	-	-
Value of the Assets (R'000)	-	-	-	-	-	-

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32. INTANGIBLE CAPITAL ASSETS

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening Balance	Value adjustments	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

32.1 ADDITIONS

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	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	211	-	-	-	211
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	211	-	-	-	211

32.2 DISPOSALS

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
SOFTWARE	-	7	7	-
TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS	-	7	7	-

32.3 MOVEMENT FOR 2017/18

MOVEMENT IN INTANGIBLE 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
SOFTWARE	25 371	-	218	-	25 589
TOTAL INTANGIBLE CAPITAL ASSETS	25 371	-	218	-	25 589

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33. IMMOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening Balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	39 141 202	-	380 658	(234)	39 521 626
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 IMMOVABLE TANGIBLE CAPITAL ASSETS	39 376 821	-	399 336	(234)	39 775 923

33.1 ADDITIONS

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES	966 060	75 850	(661 252)	-	380 658
Other fixed structures	966 060	75 850	(661 252)	-	380 658
LAND AND SUBSOIL ASSETS	18 678	-	-	-	18 678
Land	18 678	-	-	-	18 678
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	984 738	75 850	(661 252)	-	399 336

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32.2 DISPOSALS

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	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	-	234	234		-
Other fixed structures	-	234	234		-
LAND AND SUBSOIL ASSETS					
Land	-	-	-		-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	-	234	234		-

33.3 MOVEMENT FOR 2017/18

MOVEMENT IN IMMOVABLE 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
BUILDINGS AND OTHER FIXED STRUCTURES	38 174 889	-	966 313	-	39 141 202
Dwellings	-	-	-	-	-
Non-residential buildings	-	-	-	-	-
Other fixed structures	38 174 889	-	966 313	-	39 141 202
LAND AND SUBSOIL ASSETS	185 635	-	49 984	-	235 619
Land	185 635	-	49 984	-	235 619
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	38 360 524	-	1 016 297	-	39 376 821

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33.4. CAPITAL WORK-IN-PROGRESS

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

	<i>Note</i> <i>Annexure 7</i>	Opening balance	Prior period error	Additions	Disposals
		R'000	R'000	R'000	R'000
Buildings and other fixed structures		1 017 300	661 252	75 850	1 602 702
Machinery and equipment					
TOTAL		1 017 300	661 252	75 850	1 602 702

Accruals and payables not recognised relating to Capital WIP

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
[Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress]		62 574	-
TOTAL		62 574	-

AGE ANALYSIS ON ONGOING PROJECTS	Number of projects		2017/18
	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
Longer than 5 Years	-	-	-
Total	125	17	1 602 702

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

	<i>Note</i> <i>Annexure 7</i>	Opening balance 1 April 2017	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance
		R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures		-	-	-	-	1 017 300
TOTAL		-	-	-	-	1 017 300

33.5 S42 IMMOVABLE ASSETS

Assets subjected to transfer in terms of S42 of the PFMA – 2017/18

	Number of assets	Value of assets R'000
BUILDING AND OTHER FIXED STRUCTURES	-	-
Other fixed structures	-	-
TOTAL	-	-

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34. PRINCIPAL-AGENT ARRANGEMENTS

34.1 DEPARTMENT ACTING AS THE PRINCIPAL

	Fee paid	
	2017/18	2016/17
	R'000	R'000
Ekurhuleni Metropolitan Municipality	334 263	315 939
Mogale City	29 217	28 975
Sedibeng Municipality	69 045	65 753
Randfontein Municipality	15 714	16 177
Westonaira Municipality	7 931	7 960
City of Johannesburg	272 740	262 788
Tshwane Metropolitan Municipality	174 392	159 040
South African Post Services	153 396	140 392
Merafong District Municipality	12 274	12 728
*Randwest Municipality	1 874	-
Total	1 070 846	1 009 750

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.

**During the financial year 2017/18 Randfontein and Westonaria Municipality were merged and formally known as the Randwest Municipality with effective from March 2018. An amount of R1.874 million was retained for the services rendered.*

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.

34.2 DEPARTMENT ACTING AS THE AGENT

34.2.1 REVENUE RECEIVED FOR AGENCY ACTIVITIES

	-	-
Total	-	-

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.

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35. STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT			2016/17		
	Division of Revenue Act/ Provincial Grants	Roll Overs	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	2 155 063	-	-	-	2 155 063	2 155 063	1 906 072	248 991	88%	2 063 333	2 035 389
Provincial Roads Maintenance Grant	656 183	-	-	-	656 183	656 183	655 732	451	100%	501 784	501 196
EPWP Intergrated Grant for Prov	6 504	-	-	-	6 504	6 504	6 504	-	100%	2 449	2 449
	2 817 750	-	-	-	2 817 750	2 817 750	2 568 308	249 442		2 567 566	2 539 034

36. STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	DoRA and other transfers	Roll Overs	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	R'000	%
Mun B/Acc: Vehicle Licenses Mun	2 000	-	-	2 000	1 750	-	-
TOTAL	2 000	-	-	2 000	1 750	-	-

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ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES (UNAUDITED SUPPLEMENTARY SCHEDULE)

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER				SPENT			2016/17 Division of Revenue Act R'000	
	DoRA and other transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available	Actual Transfer R'000	Funds Withheld R'000	Re- allocations by National Treasury or National Department %	Amount received by municipality R'000	Amount spent by municipality R'000	Unspent funds R'000		% of available funds spent by municipality %
Mun B/Acc: Vehicle Licenses Mun	2 000	-	-	2 000	1 750	-	-	-	-	-	-	1 500
TOTAL	2 000	-	-	2 000	1 750	-	-	-	-	-	-	1 500

ANNEXURE 1B
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS (UNAUDITED SUPPLEMENTARY SCHEDULE)

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2016/17 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Available Transferred %	
Prov DA: Gaurtrain Man Agency	1 833 694	-	-	1 833 694	1 833 694	100%	2 812 089
TOTAL	1 833 694	-	-	1 833 694	1 833 694	100%	2 812 089

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ANNEXURE 1C
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES (UNAUDITED SUPPLEMENTARY SCHEDULE)

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2016/17 Appropriation Act R'000	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Capital R'000		Current R'000
Public Corporations									
Subsidies	2 315 535	-	-	2 315 535	2 052 599	88,6%	-	2 052 599	2 365 706
Public Transport Operation Grant	2 155 063	-	-	2 155 063	1 906 072	88,4%	-	1 906 072	2 212 876
Northwest Star Demarcation	160 472	-	-	160 472	146 527	91,3%	-	146 527	152 830
TOTAL	2 315 535	-	-	2 315 535	2 052 599	88,6%	-	2 052 599	2 365 706

ANNEXURE 1D
STATEMENT OF TRANSFERS TO HOUSEHOLDS (UNAUDITED SUPPLEMENTARY SCHEDULE)

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE			2016/17 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	% of Available funds Transferred	
Transfers								
H/H:Empl S/Ben:Injury on duty	1 040	-	-	1 040	129	12%		110
H/H:Empl S/Ben:Leave gratuity	3 005	-	-	3 005	4 893	163%		1 330
H/H:Claims Against State (Cash)	93 000	-	-	93 000	113 184	122%		3 513
TOTAL	97 045	-	-	97 045	118 206			4 953

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ANNEXURE 1E
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED (UNAUDITED SUPPLEMENTARY SCHEDULE)

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2017/18	2016/17
		R'000	R'000
Received in kind			
Directorate: Communications and Media Liaison	Birchwood Hotel (Jazz Tickets)	-	3
New Africa Development (NAD)	Construction of Road K54	-	55 154
Hwibidu Security Services Cc	PA system for sports event	7	-
AVBOB	Metals for sports event	1	-
TOTAL		8	55 157

ANNEXURE 1F
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE (UNAUDITED SUPPLEMENTARY SCHEDULE)

NATURE OF GIFT, DONATION OR SPONSORSHIP	2017/18	2016/17
	R'000	R'000
Made in kind		
Sponsorship for the UATPI Transport Conference and Exhibition made to Intelligent Transport Society South Africa	-	450
TOTAL	-	450

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ANNEXURE 2
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2018 (UNAUDITED SUPPLEMENTARY SCHEDULE)

Nature of Liability	Opening Balance 1 April 2018 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/ reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2018 R'000
Claims against the department					
Claims against the department	877 398	126 852	292 490	-	711 760
TOTAL	877 398	126 852	292 490	-	711 760

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ANNEXURE 3
CLAIMS RECOVERABLE (UNAUDITED SUPPLEMENTARY SCHEDULE)

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18 *	
	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	Receipt date up to six (6) working days after year end	Amount R'000
Department								
Gauteng Department of Health	-	3	-	-	-	3	-	-
Limpopo Department of Public Works, Roads and Infrastructure	22	-	-	-	22	-	-	-
Sub Total	22	3	-	-	22	3	-	-
Other Government Entities								
g-Fleet Management	948	1 203	-	-	948	1 203	-	-
Sub Total	948	1 203	-	-	948	1 203	-	-
TOTAL	970	1 206	-	-	970	1 206	-	-

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ANNEXURE 4
INTER-GOVERNMENT PAYABLES (UNAUDITED SUPPLEMENTARY SCHEDULE)

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2017/18*	
	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	Payment date up to six (6) working days before year end	Amount R'000
DEPARTMENTS								
Current								
National Department of Justice and Constitution Development	3 751	1 311	1 402	299	5 153	1 610	-	-
Government Printing Works	85	16 295	-	-	85	16 295	-	-
Department of Public Service and Administration	440	403	338	-	778	403	-	-
Gauteng Department of Infrastructure Development	3 242	-	-	-	3 242	-	-	-
Department of Labour	3	-	-	-	3	-	-	-
TOTAL DEPARTMENTS	7 521	18 009	1 740	299	9 261	18 308		
OTHER GOVERNMENT ENTITY								
Current								
g-Fleet Management	1 721	2 566	1 866	-	3 587	2 566	-	-
Road Traffic Management Corporation (RTMC)	26 765	17 156	-	-	26 765	17 156	-	-
Driving Licence Card Account (DLCA)	8 687	-	-	-	8 687	-	-	-
Total Other Government Entities	37 173	19 722	1 866	-	39 039	19 722		
TOTAL INTERGOVERNMENTAL	44 694	37 731	3 606	299	48 300	38 030		

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ANNEXURE 5
INVENTORIES (UNAUDITED SUPPLEMENTARY SCHEDULE)

Inventories	Note	Quantity	2017/18	Quantity	2016/17
			R'000		R'000
Opening balance		72 680	26 414	69 935	53 780
Add/(Less): Adjustments to prior year balance		-	-	(3 520)	(2 015)
Add: Additions/Purchases – Cash		50 951	13 495	12 273	21 091
(Less): Issues		(43 239)	(11 465)	(6 008)	(46 442)
Closing balance		80 392	28 444	72 680	26 414

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ANNEXURE 6
MOVEMENT IN CAPITAL WORK IN PROGRESS (UNAUDITED SUPPLEMENTARY SCHEDULE)

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2018

Opening balance	R'000	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000
1 017 300		661 252	(75 850)	1 602 702
1 017 300		661 252	(75 850)	1 602 702

BUILDINGS AND OTHER FIXED STRUCTURES

Other fixed structures

1 017 300	661 252	(75 850)	1 602 702
1 017 300	661 252	(75 850)	1 602 702

	Number of projects		2017/18 Total
	Planned, Construction not started	Planned, Construction started	
Age analysis on ongoing projects			
0 to 1 Year	17	5	693 753
1 to 3 Years	33	10	450 469
3 to 5 Years	75	2	458 480
Longer than 5 Years	-	-	-
TOTAL	125	17	1 602 702

**ANNEXURE 6
MOVEMENT IN CAPITAL WORK IN PROGRESS (UNAUDITED SUPPLEMENTARY SCHEDULE)**

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2017

BUILDINGS AND OTHER FIXED STRUCTURES

Other fixed structures

	Opening balance	Prior period error	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
	1 093 635	-	709 309	(785 644)	1 017 300
	1 093 635	-	709 309	(785 644)	1 017 300
TOTAL	1 093 635	-	709 309	(785 644)	1 017 300



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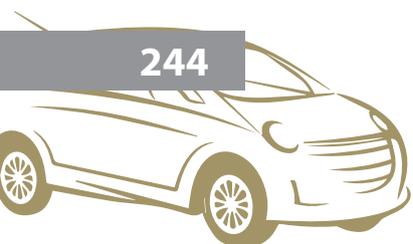
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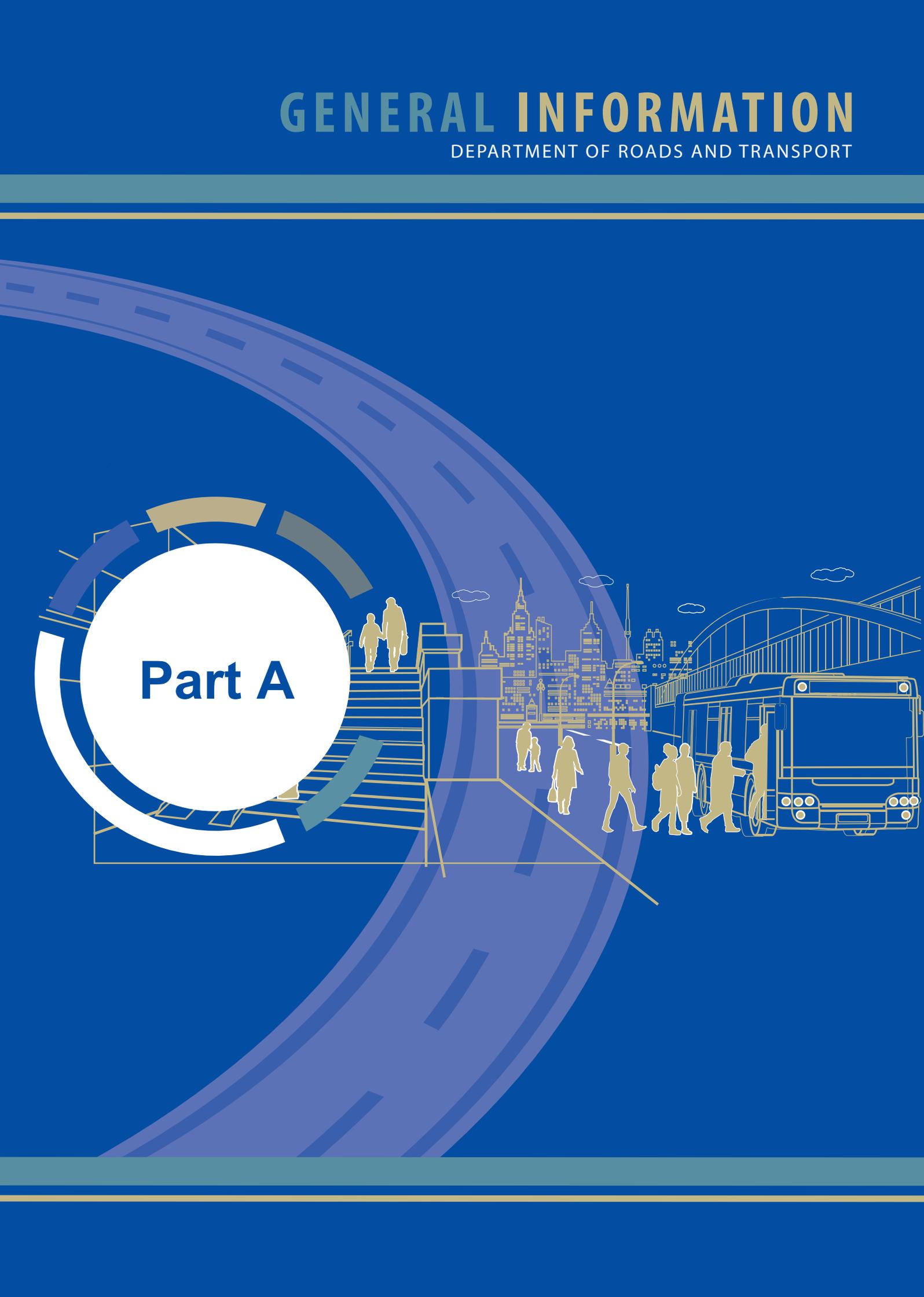
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GENERAL INFORMATION

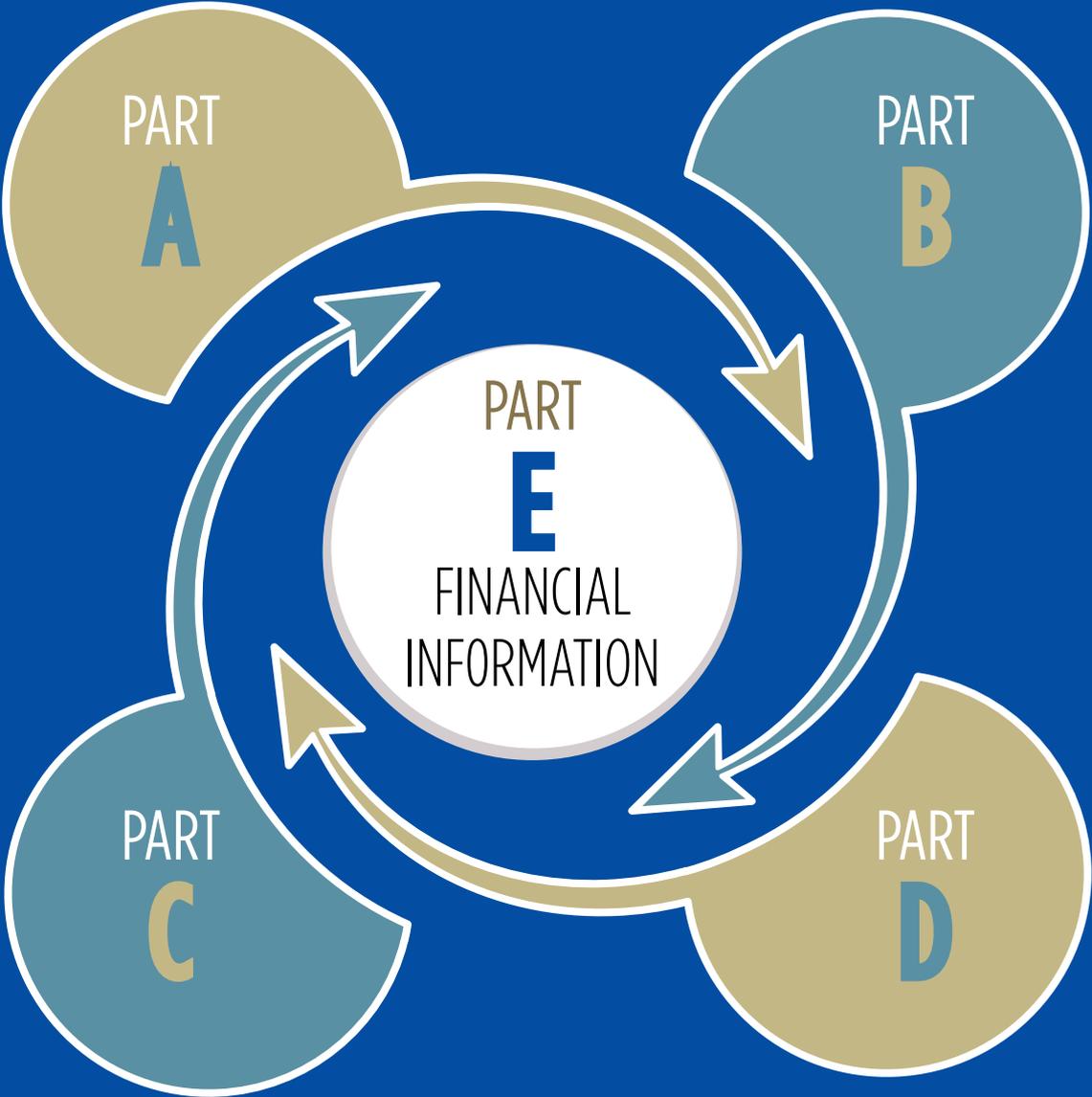
DEPARTMENT OF ROADS AND TRANSPORT

The illustration features a large, curved road with dashed lines on the left side. In the center, a white circle contains the text 'Part A'. To the right, a city skyline is depicted with various buildings, including a prominent skyscraper. In the foreground, a bus is shown with several people walking towards it. The background includes a bridge and a few clouds. The overall style is clean and modern, using a color palette of blues, greens, and golds.

Part A

GENERAL INFORMATION

PERFORMANCE INFORMATION



GOVERNANCE

HUMAN RESOURCE MANAGEMENT

2.3.1 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

2.3.2 LIST OF ABBREVIATIONS/ACRONYMS

AARTO Act	Adjudication of Road Traffic Offences Act
AGSA	Auditor-General of South Africa
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
BAC	Bid Adjudication Committee
BAS	Basic Accounting System
CSD	Central Supplier Database
DAC	Departmental Adjudication Committee
DoT	Department of Transport
DPSA	Department of Public Service and Administration
FIS	Fleet Information System
FML	Fleet Maintenance Lease
FMS	Fleet Management System
HDIs	Historically Disadvantaged Individuals
HoD	Head of Department
HR	Human Resources
ICT	Information and Communication Technology
KPI	Key Performance Indicator
MEC	Member of Executive Council
MTEF	Medium-Term Expenditure Framework
NT	National Treasury
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act
PMDS	Performance Management and Development System
PWDs	People with Disabilities
SCM	Supply Chain Management
SETAs	Skills Education Training Authorities
SLA	Service Level Agreement
SMS	Senior Management Services
SMME	Small, Medium and Micro Enterprises



MS NOXOLO MANINJWA

ACTING CHIEF EXECUTIVE OFFICER**2.3.3 OVERVIEW BY THE CHIEF EXECUTIVE OFFICER (CEO)****OVERVIEW OF FINANCIAL YEAR**

The Entity has continued to implement measures to improve the operational aspect of the organisation as a catalyst towards improved service delivery in all spheres of government. The unqualified audit opinion achieved during the 2016/17 financial year as well as the reduced audit findings are testament of the concerted efforts made by management and all officials in g-FleeT Management to continue to improve financial management, performance and governance.

During the financial period under review, the Entity commenced with the implementation of phase one of the Sustainability Growth Model, as well as phase one of the Information and Communications Technology Strategy. These strategies are aimed at improving the entity's performance and ensuring that it is sustainable in the medium- to long-term.

The process of re-engineering the organisational structure and developing a Service Delivery Model is still going through the final stages of approval by the Department of Public Administration (DPSA).

In the 2017/18 financial year, the Entity's performance was characterised by achievements and challenges. Therefore, it is imperative to give a reflection on the overall performance of the Entity.

TOP MANAGEMENT'S PERSPECTIVE OF THE ENTITY

Fundamentally, management of g-FleeT acknowledges the shortcomings identified by various stakeholders and moving forward; there is unsurpassed committed in turning around the entity to ensure its financial success and sustainability.

ACHIEVEMENTS

Pool fleet rental services

Around pool fleet rental services, the Entity managed to exceed the annual set target of 67%, because of increased demands from client departments.

Vehicle tracking

In relation to tracking services, the planned target of tracking 93% of in-service vehicles was achieved in the last two quarters of the financial year. During the first two quarters, there were challenges to meet the target due to outstanding installations of tracking units in the new vehicles and the delay in de-installations of auction vehicles.

Percentage maintenance spend on (automotive) township business

During the year under review, the Entity committed to improve on its support for the township economy. To this end, the annual target for the percentage of vehicle maintenance expenditure on automotive township businesses was increased from 2% to 5%. In the last two quarters of the financial year, the Entity exceeded the set target due to a new business model which ensures that township businesses are prioritised in terms of work allocation. The focus is on businesses owned by previously disadvantaged groups.

SAP

With the successful implementation of the SAP system in the 2016/17 financial year, the Entity in collaboration with Gauteng Provincial Treasury added two modules since the initial implementation on 1 April 2016. The procure-to-pay, trial balance, general ledger, accounts receivable and other fixed assets modules have been fully implemented with the last two modules being the latest additions in the year under review.

Provision of reliable fleet to clients

In its continued endeavour to provide clients with a reliable fleet, the Entity managed to maintain an average age of vehicles allocated to client departments at less than four years. This achievement is attributed to an effective system of new vehicle procurement and the withdrawal of old vehicles.

30 DAY PAYMENTS

The Entity achieved 88% of payments made within 30 days for the year under review. A continued effort will be made to engage and harness the relationship with the Vendor Management Division at Treasury in a bid to improve and expedite payment processes.

The Entity is continuing to improve systems and processes, including Supply Chain Management (SCM). A functionally effective Supply Chain function is, of course, central to ensuring good governance and socio-economic transformation.

Revenue collection – Auctions (additional information)

NO.	AUCTION DATE	FLEET SOLD (#)	TOTAL PROCEEDS (R)
1	14 to 16 November 2017	452	33,092,281.15
2	14 and 26 June 2017	2 (Judges' vehicles)	585,918.00
3	27 to 28 March 2018	561	40,922,400.25
	TOTAL	1 015	74 600 599.40

The proceeds from sales of redundant vehicles have increased by 33 % as compared to the previous year.

Contribution towards Transformation, Modernisation and Re-industrialisation (TMR)

Table 1.1: Analysis of awards to HDIs

CONTRACTS AWARDED TO ENTERPRISES OWNED BY: HISTORICALLY DISADVANTAGED INDIVIDUALS (HDIs)		
TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)
108	8.82%	19 022 709.44

Table 1.2: Analysis of awards to women

CONTRACTS AWARDED TO ENTERPRISES OWNED BY: WOMEN		
TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)
61	6.12%	13 210 717.81

Table 1.3: Analysis of awards to youth

CONTRACTS AWARDED TO ENTERPRISES OWNED BY: YOUTH		
TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)
28	1.19%	2 566 352.33

Table 1.4: Analysis of awards to PWDs

CONTRACTS AWARDED TO ENTERPRISES OWNED BY: PEOPLE WITH DISABILITIES (PWDs)		
TOTAL NUMBER (#)	TOTAL PERCENTAGE (%)	TOTAL VALUE (R)
3	3.64%	78 439.74

CHALLENGES FACED BY THE ENTITY

FLEET INFORMATION SYSTEM (FIS)

The Entity is using a fleet management system that has been developed more than 20 years ago. The current FIS (version 2) revision project was finalised by the end of March 2017. The Entity launched the FIS (version 3) effective from 1 April 2017 and experienced some challenges which are in the process of being resolved by the system developer. The system will be utilised while the Entity is working on further improving the control environment and digitisation of the environment which would require a new fleet information system.

TRAFFIC FINES

One of the challenges that the Entity continues to encounter is in relation to the Administration and Adjudication of Road Traffic Offences (AARTO, Act 46 of 1998) Act. The AARTO Act (1998) presents a challenge for the Entity to renew vehicles' licence disks timeously. This is a result of the failure to pay traffic fines by some of the drivers from our client departments. The Entity will continue to pay the traffic fines and bill the affected client departments, while seeking further interventions to address this challenge.

VIP

The average rental utilisation for VIP self-drive was below the planned annual target. The Entity could not meet the demand from clients due to low demand from clients.

MAINTENANCE AND REPAIRS OF VEHICLES

In the financial year under review, the Entity was unable to achieve the planned target for the percentage of vehicles that is compliant to scheduled maintenance. This was caused by some client departments who do not deliver vehicles booked for service maintenance on time. The Entity will continue to send monthly reminders through the key account managers for clients to take vehicles booked for service on time.

In terms of the set target of 20 days for turnaround times on accidents and mechanical repairs,

the Entity experienced challenges with achieving the target. This was due to delays caused by lack of timeous availability of parts for accident repairs. It was further caused by the misalignment of the accident repair process. Through engagements with the RT46 service provider, the accident repair process was reviewed to ensure improvement on the turnaround times.

In addition, the Entity continued to experience challenges with the quality of reports supplied by the service provider, as per the RT46 contract for the first two quarters of the financial year. The report usually comprises of incomplete information, which affects the Entity's ability to effectively monitor and report on performance for maintenance and repairs. The Entity continued to engage the service provider with a view of obtaining credible and relevant information and reports and this information was subjected to internal audit.

30 DAY PAYMENTS

The Entity achieved 88% of payments made within 30 days for the year under review. The Entity will engage and harness the relationship with the Vendor Management Division at Provincial Treasury in a bid to improve and expedite payment processes.

HIGH VACANCY RATE AND INADEQUATE SKILLS

The Entity continues to experience challenges with the high vacancy rate. Currently, it stands at

33%; an alarming figure that is comparatively too high. This is due to the moratorium on vacant

posts instituted by the Department. This continues to impact negatively on the Entity's operations and hampers the ability to effectively and efficiently render services due to inadequate skills levels.

All critical positions within the organisation were identified and a submission was approved by the Member of the Executive Council (MEC) to advertise and fill the critical vacant posts. The posts will be filled during the 2018/19 financial year.

REVENUE COLLECTION

Notwithstanding the continuous debt collection measures implemented by the Entity, some client departments are still not honouring their debt on time for various reasons. This also impacts negatively on the Entity's cash flow that might harm future development.

Letters of notice to suspend fuel cards were dispatched in September 2017 and February 2018 to all client departments whose accounts were more than 60 days overdue. To a large extent, this resulted in some positive outcomes in that some departments paid their long outstanding balances and others submitted payment plans through engagements and strengthened debt recovery strategies. The Entity managed to recover R784 million during the financial year under review.

FUTURE PLANS

The Entity developed a Service Delivery Model during the 2016/17 financial year. The Service Delivery Model provides the transformation framework towards a developmental, modernised and innovative mode of service delivery by the Entity. It shall directly contribute to a longer term and sustainable system for the delivery of a modernised, automated and client-orientated mode of rendering government fleet services.

In the 2018/19 financial year, the Entity will consciously focus on the implementation of the Turnaround Strategy, the implementation of phase two for the Sustainability Model, the Annual Performance Plan and revised 2014-2019 Strategic Plan to ensure continuous rejuvenation of the Entity.

VEHICLE TRACKING TENDER

The vehicle tracking tender was cancelled during the financial year under review. It is envisaged that the process of appointing a new vehicle tracking service provider will be continued during the 2018/19 financial year.

In line with one of the Entity's strategic objectives of measuring clients' satisfaction levels with the products and services, the Entity will commission customer satisfaction research for the 2018/19 financial period. Outcomes of the customer research will provide the Entity with feedback that will assist to determine the impact of interventions implemented to address findings from the 2016/17 report.

FIS

The Entity will implement phase two of the Information and Communication Technology (ICT) Strategy during the 2018/19 financial year. The ICT team will be undergoing market research on the availability of relevant systems in the market so that the best system and fit to the organisation can be found.

income received through the sales of redundant vehicles during public auction and income received from using transport provided to government employees travelling from Pretoria to Johannesburg because of provincial departments being moved from Pretoria after 1994.

The results of the actual collections for 2017/18 and the comparative year are depicted in Table 2.3.4.1 below:

OVERVIEW OF THE FINANCIAL RESULTS OF THE TRADING ENTITY

STATEMENT OF FINANCIAL PERFORMANCE

RECEIPTS

The Entity's main source of income is derived from the charging of leasing of vehicles and interest received on credit bank balance. This is supplemented with the

Table 2.3.4.1: Revenue collected

Entity receipts	2017/2018			2016/2017		
	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	760 000	784 370	(24 370)	819 583	730 993	88 590
Revenue from non-exchange transactions – interest from bank, accident claims and tender income	20 447	50 428	(29 981)	19 473	28 307	(8 834)
Transport fees	1 680	1 532	148	3 400	1 457	1 943
Auction fees	60 900	74 632	(13 732)	58 000	56 047	1 953
Total	843 027	901 357	(67 935)	900 456	816 804	83 652

As per statement of financial performance, total revenue from services rendered by the Entity increased to R 994 million (2016/17: R 877.2 million). Revenue from leasing of vehicles increased by 3.77% to R 796 million (2016/17: R 767.2 million). This can be attributed to vigorous replacement and acquisition of vehicles.

Interest earned from positive bank account increased by 52% to R 48.1 million (2016/17: R 31.6 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.

Revenue from auction of vehicles increased by 33% to R 74.6 million (2016/17: R 56 million). This increase is because more vehicles were auctioned compared to the previous year.

Table 2.3.4.2: Expenditure versus budget

Programme name	2017/2018			2016/2017		
	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	5 390	4 886	504	2 935	2 674	261
Office of the COO	1 690	1 131	559	2 849	1 398	1 451
Office of the CFO	10 769	10 630	139	14 723	15 394	(671)
Financial services	15 558	14 705	853	15 010	17 833	(2 823)
Corporate Services	56 631	38 454	18 177	65 388	26 575	38 813
Marketing and Communication	11 367	9 237	2 130	6 441	8 475	(2 034)
Maintenance Services	119 218	131 158	-11 940	86 373	117 359	(30 986)
Transport Support Service	226 862	211 004	15 858	214 673	190 991	23 682
Permanent Fleet	343 320	291 847	51 473	314 904	221 749	93 155
VIP and Pool	16 213	17 466	-1 253	15 825	16 553	(728)
Total	807 018	730 518	76 501	739 121	619 001	120 120

Total expenditure increased by 19% to R692.8 million (2016/17: R581 million). This is due to increase in employee costs; and repairs and maintenance expenditure. Furthermore, the increase in expenditure is expenditure due to the bad debts written off.

The employee costs increased by 7.13% to R80.7 million (2015/16: R75.3 million). This increase is due to a general salary increase.

The surplus for the year increased by 1.84% to R301 million (2016/17: R296 million). The increase is the result of increased revenue.

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 non-current assets increased by 5.64% to R1.3 billion (2016/17: R1.2 billion). The Entity acquired motor vehicles to the value of R298 million. There were also additions to furniture and fixtures R3.5 million, assets under construction improvements R2.2 million and computer software improvements R262 thousand.

The receivables from exchange transactions increased by 15% to R247 million (2016/17: R215 million). The debtor's days decreased by 2% (the ratio indicating debt levels

to revenue generated from such debtors) is 117 days on 31 March 2018 (31 March 2017: 119 days).

The Entity could convert its debt receivable into cash and this is reflected in the increase of cash funds to R 894.9 million (2016/17: R743.1 million).

The accumulated surplus increased from R2.1 billion on 31 March 2017 to R2.4 billion on 31 March 2018.

CASH FLOW STATEMENT

The cash generated from operating activities increased to R 895 million (2016/17: R 810 million). This is mainly due to increase services rendered to user departments.

The cash spent on investing activities was at levels of R88 million higher than the previous financial year. This is mainly due to increase in vehicle purchases. The acquisition of property, plant and equipment increases to R296 million (31 March 2017: R215 million).

TARIFFS

Vehicles are purchased via the RT 57 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. 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. The 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 clients using fuel cards. These costs are charged to clients monthly based on actual costs incurred on the fuel cards allocated to them. No exceptions, discounts or free services are offered to clients.

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 vehicles that reached the end of their respective life cycles were sold at public auctions.

UNAUTHORISED, FRUITLESS AND WASTEFUL EXPENDITURE

Cases of irregular expenditure were reported during the current financial year, three of which come from the previous financial year. 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), leasing of office equipment (printers) and the entity making use of MTN cell phone provider without existence of a contract and expired security services contract.

SUPPLY CHAIN MANAGEMENT

The Entity deals with orders below R500 000 thresholds while tenders are awarded by the Bid Adjudication Committee (BAC) of which the Entity has a representative. In the current financial year, 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. All these gifts are signed and fully declared in the Entity's register for gifts and donations. The Entity further also received test drives from different manufacturers.

EXEMPTIONS AND DEVIATIONS RECEIVED FROM NATIONAL TREASURY

The Trading Entity received no exemption in terms of the Public Finance Management Act (PFMA, Act 1 of 1999) or Treasury Regulations or deviation from the financial reporting requirements for the current and/or previous financial year.

EVENTS AFTER THE REPORTING DATE

There are no subsequent events to be reported upon.

ACKNOWLEDGEMENTS / APPRECIATION

I wish to thank the MEC and HOD who have vested a great deal in assisting g-Fleet 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.



Ms. N. Maninjwa

Acting CEO

DDG: g-FleeT Management

Date: 31 May 2018

2.3.4 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.

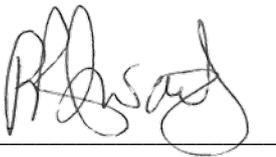
The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

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 department for the financial year ended 31 March 2018.

Yours faithfully,



Mr. R. Swartz
Accounting Officer
Department of Roads and Transport
Date: 31 May 2018

2.3.5 STRATEGIC OVERVIEW

Vision

We keep government service delivery on the move.

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.

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
COMPETENCE	<p><i>We commit to be competent and excellent at all times.</i></p> <p><i>We undertake to deliver services with passion, excitement and enthusiasm.</i></p> <ul style="list-style-type: none"> – Our people are able to do the tasks they are appointed to do, live our values and always strive for excellence. – 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.
ACCOUNTABILITY	<p><i>We pledge to be answerable to our stakeholders in the execution of our mandate and service delivery activities.</i></p> <p><i>We commit to deliver a service that meets our stakeholders' expectations.</i></p> <ul style="list-style-type: none"> – We have a clear understanding of our objectives, roles, delegations and responsibilities. – 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. – As individuals, we take responsibility and ownership for our outcomes and accept the consequences of failure to do so.

CORE VALUES	DETAILED DESCRIPTION
INTEGRITY	<p><i>We commit to be ethical, professional, principled, fair and just in our conduct.</i></p> <p><i>We pledge to uphold sound principles of institutional management and efficient systems and processes in service delivery.</i></p> <ul style="list-style-type: none"> – We seek for truth and greater understanding of it in each situation and we do the right things. – 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.
RESPONSIVENESS	<p><i>We shall be approachable, receptive and quick to respond to stakeholder needs.</i></p> <ul style="list-style-type: none"> – We take our fellow public servants seriously, listening and hearing their voice. (listening a lot and talking less) – 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. – 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.

2.3.6 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:

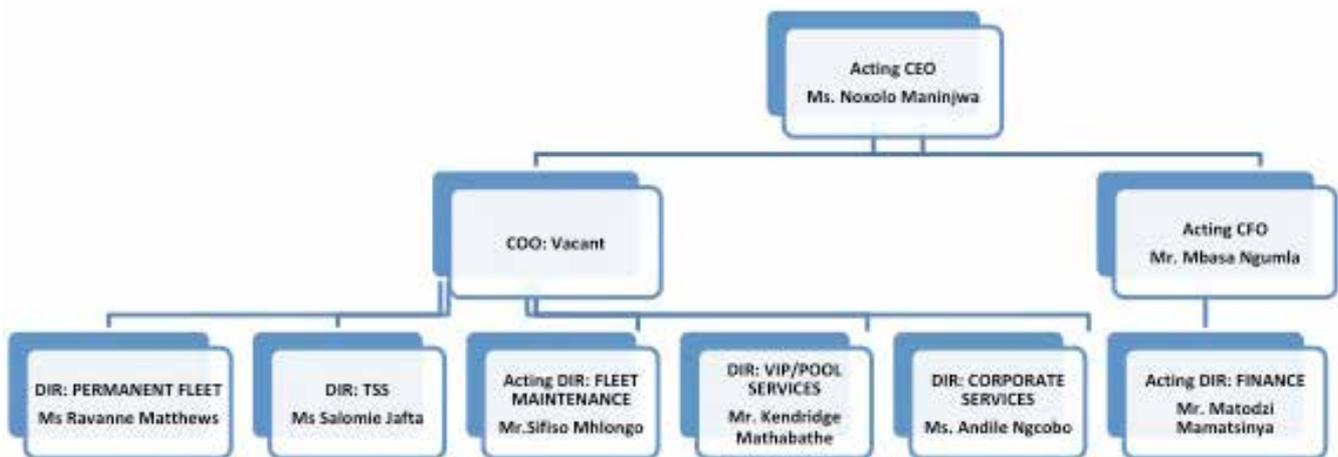
- Cross-Border Road Transport Act (Act 4 of 1998).
- Road Traffic Act (Act 29 of 1989).
- PFMA (1999).
- National Environmental Management Act (Act 107 of 1998).
- Road Traffic Management Corporation Act (Act 20 of 1999).
- National Road Traffic Act (Act 93 of 1996).
- National Road Traffic Safety Act (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 2007).

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.

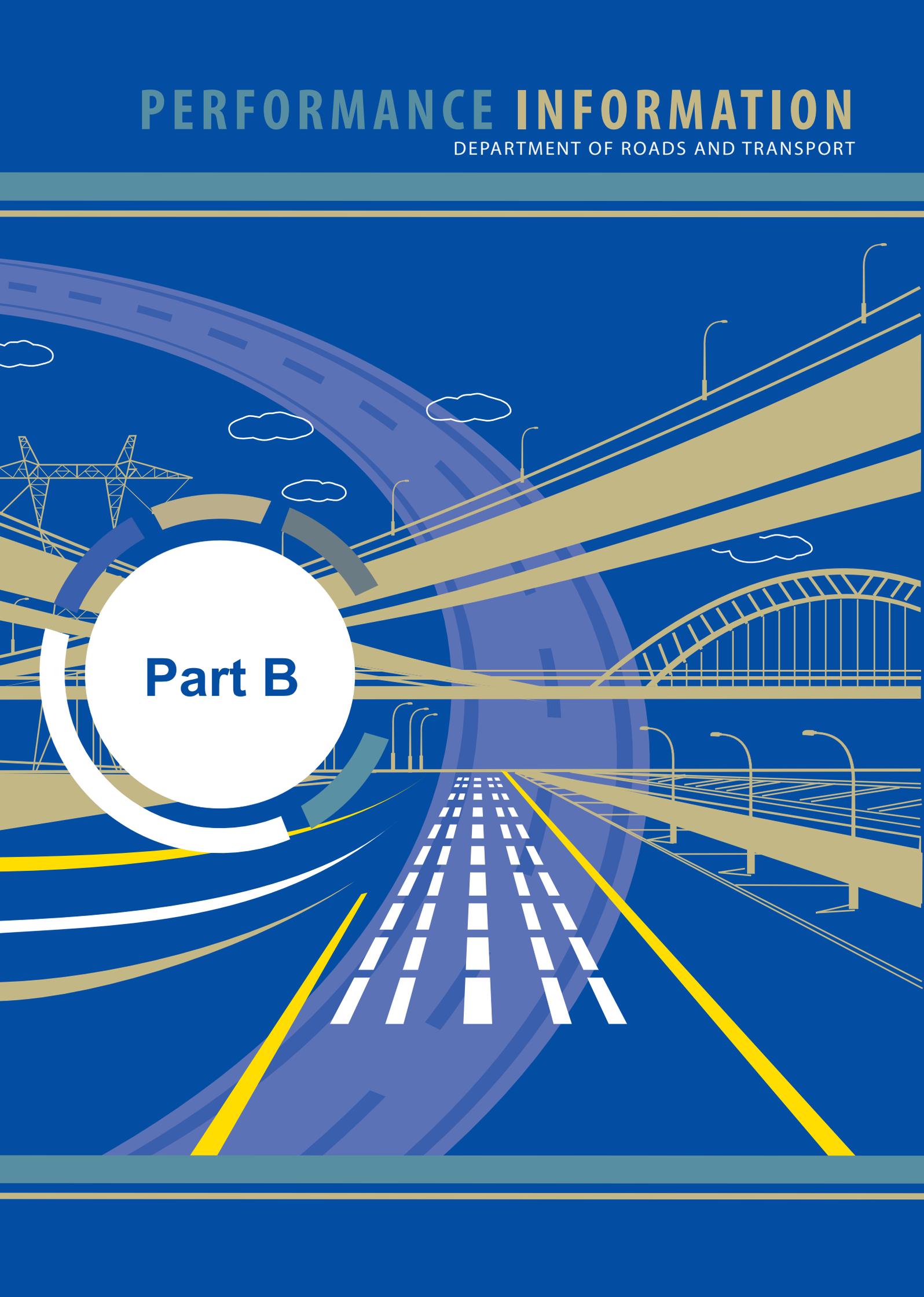
2.3.7 ORGANISATIONAL STRUCTURE





PERFORMANCE INFORMATION

DEPARTMENT OF ROADS AND TRANSPORT



Part B

The background features a stylized illustration of a road network. A central road with white dashed lane markings and yellow edge lines leads towards the horizon. To the left, a large white circle contains the text 'Part B'. The scene is overlaid with various road infrastructure elements: elevated highways in shades of blue and gold, a bridge with a white arch, and power line towers. The sky is dark blue with white cloud outlines. The overall design is modern and graphic.



2.4.1 AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (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 audit of the annual performance report* section of the auditor's report.

Refer to page 314 of the Report of the Auditor General, published as Part E: Financial Information.

2.4.2 OVERVIEW OF ENTITY PERFORMANCE

SERVICE DELIVERY ENVIRONMENT FOR 2017/18

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 year under review, the provision of maintenance and fuel management services under the transversal RT46-2014 contract to government continued to experience challenges.

The provision of the report by the service provider, on vehicles due for routine maintenance to establish the compliance levels, had challenges in terms of accuracy of the information for the first two quarters of the year under review. The Entity continued to work with the RT46 service provider to improve and monitor the quality of information.

RT57: Procurement of vehicles contract

The transversal contract RT57 issued by NT for the procurement of vehicles, which was due in April 2016 was only approved in September 2016. The delay caused a backlog in the procurement of new vehicles and the spending of the allocated budget.

The under-serviced debt owed to the entity by its clients departments

Various departments had financial difficulties which resulted in them not honouring their debt on time.

Letters of notice to suspend fuel cards were dispatched to clients in September 2017 and February 2018 to clients whose accounts were more than 60 days overdue. This approach yielded positive results in that some departments honoured their long outstanding balances. Other departments submitted payment plans through engagement with the Entity.

The Gauteng Department of Health owes the entity 45% of its total debtors.

Organisational environment for 2017/2018

This section deals with internal factors that have had an impact on the ability of the Entity to deliver on its commitments during the financial year under review.

Improved audit outcome: The process of implementing the Sustainability Plan and ICT Strategy to improve the performance and internal control systems of the Entity is still underway and is ongoing.

Protect movable assets through vehicle tracking: The Entity planned to appoint a new service provider during the year under review. The tracking tender was cancelled during November 2017. This negatively affected the turnaround time to ensure that new vehicles were delivered to client departments with all fitments within 20 days. The Entity received approval for single sourcing continuation with Talisfleet from Provincial Treasury in December 2017 for a period of 12 months for 8 584 tracking units.

The SLA was approved by the HoD in March 2018.

High vacancy rate: The Entity continues to experience challenges with its high vacancy rate. Currently it stands at 33%, an alarming figure that is comparatively too high. This is due to the moratorium of vacant posts instituted by the Department.

The Entity has finalised the Service Delivery Model and structure during the 2017/18 financial year and is awaiting DPSA approval. The MEC has approved the submission for the filling of critical funded posts. These positions will be filled during the 2018/19 financial year.

2.4.3 STRATEGIC OUTCOME-ORIENTED GOALS

The following strategic priorities/goals represents the 2014-2019 Strategic Plan and 2017/2018 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.
Justification	This goal will ensure that financial processes, systems and controls will be implemented and monitored by staff with the requisite expertise.

2.4.4 PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 1: OPERATIONAL MANAGEMENT SERVICES

This programme is responsible for providing fleet management services that are effective, efficient and client-focused.

The following is the sub-programme structure:

- Permanent Fleet.
- Fleet Maintenance.
- Transport Support Services.

Strategic objective 1: Provide clients with reliable fleet.

Programme name: OPERATIONAL MANAGEMENT SERVICES						
Strategic objectives	Performance indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations (reason)
Provide clients with reliable fleet	Average age of allocated fleet	3.4 years	≤4 Years	3.4 Years	+0.6 Years	The intake of new vehicles procured and the withdrawal of old vehicles resulted in a positive fleet age.
	Percentage of vehicles compliant to scheduled maintenance	89.75%	80%	46.25%	-33.75%	Client Departments are not taking vehicles that are due for service as per scheduled manufacturer's specifications.

Strategy to overcome areas of under performance

Maintenance – This KPI has been removed from the 2018/19 APP. The KPI will be included and reported on the 2018/19 Operational Plan (OPS). The OPS plan will be revised and re-worded to reflect serviced vehicles against vehicles that had skipped the scheduled service (overdue). The Entity will also in future issue penalties to the departments who do not service their vehicles as per manufacturer's service schedules.

Changes to planned targets and objectives

None.

Programme expenditure

Sub- programme name	2017/2018			2016/2017		
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure
Permanent Fleet	343 320	291 847	51 473	314 904	221 749	93 155
Fleet Maintenance	119 218	131 158	-11 940	86 373	117 081	-30 708
Total	462 538	423 005	39 533	401 277	338 830	62 447

Strategic objective 2: To provide quality and value-added client service by monitoring vehicle location and maintaining turn-around times of 20 days.

The following is the sub-programme structure:

- Transport Support Services.
- Fleet Maintenance.

Programme name: OPERATIONAL MANAGEMENT SERVICES						
Strategic objectives	Performance indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations (reason)
To provide quality and value-added client service by monitoring vehicle location and maintaining turn-around times of 20 days	Percentage of in-service vehicles tracked	92% (6399)	93%	93.6% (6230)	+0.6%	Auction on 27 March 2018 Total current fleet =6937 less the exempt vehicles of 285=6 652 100% in-service vehicles=6 652 Exempt vehicles: National Prosecuting Authority – 109 Department of Justice and Constitutional Development – 147 Office of the Premier – 15 Department of Mineral Resources – 14 Total - 285
	Average turnaround time for accidents and mechanical repairs	18 Days	20 Days	23.5 Days	-3.5 Days	Delays on accident repairs are due to the misaligned RT46 accident repairs process.

Strategy to overcome areas of under performance

Fleet maintenance – The accident repair process between the Entity and the RT46 service provider has been reviewed, realigned and will be implemented.

Changes to planned targets and objectives

None.

Programme expenditure

Sub-programme name	2017/2018			2016/2017		
	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	226 862	211 004	15 858	214 673	190 958	23 715
Fleet Maintenance	119 218	131 158	-11 940	86 373	117 081	-30 708
Total	346 080	342 162	3 918	301 046	308 039	-6 993

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.
- ICT.

Strategic objective1: Optimise return on investment.

Programme name: Operations and Finance						
Strategic objectives	Performance indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations (reason)
Optimise return on investment	Average number of business days from delivery of vehicle to active vehicle contract (permanent vehicles only)	23 business days	20 business days	23 business days	-3 days	The unavailability of tracking units delayed the vehicle preparation process. The contract extension with the tracking service provider was only finalised on 1 March 2018.
	Average rental utilisation of available VIP self-drive	66.35%	Average rental utilisation of 67%	64.84%	-2.16%	Low demand from clients
	Average rental utilisation of Pool Fleet	66.35%	Average rental utilisation of 67%	91.14%	+24.14%	Elevated demand from clients

Programme name: Operations and Finance continued						
Strategic objectives	Performance indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations (reason)
Optimise return on investment	Annual Tariff Structure submitted to Treasury for approval	Reviewed tariff structure has been submitted to National Treasury and approved	Implementation of the approved tariff Review of tariff for 18/19 for submission to Treasury for approval	Memo has been submitted to Treasury	- -	- -
	Implementation of sustainability model	Sustainability model has been developed and approved	Phase 1 implementation of sustainability model	33% partially achieved.	Delays in the implementation of projects under the 6 identified key drivers	Expedite the implementation of projects
	Percentage decrease in average debtor days	22% (119 days)	20%	Decreased by 2% (117 days)	18%	The Gauteng Department of Health owes 45% of g-Fleet's total debtors. This Department has been encountering financial problems in the past years. The Entity would have attained 92 days in terms of average collection, which equates to a decrease in 22%.

Strategy to overcome areas of under performance

VIP – Implement vigorous internal review processes on systems and services. Through frequent review of utilisation reports, the entity will be able to identify weaknesses that require urgent intervention within VIP performance status. Allocations of VIP vehicles will be prioritised where need or demand is more urgent.

Finance – The Debtors Management Policy of the Entity was adopted by the Executive Management Committee during the last quarter of the year under review; this will assist in streamlining the debt collection process. As a short-term measure a collection prioritisation strategy will be developed which will be aimed at the top ten client departments. This will include a collective approach to resolve disputes, reconcile the accounts and formulation of realistic payment plans. Should all recovery processes fail, the Entity will have no choice but to suspend the fuel cards of all non-paying departments.

Medium-to long-term strategy will be developed to assist struggling client departments to properly structure and right size their fleets.

Changes to planned targets and objectives

None.

Programme expenditure

Sub-programme name	2017/2018			2016/2017		
	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	16 213	17 466	-1 253	15 825	16 542	-717
Finance	15 558	14 705	853	15 010	16 517	-1 507
Total	31 771	32 170	-399	30 835	33 059	-2 224

Strategic objective 2: Engender organisational and culture change

Programme name: Operations and Finance						
Strategic objectives	Performance indicator	Actual achievement 2016/2017	Planned target 2017/2018	Actual achievement 2017/2018	Deviation from planned target to actual achievement for 2017/2018	Comment on deviations (reason)
Engender organisational and culture change.	Percentage of undisputed invoices paid within 30 days from receipt of invoice	83%	100% (1 808 invoices)	88% (1 591 invoices paid within 30 days)	12% (217 invoices paid outside 30 days)	Suppliers not having registered properly on the Central Supplier Database. Price differences in vehicle prices which negatively affected the purchasing orders.
	Audit outcome (Auditor- General)	Unqualified opinion	Unqualified audit opinion for 16/17 FY	Unqualified audit opinion for 16/17 FY	-	-
	Implementation of ICT Strategy/Plan	ICT Strategy approved by HoD	Phase 1 implementation of ICT Strategy	50% of Phase 1 implemented	-50%	CRM: Procured through e-Government System still under development. e-DRMS: Procured through DRT. Business requirement not completed. Licenses not sufficient for g-Fleet processes. FIS market research: Deferred to the next financial year by the Steering Committee, based on the approach to be adopted which includes getting assistance from e-Government System.
	Percentage of maintenance spent on (automotive) township businesses	2%	4%	5% (R6 286 398.55)	+1% (R6 2 863.98)	The over achievement can be attributed to the engagement mandate between g-Fleet and RT-46 service provider that has been updated.

Strategy to overcome areas of underperformance

ICT – projects that involve other stakeholders has been escalated and special attention is being implemented to address the delay in the roll-out of these projects.

Finance – Open purchasing orders for all invoices and payment automation for invoices will expedite the payments.

Changes to planned targets and objectives

None.

Programme expenditure

Sub-programme name	2017/2018			2016/2017		
	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	56 631	38 454	18 177	65 388	28 214	37 174
Total	56 631	38 454	18 177	65 388	28 214	37 174

2.4.5 CAPITAL INVESTMENT

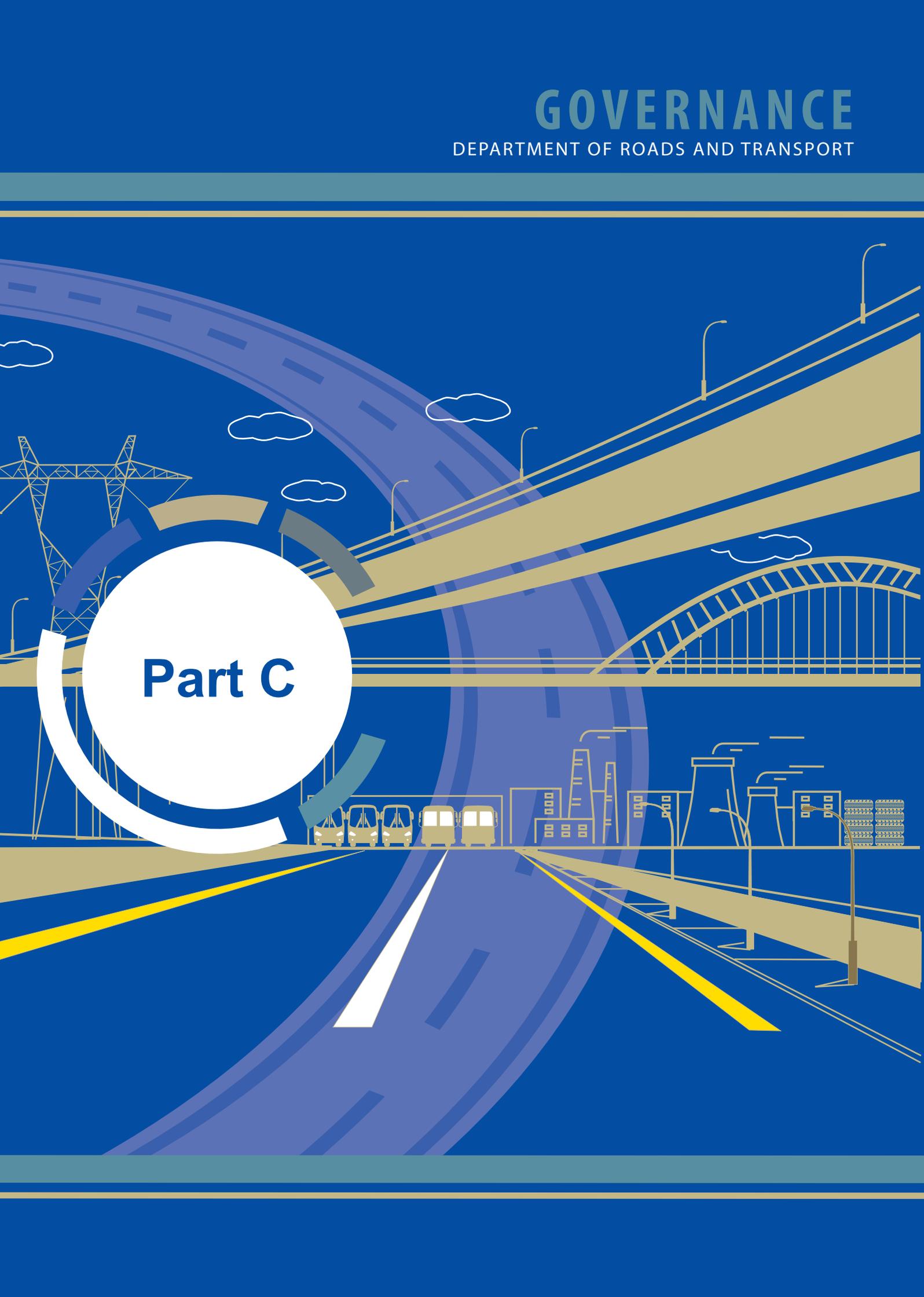
CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Infrastructure projects	2017/2018			2016/2017		
	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	336 164	297 802	38 362	308 000	226 065	81 935
Existing infrastructure assets	0	0	0	0	0	0
Upgrades and additions	5 004	2 185	2 819	21 038	1 082	19 956
Rehabilitation renovations and refurbishments	0	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	341 168	299 987	41 181	329 038	227 147	101 891



GOVERNANCE

DEPARTMENT OF ROADS AND TRANSPORT



Part C



Approved Strategic Risk Assessment for 2017/ 2018 financial year



Completed Operational Risk Assessment for all business units

Governance



Subscription to zero-tolerance stance against fraud and corruption



Inclusion of Entity into the Gauteng Department of Roads and Transport Fraud Prevention Plan

2.5.1 INTRODUCTION

The Trading Entity's commitment to maintain the highest standards of governance is fundamental to the effective management of public finances and resources. Furthermore, it is important to reassure stakeholders that the Trading Entity has good governance structures in place to effectively, efficiently and economically utilise State resources, which are funded by tax payers.

2.5.2 RISK MANAGEMENT, FRAUD AND CORRUPTION

The Risk Management Committee at the Entity assumes the responsibility for enterprise-wide risk management through coordination of the identification, analysis, mitigation and monitoring of all risks facing the trading entity and ensures compliance with the PFMA (1999) and other related legislature. Risk Management Committee is fully functional and there is active involvement of senior management and visible leadership in risk governance.

The main objective of the risk management approach is to establish and maintain appropriate systems and processes to ensure effective and efficient management of risks facing the Trading Entity.

The Strategic Risk Assessment for 2017/18 financial year has been approved and the Operational Risk Assessment for all business units was also completed for the 2017/18 financial year. Staff performance contracts include the risk management function to ensure that uncertainty over performance objectives is eliminated or kept to the minimum. Consequently, there is a significant achievement for risk management processes in ensuring that a strong risk management culture is instilled in the operations and business of the entity.

The Entity subscribes to the zero-tolerance stance against fraud and corruption. In a bid to ensure that fraud and corruption activities are eliminated, the Entity works in partnership with the Gauteng Department of Roads and Transport and the Gauteng Provincial Treasury. The Gauteng Department of Roads and Transport has an approved Fraud Prevention Plan that includes the Entity.

The Fraud Risk Assessment for the Entity was concluded and the Fraud Prevention Plan has been approved and the action plans are being monitored and implemented. The emerging risks process is in place, identified emerging risks are being mitigated.

PROGRESS MADE IN ADDRESSING THE IDENTIFIED RISKS

As per the risk management philosophy, only the top ten high risks are treated as urgent and should be regularly monitored. The Entity conducted the strategic risk assessment and therefore identified multiple high risks but prioritised the top eight high risks which had a residual rating of high to medium. The identified risks will be closely monitored.

Of the top eight high inherent risks, two showed a high residual rating i.e. there were no sufficient controls to manage the risks. Mitigating factors to manage the risks were provided for an improvement of the control environment. The Trading Entity is monitoring the movement of the rating and provides progress report on a quarterly basis to the Audit Committee.

All the eight risks are still applicable and will be monitored on a continuous basis. The Entity has implemented action plans to address some of the risks, while other risks still need to be addressed. The Entity has established a process for emerging risk management. The emerging risks are identified and discussed at Risk Management Committee and the measures and controls are put in place to manage the risks.

2.5.3 MINIMISING CONFLICT OF INTEREST

The Entity, through the internal control systems, monitored by the Office of the MEC ensures that all its SMS members declare their interest on an annual basis in line with the requirements of the Public Service Commission.

Employees on levels 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 bi-annually to evaluate whether legislative requirements and/or prescripts were 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 (GPG) departments or entities'.

2.5.4 CODE OF CONDUCT

The entity utilises the DPSA Code of Conduct. Cases of misconduct are escalated to the Gauteng Department of Roads and Transport for investigation.

2.5.5 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

ESTABLISHMENT OF OCCUPATIONAL HEALTH AND SAFETY (OHS) COMMITTEE

The entity has re-established the OHS Committee; its focus is the monitoring of the occupational standards of the organisation in accordance with the law and the wellbeing of the staff. The committee members will be going through rigorous training in the different areas of occupational health and safety which will cover: fire fighting, fire marshalls, first aiders; safety, health and environment reps and evacuation processes and procedures in alignment with the Act.

The OHS report review of the entity outlining the shortcomings of the organisation are being addressed and going forward they have been incorporated into the operational plans and projects of the Facilities and Security Unit to ensure continued alignment and adherence to the OHS regulations and policy.

2.5.6 PORTFOLIO COMMITTEES

Reporting by	Reporting to	Method	Matters reported	Timing of the report	Action taken on matters report
Internal Audit	Audit Committee	Formal report, reporting in meetings	Any relevant matter	Varies	Varies
Audit Committee	Accounting Authority/Officer	Minutes of Audit Committee meetings	Any relevant matter	Varies	Varies
Accounting Authority/Officer	MEC	Formal report, reporting in meetings	Any relevant matter	Varies	Varies
g-FleeT management: CEO, COO and CFO	R&T Portfolio Committee	Presentation	First quarter (17/18) Financial and non-financial performance.	April – June 2017	A report is sent and presented to the R&T Portfolio Committee.
g-FleeT management: CEO, COO and CFO	R&T Portfolio Committee	Presentation	Second quarter (17/18) Financial and non-financial performance	July – Sept 2017	A report is sent to the R&T Portfolio Committee.
g-FleeT management: CEO, COO and CFO	R&T Portfolio Committee	Presentation	Third quarter (17/18) Financial and non-financial performance	October – December 2017	A report is sent and presented to the R&T Portfolio committee.
g-FleeT management: CEO, COO and CFO	Audit Committee	Presentation.	First quarter (17/18) Financial and non-financial performance.	April – June 2017	A Report is sent and presented to the Audit Committee.
g-FleeT management: CEO, COO and CFO	Audit Committee	Presentation	Second quarter (17/18) Financial and non-financial performance	July – September 2017	A report is sent and presented to the Audit Committee.
g-FleeT Management: CEO, COO and CFO	Audit Committee	Presentation	Third quarter (17/18) Financial and non-financial performance	October – December 2017	A report is sent and presented to the R&T Portfolio Committee.

2.5.7 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.	<p>All critical positions within the organisation were identified and a submission requesting to advertise critical posts has been approved by the MEC. The posts will be advertised and filled by the end of quarter four by the Entity.</p> <p>All approved Standard Operating Procedures are being implemented and monitored monthly. With effect from November 2017, the Entity has introduced the process of compiling monthly financial statements as part of month-end procedures.</p>	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 2017.	<p>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 quarter one and quarter two has been given to Internal Audit and the AGSA as part of planned interim audits.</p> <p>Feedback from these institutions will give an independent assessment which will assist the Entity in identifying areas that still require attention.</p>	Ongoing.
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.	<p>Both quarter one and quarter two financial statements were reviewed by the Gauteng Provincial Treasury.</p> <p>Through engagements, the Gauteng Provincial Treasury has also agreed to extend their reviewing process to monthly interim financials effective from January 2018.</p> <p>GRAP trainings are attending on an annual basis to enhance technical skills and understanding of applicable standards and is planned to take place in March 2018 through the Gauteng Provincial Treasury.</p>	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 address challenges relating to irregular expenditure within 30 days of adoption hereof and thereafter every quarter continuing up until the end of June 2018.	<p>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.</p> <p>The Standard Operating Procedure for Purchases and Accounts payable has been fully implemented.</p> <p>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.</p>	Ongoing

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.	Ongoing
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. 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 quarter two, 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.	Management team meets on a weekly basis to report on progress in terms of their key performance areas. 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.	Ongoing.

2.5.8 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. Appropriate actions will be informed by the outcomes of the investigation process.
Fruitless and wasteful expenditure (non-compliance with PFMA, 1999)	2014/15	All fruitless and wasteful expenditure transactions are being investigated. Appropriate actions will be informed by the outcomes of the investigation process.
Contractual obligations and money owned by the Entity were not settled within 30 days (non-compliance with PFMA, 1999)	2014/15	SAP has been fully implemented and the Purchases and Accounts Payable Standard Operating Procedure is being continuously implemented. With effect from quarter two, the entity paid all valid claims/invoices within 30 days upon receipt.

2.5.9 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.

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 Gauteng Audit Services performs reviews on g-FleeT processes and through the audit findings and audit recommendations the identified inadequate controls or lack of controls are strengthened and new effective and efficient ones put in place.

2.5.10 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

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
Janice Meissner	04
Masaccha Mbonambi	00 (Resigned 09 July 2017)
George Higgins	05
Leon Langelibalele	03 (Appointed 08 November 2017)

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

Noxolo Maninjwa (Acting CEO)	05
Mbasa A. Ngumla (Acting Chief Financial Officer)	05
Solomon Kodisang (Acting Chief Risk Officer)	04
Lorraine Francois (Chief Audit Executive)	01 (Resigned 8 May 2018)
Luthendo Makhadi (Acting Chief Audit Executive)	02 (Appointed 10 May 2018)

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 and Information and Communication Technology (ICT) Governance

The Audit Committee has observed that the overall control environment of the Entity has continued to improve during the year under review. Some deficiencies in the system of internal control and deviations were reported in the Internal Audit reports. Overall, although the weaknesses within the finance control environment were improved and maintained in particular with the improvements and actions taken to recover long outstanding debtors. However the Audit Committee is disappointed that the weaknesses in the non-financial control from an operational perspective has not being adequately addressed resulting in issues raised in the performance against predetermined objectives. Most of the Internal Audit work performed concluded on partly adequate and effective system of internal controls. The Audit Committee has raised its concern over the sustainability of leadership with regards to vacancies in key management positions.

The Audit Committee also reviewed progress with respect to the ICT Governance in line with the ICT Framework issued by the Department of Public Services and Administration. Great attention must still be given to the operating systems of the Entity. The implementation of the Disaster Recovery Plan and the capacitation of the Information Technology structure remains a concern and IT in general continues to be a high risk for the Entity which has to be mitigated on an ongoing basis.

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 Departments in the Province.

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. The Audit Committee is satisfied that the Internal Audit has discharged its functions and responsibilities during the year under review.

The Audit Committee wishes to stress that in order for the Internal Audit Function to operate at optimal level as expected by the Audit Committee, the shortage in human resources and skills within the function should be addressed.

Risk Management

Progress on the departmental risk management was reported to the Audit Committee on a quarterly basis. The Audit Committee is satisfied that proactive steps are now being taken to manage the risks of the Entity and although improvements have been noted it is critical that the Entity mitigates the significant risks. It is emphasised that Management should take full responsibility for the entire Enterprise Risk Management Process and continue to enhance the performance of the Entity. It is the request of the Audit Committee for the Entity to substantially improve in the maturity of risk management.

Forensic Investigations

Investigations into alleged financial irregularities, financial misconduct and fraud were completed during the year under review. Furthermore, certain investigations are still in progress. 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.

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

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.

Evaluation of Annual Financial Statements

The Audit Committee is comfortable that the Annual Financial Statements have been prepared in terms of the South African standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the PFMA. The Audit Committee has also:

- Discussed the audited Annual Financial Statements to be included in the Annual Report, with the AGSA and the Accounting Officer;
- Reviewed the Audit Report of the AGSA;
- Reviewed the AGSA's Management Report and Management's response thereto; and
- Reviewed the Entity's compliance with legal and regulatory provisions.

Auditor-General's report

The Audit Committee concurs with and accepts the conclusion and audit opinion of the AGSA on the Annual Financial Statements and the performance report. The Audit 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 comfortable that given the implementation of effective and efficient controls, these matters should be adequately dealt with in future periods.

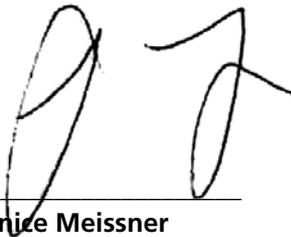
The external audit function performed by the AGSA is independent of the Entity. The Audit Committee has met with the AGSA to ensure that there are no unresolved issues and acknowledges the diligence and cooperation of the AGSA's team.

One-on-One Meeting with the Accounting Officer

The Audit Committee has met with the Accounting Officer and Chief Executive Officer for the Entity to address unresolved issues.

One-on-One Meetings with the Executive Authority

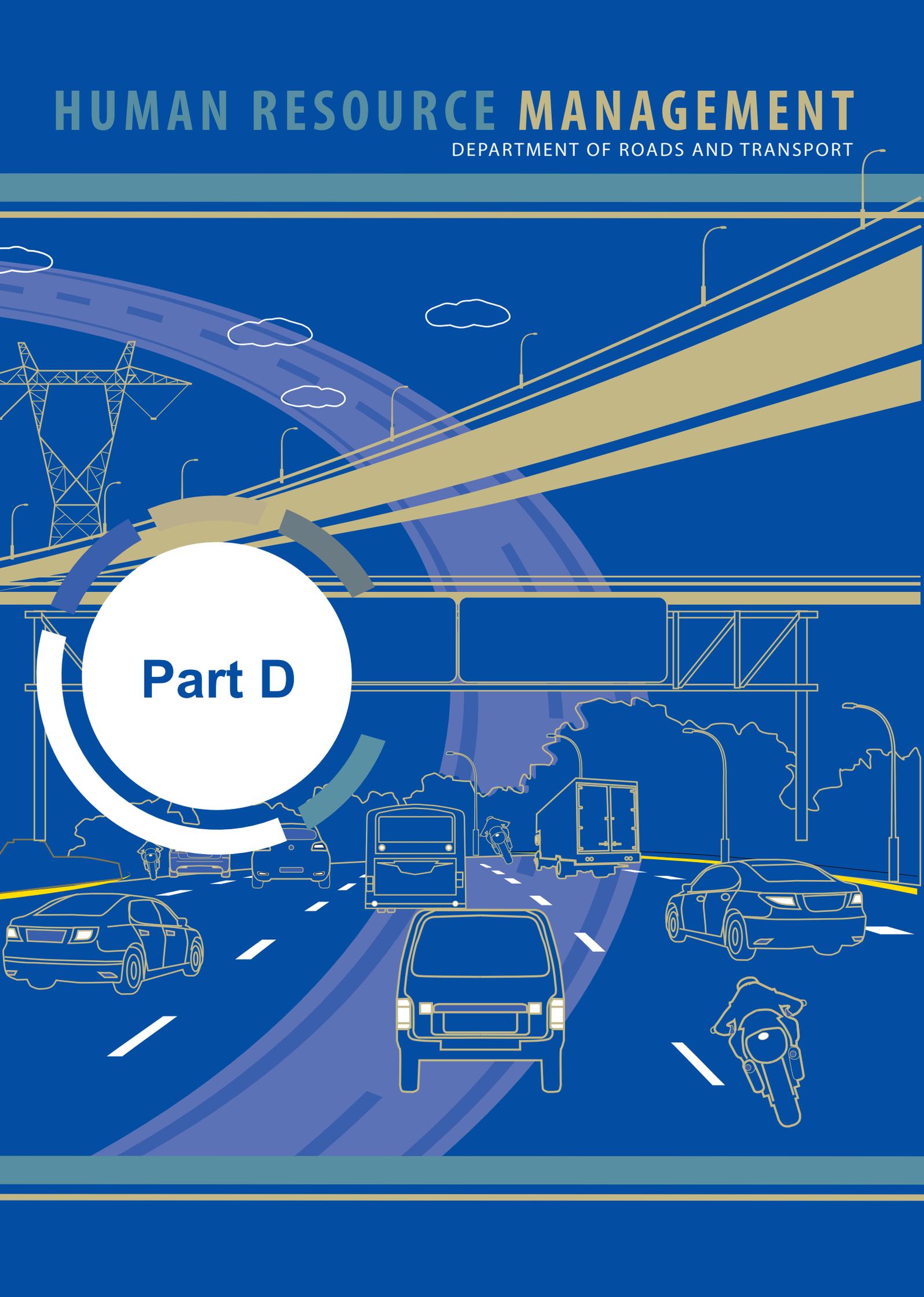
The Audit Committee has met with the Executive Authority for the Entity to apprise the MEC on the performance of the Entity.



Ms. Janice Meissner
Chairperson of the Audit Committee
31 July 2018

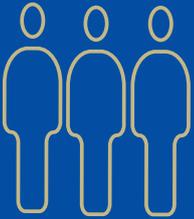
HUMAN RESOURCE MANAGEMENT

DEPARTMENT OF ROADS AND TRANSPORT



Part D

Highlights



Schemes
fitness programme

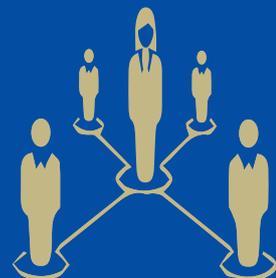


2 Human
Resource Roadshows
conducted



**Trained
Employees**

Increased updates on
health messages



Registered the Entity's
staff to be part of the
Government Employees
Medical Schemes fitness programme

2.6.1 INTRODUCTION

With the approval of the Human Resources five-year Strategic Plan approved in the 2014/15 financial year; the implementation of the plan is well underway. A great focus has been on the improvements of people management practises within the organisations and the holistic wellbeing of the capital resources of the organisation.

The high vacancy rate of the organisation is still a factor particularly in specialist areas and requires urgent attention; however, the absorption of contract worker has reduced number of vacancies drastically. The Entity currently still has seven members of staff who are still on contract between levels eight and twelve. The delay in the filling of posts is influenced by the moratorium of November 2016 which is still in place; coupled with the finalisations and sign off of the new organisational structure by the DPSA.

There has been a strong drive in the implementation of the training and development plan. With the assistance of the different sector education and training authority and speciality bodies a great number of staff has received accredited training through the various levels and areas. These trainings are linked to individual's deliverables and ongoing performance within their area of work.

Performance management and development systems have received a lot of focus within the entity and a steady growth in the numbers on compliance. Through various information sessions and roadshows that have been conducted to drive the linkages of individual performs, to operational output and deliverables to strategic outcomes at a micro level; as well as the link to training and development.

EMPLOYEE HEALTH AND WELLNESS PROGRAMME

The wellbeing of our capital resources, our staff, has taken centre stage through the roll out of the Wellness Programme addressing matters that are foremost concern of the staff as per the results of the staff climate survey. Communication and stakeholder engagement within the Entity has been pushed and engendered an improvement in the moral of the staff as they participate eagerly in the various projects roll-outs.

The Corporate Services directorate implemented two HR roadshows which covered matters that affects staff and the organisation in relation to governance. Topics covered included: Risk Management, Fraud and Corruption, HR policies and frameworks (Pension, Injury on Duty, Occupational Health and Safety, Employee Assistance and Labour).

The Corporate Services directorate further released communication and updates on health messages through the Entity's newsletter in line with international calendar health awareness.

The Entity hosted an annual Wellness Day in which 239 employees participated. Health screenings sessions included testing for hypertension, glucose, cholesterol, HIV testing, tuberculosis testing as well as cancer screening.

Opportunities such as testing for breast cancer were also hosted by the Entity where 39 female employees participated and received their testing results.

The Entity also managed to register the Entity's staff to be part of the Government Employees Medical Scheme fitness programme. This programme encourages employees to get active and achieve physical fitness. 150 staff members are actively part of this programme.

The Employee Assistance Programme referred seven employees through Careways during the 2017/18 financial year. Careways is a 24-hour service that provides staff and their immediate family members with confidential support and advice on health and personal issues.

2.6.2 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 2017 and 31 March 2018

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	5 390	2 664	0	0	49%	740
Office of the COO	1 690	1 094	0	0	65%	497
Office of the CFO	10 769	889	0	0	8%	468
Financial services	15 558	12 557		0	81%	263
Corporate Services	56 631	9 461	1 307	0	17%	239
Marketing and Communication	11 367	8 596	0	0	76%	306
Maintenance Services	119 218	9 734	0	0	8%	235
Transport Support Services	226 862	10 799	0	0	5%	255
Permanent Service	343 320	6 205	0	0	2%	327
VIP/Pool Services	16 213	17 429		0	107%	238
Total	807 018	79 427	1 307	0	10%	266

Table 3.1.2 Personnel costs by salary band for the period 1 April 2017 and 31 March 2018

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)	274	0.2%	2	137
Skilled (levels 3-5)	24 482	27%	107	163
Highly skilled production (levels 6-8)	26 960	35%	77	281
Highly skilled supervision (levels 9-12)	20 523	27%	34	477
Senior and top management (levels 13-16)	7 188	11%	7	899
Total	79 427	100%	227	1 957

Table 3.1.3 Salaries, overtime, home owners' allowance and medical aid by programme for the period 1 April 2017 and 31 March 2018

Programme	Salaries		Overtime		Home owners' allowance		Medical aid	
	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	2 664	3%		0%	15	1%	22	1%
Office of the COO	1 094	1%		0%	0	0%	41	4%
Office of the CFO	889	1%		0%	25	3%	55	6%
Financial Management	12 557	16%	49	0%	270	2%	560	4%
Corporate Services	9 461	12%	10	0%	260	3%	544	6%
Marketing and Communication	8 596	11%	3	0%	210	2%	285	3%
Maintenance Services	9 734	12%	44	0%	317	3%	596	6%
Transport Support Services	10 799	14%	47	0%	314	3%	332	3%
Permanent Service	6 205	8%	82	1%	227	4%	655	11%
VIP/Pool Services	17 429	22%	1 551	9%	748	4%	811	5%
Total	79 427	100%	1 787	2%	2 386	3%	3 901	5%

Table 3.1.4 Salaries, overtime, home owners' allowance and medical aid by salary band for the period 1 April 2017 and 31 March 2018

Salary bands	Salaries		Overtime		Home owners allowance		Medical aid	
	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)	274	0.3%	2	0.11%	30	1%	15	0.38%
Skilled (levels 3-5)	24 482	31%	1 492	83%	1 007	42%	1 567	40%
Highly skilled production (levels 6-8)	26 960	34%	243	14%	780	33%	1692	43%
Highly skilled supervision (levels 9-12)	20 523	26%	50	3%	404	17%	545	14%
Senior management (level 13-16)	7 188	9%		0%	165	7%	83	2%
Total	79 427	100%	1 787	100%	2 386	100%	3 902	100%

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 2018

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	6	1%	0
Levels 11-12	18	15	1%	0
Levels 7-10	126	88	11%	0
Levels 1-6	180	114	19%	0
Total	332	223	32%	0

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2018

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)	14	2	4%	0
Skilled (levels 3-5)	149	105	13%	0
Highly skilled production (levels 6-8)	111	76	11%	0
Highly skilled supervision (levels 9-12)	50	34	5%	0
Senior management (levels 13-16)	8	6	1%	0
Total	332	223	33%	0

3.3 FILLING OF SMS POSTS

Table 3.3.1 SMS post information as on 31 March 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%	0	0%
Salary level 13	6	4	98%	2	2%
Total	8	5	98%	2	2%

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
Salary level 16	0	0	0%	0	0%
Salary level 15	1	1	100%	0	0%
Salary level 14	1	1	100%	0	50%
Salary level 13	6	4	98%	2	2%
Total	8	6	98%	2	2%

Table 3.3.3 Advertising and filing of SMS post for the period 1 April 2017 and 31 March 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
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	4	98%	2	2%
Total	8	5	98%	3	2%

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS – advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2017 and 31 March 2018

Reasons for vacancies not advertised within six months
<ul style="list-style-type: none"> The request for the advertisements of vacant posts was not approved during the financial year 2017/18, to accommodate officials in the pool of the Department. The organisational structure was in the process of being revised and the moratorium was instituted on 4 November 2016.
<p>Directors: Fleet Maintenance and Finance as well as COO posts are still vacant due to ongoing moratorium. The three SMS posts will be filled during the 2018/19 financial year.</p>
Reasons for vacancies not filled within six months
<p>The moratorium was instituted on 4 November 2016.</p>

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 2017 and 31 March 2018

Reasons for vacancies not advertised within six months
None.

Reasons for vacancies not filled within six months
Moratorium which was instituted on 4 November 2016 and the new organisational structure is yet to be approved.

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 2017 and 31 March 2018

Salary band	Number of posts on approved establishment	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	14	0	0%	0	0	0	0
Skilled (Levels 3-5)	149	0	0%	0	0	0	0
Highly skilled production (Levels 6-8)	111	0	0%	0	0	0	0
Highly skilled supervision (Levels 9-12)	50	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	332	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 2017 and 31 March 2018

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 2017 and 31 March 2018

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
-	0	-	-	-
-	0	-	-	-
Total number of employees whose salaries exceeded the level determined by job evaluation				-
Percentage of total employed				-

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 2017 and 31 March 2018

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 remuneration exceeded the grade determined by job evaluation in 2016/17					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 2017 and 31 March 2018

Salary band	Number of employees at beginning of period- April 2017	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)	107	0	1	0.8%
Highly skilled production (Levels 6-8)	77	0	2	2.7%
Highly skilled supervision (Levels 9-12)	34	0	0	0%
SMS Band A	5	0	0	0%
SMS Band B	1	0	1	0.3%
SMS Band C	1	0	0	0%
SMS Band D	0	0	0	0
Total	227	0	4	3.8%

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 and 31 March 2018

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	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 2017 and 31 March 2018

Termination type	Number	% of total resignations
Death	1	0.3%
Resignation	-	-
Expiry of contract	-	-
Dismissal – operational changes	1	0.3%
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	2	1%
Transfer to other Public Service departments	-	-
Other	-	-
Total	4	2%
Total number of employees who left as a % of total employment	4	2%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 and 31 March 2018

Occupation	Employees 1 April 2017	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 2017 and 31 March 2018

Salary band	Employees 1 April 2017	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)	2	0	0	2	100%
Skilled (Levels 3-5)	118	0	0	31	26%
Highly skilled production (Levels 6-8)	73	0	0	42	9%
Highly skilled supervision (Levels 9-12)	35	0	0	26	3%
Senior management (Levels 13-16)	6	0	0	3	1%
Total	234	0	0	104	39%

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 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	2	0	0	0	1	2	1	0	6
Professionals	19	1	0	0	9	2	1	2	34
Technicians and associate professionals	22	0	1	4	37	4	1	7	76
Clerks	68	1	0	4	31	1	0	2	107
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	111	2	1	8	78	9	3	11	233
Employees with disabilities	2	0	0	1	1	0	0	0	4

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands on 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	0	0	0	0
Senior management	2	0	0	0	1	2	1	0	6
Professionally qualified and experienced specialists and mid-management	19	1	0	0	9	2	1	2	34
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	22	0	1	4	37	4	1	7	76
Semi-skilled and discretionary decision making	68	1	0	4	31	1	0	2	107
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	111	2	1	8	78	9	3	11	223

Table 3.6.3 Recruitment for the period 1 April 2017 and 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	-	-	-	-	-	-	-	-	-
Senior management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	-	-	-	-	-	-	-	-	-
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	-	-	-	-	-	-	-	-	-
Semi-skilled and discretionary decision making	-	-	-	-	-	-	-	-	-
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Total	-								
Employees with disabilities	-	-	-	-	-	-	-	-	-

Table 3.6.4 Promotions for the period 1 April 2017 and 31 March 2017

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	-	-	-	-	-	-	-	-	-
Senior management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	-	-	-	-	-	-	-	-	-
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	-	-	-	-	-	-	-	-	-
Semi-skilled and discretionary decision making	-	-	-	-	-	-	-	-	-
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
Total	0				0			0	0
Employees with disabilities									

Table 3.6.5 Terminations for the period 1 April 2017 and 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
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	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	1	0	0	0	0	2
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	1
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	3	0	0	1	0	0	0	0	4
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2017 and 31 March 2018

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Suspension without pay	0	0	0	0	0	0	0	0	0
Dismissal	1	0	0	0	1	0	0	0	1

Table 3.6.7 Skills development for the period 1 April 2017 and 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	4	0	0	0	1	2	0	0	7
Professionals	19	1	0	0	9	2	1	2	34
Technicians and associate professionals	22	0	1	5	36	3	1	7	75
Clerks	72	1	0	4	31	1	0	2	111
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	117	2	1	9	77	8	2	11	227
Employees with disabilities	2	0	0	0	1	0	0	0	3

3.7 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

Table 3.7.1 Signing of performance agreements by SMS members as on 31 March 2018

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	-	-	-	-
Salary level 16	-	-	-	-
Salary level 15	1	1	1	100%
Salary level 14	1	1	1	100%
Salary level 13	6	5	5	100%
TOTAL	8	7	7	100%

Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 March 2018

Reasons
None

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 March 2018

Reasons
None

3.8 PERFORMANCE REWARDS

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

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	64	188	130.33	738 746.46	12 025.98
Male	42	110	69.62	463 461.81	5 352.66
Female	22	78	60.71	275 284.65	6 673.32
Asian	1	4	129.17	13 055.05	18 624.28
Male	0	1	62.50	0	9 916.06
Female	1	3	66.67	13 055.05	8 708.22
Coloured	3	11	110.16	414 460.12	14 067.42
Male	1	2	64.71	12 861.90	7 287.44
Female	2	9	45.45	28 598.220	6 779.98
White	3	20	143.14	38 568.84	16 003.24
Male	1	9	74.29	11 791.71	8 630.24
Female	2	11	68.85	26 777.130	7 373.00
Total	71	223	66.21	1 204 830.47	6 068.21
Employees with disabilities	6	8	75.00	2 422 715.99	60 720.92

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 2017 and 31 March 2018

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	
Lower skilled (Levels 1-2)	0	2	0%	606.17	3 157.00	0.76
Skilled (Levels 3-5)	38	105	20%	3 261.06	4 803.00	4.11
Highly skilled production (Levels 6-8)	24	76	16%	3 276.50	7 746.00	4.13
Highly skilled supervision (Levels 9-12)	11	34	7%	1 401.66	10 231.00	1.76
Total	73	217	43%	8 545.39	25 937.00	10.76

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2017 and 31 March 2018

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Lower skilled (Levels 1-2)	0	0	0%	277.61	3 017.55
Skilled (Levels 3-5)	38	105	20%	2 611.50	4 471.74
Highly skilled production (Levels 6-8)	24	76	16%	3 203.63	7 450.31
Highly skilled supervision (Levels 9-12)	11	34	7%	1,237.51	10 061.04
Total	73	217	43%	7 330.25	25 000.64

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 2017 and 31 March 2018

Salary band	Beneficiary profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	
Band A	1	1	17.10	115.88	16 554.20	0.20
Band B	0	1	0.00	0.00	0.00	0.00
Band C	3	5	33.30	82.56	20 639.20	0.50
Band D	0	0	0.00	0.00	0.00	0.00
Total	4	7	50.4	198.44	37 193.4	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 2017 and 31 March 2018

Salary band	01 April 2017		31 March 2018		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 2017 and 31 March 2018

Major occupation	01 April 2017		31 March 2018		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 2017 to 31 December 2017

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)	8	14%	2	13.50	6.00	422.00
Skilled (Levels 3-5)	345	81%	49	38.00	7.00	2 154.00
Highly skilled production (Levels 6-8)	454	73%	51	34.40	7.00	3 293.00
Highly skilled supervision (Levels 9 -12)	122	75%	22	11.00	6.00	1 622.00
Top and senior management (Levels 13-16)	10	66%	3	2.40	6.00	670.00
Total	939	309%	127	98.94	26	8 161.00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2017

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 Coordinating 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 2017 to 31 December 2017

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 2017 to 31 December 2017

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 2017/18 due to non-utilisation of leave for the previous cycle	-	-	-
Capped leave pay-outs on termination of service for 2017/18	4 546.00	3.00	52 860.00
Current leave pay-out on termination of service for 2017/18	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.		X	
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		Two officials from the 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.	X		The Employee Assistance Programme depends on managers to refer via wellness office to the service provider, 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.		X	
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.		X	
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing (VCT)? If so, list the results that you have you achieved.	X		TB screening and voluntary HIV (VCT) ongoing.
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Through distribution of condoms and the facilitation of wellness awareness events.

3.12 LABOUR RELATIONS

Table 3.121 Collective agreements for the period 1 April 2017 and 31 March 2018

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 2017 and 31 March 2018

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	1	0.4%
Written warning	1	0.4%
Final written warning	0	0%
Suspended without pay	1	0.4%
Fine	0	0%
Demotion	1	0.4%
Dismissal	1	0.4%
Not guilty	0	0%
Case withdrawn	0	0%
Total	5	2%

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 and 31 March 2018

Type of misconduct (based on annexure A)	Number	% of total
Abscondment from work	0	0%
Total	0	0%

Table 3.12.4 Grievances logged for the period 1 April 2017 and 31 March 2018

Grievances	Number	% of Total
Number of grievances resolved	1	1%
Number of grievances not resolved	3	1%
Total of grievances not lodged	4	2%

Table 3.12.5 Disputes logged with councils for the period 1 April 2017 and 31 March 2018

Grievances	Number	% of Total
Number of disputes upheld	0	1%
Number of disputes dismissed	0	0%
Total number of disputes lodged	3	1%

Table 3.12.6 Strike actions for the period 1 April 2017 and 31 March 2018

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 2017 and 31 March 2018

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	136
Cost (R'000) of suspension	0

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 2017 and 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	4	-	2	-	2
	Male	3	-	1	-	1
Professionals	Female	18	-	0	-	0
	Male	16	-	1	-	1
Technicians and associate professionals	Female	27	-	11	-	11
	Male	47	-	8	-	8
Clerks	Female	80	-	16	-	16
	Male	39	-	14	-	14
Service and sales workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Skilled agriculture and fishery workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Craft and related trades workers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Plant and machine operators and assemblers	Female	-	-	-	-	-
	Male	-	-	-	-	-
Elementary occupations	Female	-	-	-	-	-
	Male	-	-	-	-	-
Sub-total		-	-	-	-	-
	Male	-	-	-	-	-
Total		234	-	53	-	53

Table 3.13.2 Training provided for the period for the period 1 April 2017 and 31 March 2018

Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	4	0	2	0	2
	Male	3	0	2	0	2
Professionals	Female	18	0	15	0	15
	Male	16	0	10	0	10
Technicians and associate professionals	Female	27	0	24	0	24
	Male	47	0	18	0	18
Clerks	Female	80	0	35	0	35
	Male	39	0	30	0	30
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub-total	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		234	0	136	0	136

3.14 INJURIES ON DUTY

The following table provide basic information for injuries on duty.

Table 3.14.1 Injury on duty for the period 1 April 2017 and 31 March 2018

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 2017 and 31 March 2018

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 2017 and 31 March 2018

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 2017 and 31 March 2018

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 2017 and 31 March 2018

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 2017 and 31 March 2018

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

FINANCIAL INFORMATION

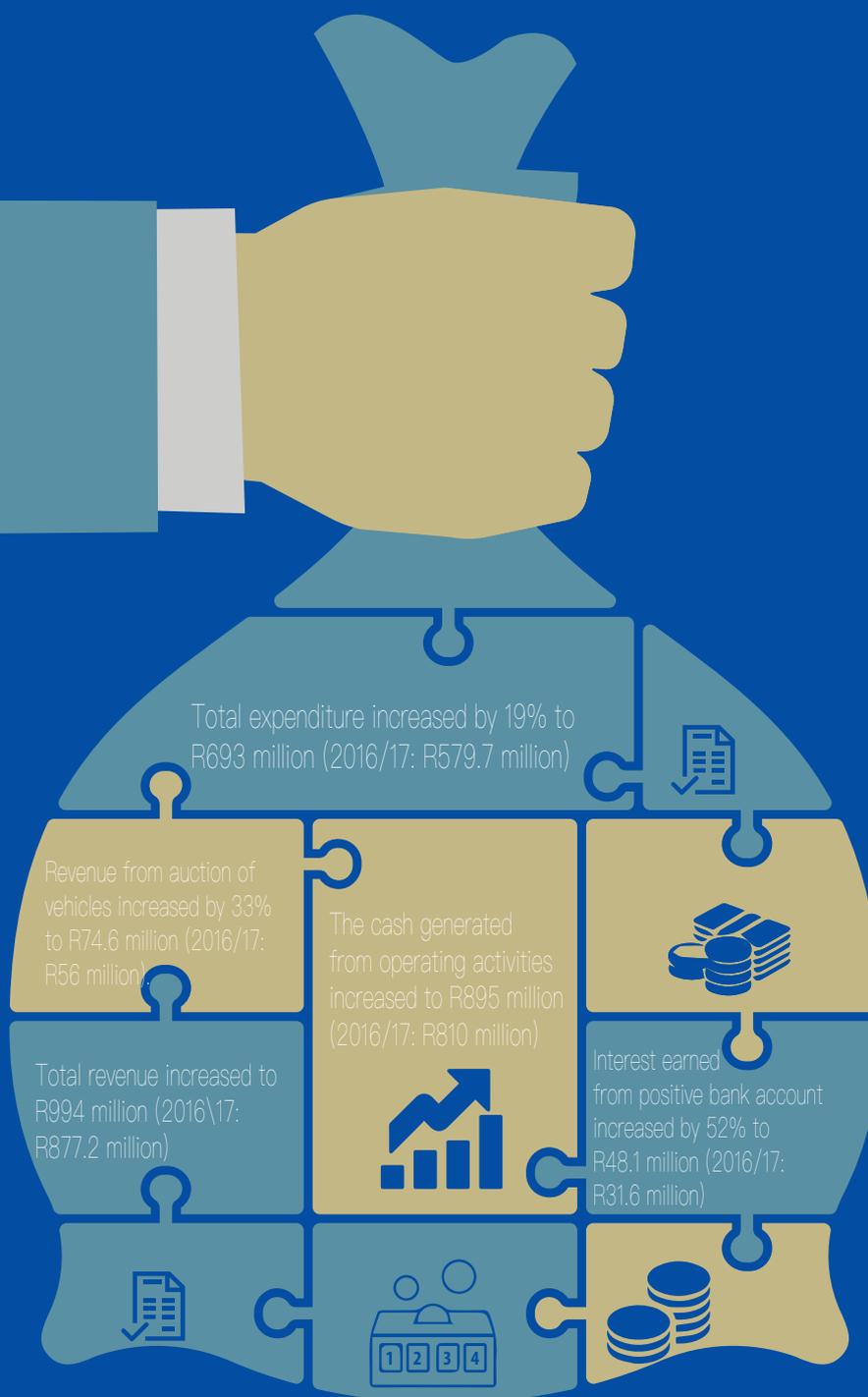
DEPARTMENT OF ROADS AND TRANSPORT



Part E

	27 953 693	36 018 863	33 737 864		
Interest Expense	113 344 142	115 817 614	132 864 056		
Interest Income	7 775 808	11 041 668	14 006 116		
Net Operating Profit	44 666 630	29 028 360	28 838 355	-33,81%	
Net Profit	28 874 854	23 841 432	31 529 430	-49,27%	
Operating Profit	35 941 587	19 987 048	24 862 571	-94,56%	25,6%
Net Profit	26 997 196	151 527 619	156 779 390	-3,61%	3,35%
Operating Profit	10 013 534	19 136 095	21 793 469	17,19%	11,27%
Net Profit	8 077 793	9 018 163	8 906 489	46,69%	-1,25%
Operating Profit	384 077	209 908 421	222 488 957	14,07%	5,65%
Net Profit	61 577 73	268 434 430	267 987 054	2,57%	0,17%
Operating Profit	4 090	652 839	1 021 543	-105,88%	36,09%
Net Profit	372 260 156	402 999 505	434 081 580	7,63%	7,16%
Total Debt	261 536 513	268 434 430	267 987 054	2,57%	-0,17%
Total Equity	110 723 643	134 565 075	166 094 526	17,72%	18,98%

Highlights



2.7.1 REPORT OF THE AUDITOR-GENERAL

This is the auditor's report as issued by AGSA.

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 320 to 353, which comprise the statement of financial position as at 31 March 2018, 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 g-FleeT Management as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the 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 entity 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 matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

7. As disclosed in note 3 to the financial statements, the corresponding figures for 31 March 2017 have been restated as a result of an error in the financial statements of the trading entity at, and for the year ended 31 March 2018.

Responsibilities of the party responsible for the financial statements

8. 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.
9. 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 accounting officer either intends to liquidate the trading entity or cease operations, or has no realistic alternative but to do so.

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

10. 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.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. 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.
13. 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/ measures 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.
14. 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 2018:

Programmes	Pages in the annual performance report
Programme 1 – Operational management services	266 – 268
Programme 2 – Corporate and financial management	268 – 271

15. 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.
16. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 1– Operational Management Services

PERCENTAGE OF VEHICLES COMPLIANT TO SCHEDULED MAINTENANCE

17. I was unable to obtain sufficient appropriate audit evidence to validate the existence of the systems and processes that enable reliable reporting of the actual achievement against the indicator. This was due to management not having proper access to the service provider's systems; validation checks not performed by management on the performance information received from the service provider; and management could not properly distinguish between the vehicles that were on or off the maintenance plan, as this information was not made available to management. I was unable to validate the existence of the systems and processes by alternative means.

AVERAGE TURNAROUND TIME FOR ACCIDENTS AND MECHANICAL REPAIRS

18. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the average turnaround time for accidents and mechanical repairs. This was due to the limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 23,5 days as reported in the annual performance report.

Programme 2– Corporate and Financial Management

PERCENTAGE OF UNDISPUTED INVOICES PAID WITHIN 30 DAYS FROM RECEIPT OF INVOICE.

19. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of the percentage of undisputed invoices paid within 30 days from receipt of invoice. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 94% as reported in the annual performance report.

AVERAGE NUMBER OF BUSINESS DAYS FROM DELIVERY OF VEHICLE TO ACTIVE VEHICLE CONTRACT (PERMANENT VEHICLES ONLY)

20. The method of calculation for the achievement of the planned indicator was not clearly defined. Furthermore, there was no logical link between the indicator and the strategic objective to which it relates. The indicator aims to track the length of

preparation for vehicles once delivered to the entity; however, its reported achievement excluded vehicles that were delayed in the preparation process, while the strategic objective aimed to ensure that vehicles are prepared within a reasonable period as to optimise the return on investment.

THE IMPLEMENTATION OF ICT STRATEGY/PLAN

21. I was unable to obtain sufficient appropriate evidence for the implementation of ICT strategy/plan that clearly defined the predetermined nature and method of calculation. This was due to a lack of technical indicator descriptions, formal standard operating procedures and system descriptions that would assist to establish how the performance outcome is determined, as to prevent any ambiguity and ensure that data is consistently collected and reported on. I was unable to test whether the target for this indicator was clearly defined by alternative means.

THE PERCENTAGE OF MAINTENANCE SPENT ON (AUTOMOTIVE) TOWNSHIP BUSINESSES

22. I was unable to obtain sufficient and appropriate audit evidence for the reported achievement of the percentage of maintenance spent on (automotive) township businesses. This was due to a limitation placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 5% (R6 286 398) as reported in the annual performance report.

Other matter

23. I draw attention to the matter below.

Achievement of planned targets

24. Refer to the annual performance report on pages x to x for information on the achievement of planned targets for the year and explanations provided for the under or overachievement 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 23 of this report.

Report on audit of compliance with legislation

Introduction and scope

25. 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.

26. The material findings on compliance with specific matters in key legislations are as follows:

Expenditure management

27. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R22 632 000 as disclosed in note 29 of the annual financial statements (AFS), as required by section 38(1)(c)(ii) of the PFMA and treasury regulation (TR) 9.1.1. The irregular expenditure was caused by the extension and use of expired contracts.

28. Effective steps were not taken to prevent fruitless and wasteful expenditure, amounting to R1 329 000 as disclosed in note 28 of the AFS, as required by section 38(1)(c)(ii) of the PFMA and TR 9.1.1. The majority of the fruitless and wasteful expenditure was caused by interest levied on overdue accounts.

29. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.

Procurement and Contract Management

30. Some of the quotations were awarded to bidders based on preference points that were not allocated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.

31. Some goods and services with a transaction value above R500 000 were procured without inviting competitive bids, and deviations were approved by the accounting officer but it was practical to invite competitive bids, as required by TR 16A6.1 and TR 16A6.4. This non-compliance was identified in the procurement processes for comprehensive tracking solutions for the fleet.

OTHER INFORMATION

32. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the overview of the chief executive officer, audit committee's report and reports on

human resources. 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.

33. 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.
34. 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.
35. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

36. 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 the annual performance report and the findings on compliance with legislation included in this report.

Leadership

37. There was a lack of effective oversight by the accounting officer regarding performance reporting and instances of non-compliance with certain laws and regulations.
38. An action plan was developed to address external and internal audit findings but was not implemented fully and effectively.

Financial and performance management

39. Management responsible for the performance information 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 and did not ensure that controls over reconciliations, daily and monthly processing of transactions are implemented effectively for performance reporting.
40. Management did not adequately review and monitor compliance with applicable laws and regulations.

Other reports

41. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the trading entity'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 reported performance information or compliance with legislation.

Investigations

42. Investigations into the unauthorised use of petrol cards and renting out of state vehicles, as performed by the Gauteng Department of Roads and Transport, were still in progress at the reporting date.

Auditor - General

Johannesburg
31 July 2018



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



GAUTENG PROVINCE

ROADS AND TRANSPORT
REPUBLIC OF SOUTH AFRICA



g-Fleet Management Financial statements

for the year ended 31 March 2018



2.7.2 ANNUAL FINANCIAL STATEMENTS

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Statement of Financial Position as at March 31, 2018

	Note(s)	2018 R'000	2017 Restated* R'000
Assets			
Current Assets			
Inventories	4	40,928	13,807
Finance lease receivables	7	10,280	1,480
Receivables from exchange transactions	8	246,908	214,709
Prepayments	9	3,090	3,503
Other Receivables		-	760
Cash and cash equivalents	10	894,967	743,166
		1,196,173	977,425
Non-Current Assets			
Property, plant and equipment	5	1,294,156	1,237,388
Intangible assets	6	1,973	1,929
Finance lease receivables	7	25,334	11,604
Rental deposits		91	91
		1,321,554	1,251,012
Total Assets		2,517,727	2,228,437
Liabilities			
Current Liabilities			
Finance lease obligation	11	633	600
Payables from exchange transactions	13	70,394	84,991
Other Payables	14	13,559	10,779
		84,586	96,370
Non-Current Liabilities			
Finance lease obligation	11	14,878	15,048
Long-term leave accrual	12	2,594	2,790
		17,472	17,838
Total Liabilities		102,058	114,208
Net Assets		2,415,669	2,114,229
Accumulated surplus		2,415,665	2,114,227

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Statement of Financial Performance for the period ended 31 March 2018

	Note(s)	2018 R'000	2017 Restated* R'000
Revenue			
Revenue from exchange transactions			
Revenue from auction of vehicles		74,601	56,047
Revenue from leases	15	796,127	767,207
Realisation of property lease liability	18	1,200	1,200
Debt impairment reversal	16	66,317	13,612
Other Income	30	1,601	1,730
Interest received	17	54,422	37,497
Total revenue from exchange transactions		994,268	877,293
Expenditure			
Employee related costs	19	(80,725)	(75,349)
Depreciation and amortisation		(110,374)	(108,039)
Finance costs	31	(2,344)	(2,814)
Bad debts written off	32	(42,154)	-
Repairs and maintenance		(125,766)	(107,406)
Cost of sales		(81,984)	(67,518)
General expenses	20	(249,483)	(220,184)
Total expenditure		(692,830)	(581,310)
Operating surplus		301,438	295,983
Surplus for the year		301,438	295,983

The accounting policies on pages 324 to 333 and the notes on pages 334 to 353 form an integral part of the annual financial statements.

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Statement of Changes in Net Assets

	Accumulated surplus R'000	Total net assets R'000
Balance at April 1, 2016	1,818,244	1,818,244
Changes in net assets		
Surplus for the year	295,983	295,983
Total changes	295,983	295,983
Opening balance as previously reported	2,106,355	2,106,355
Adjustments		
Prior Period Errors	7,872	7,872
Restated* Balance at April 1, 2017 as restated*	2,114,227	2,114,227
Changes in net assets		
Surplus for the year	301,438	301,438
Total changes	301,438	301,438
Balance at March 31, 2018	2,415,665	2,415,665

*See Note 2

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Cash Flow Statement for the period ended 31 March 2018

	Note(s)	2018 R'000	2017 Restated* R'000
Cash flows from operating activities			
Receipts			
Revenue from leases		784,370	716,842
Interest income		48,103	31,657
Revenue from auction of vehicles		60,597	60,210
Income from transport fees		1,532	1,730
		<u>894,602</u>	<u>810,439</u>
Payments			
Employee costs		(78,754)	(72,118)
Operating Expenditure and repairs and maintenance		(368,586)	(300,592)
Finance costs		(1,056)	(1,489)
		<u>(448,396)</u>	<u>(374,199)</u>
Net cash flows from operating activities	21	<u>446,206</u>	<u>436,240</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(295,977)	(215,156)
Purchase of other intangible assets	6	(262)	(1,855)
Capital receipts from finance lease receivables		624	5,657
Interest receipts on finance lease receivables		2,088	5,774
		<u>(293,527)</u>	<u>(205,580)</u>
Cash flows from financing activities			
Capital repayment of finance lease obligation		(230)	(508)
Interest repayment on finance lease obligations		(648)	(1,325)
		<u>(878)</u>	<u>(1,833)</u>
Net increase in cash and cash equivalents		151,801	228,827
Cash and cash equivalents at the beginning of the year		743,166	514,339
Cash and cash equivalents at the end of the year	10	<u>894,967</u>	<u>743,166</u>

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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 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.

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.

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Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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.

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Accounting Policies

1.4 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	
• Motor vehicles- passenger		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.

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Accounting Policies

1.5 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 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 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.

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Accounting Policies

1.6 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 receivable

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.

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Accounting Policies

1.7 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.

1.8 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.

1.9 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.

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Accounting Policies

1.9 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.

1.10 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.

1.11 Commitments

Commitments are disclosed for contracts that are entered into before the reporting date, but goods and services have not yet been received.

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Accounting Policies

1.12 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.

1.13 Finance costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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Accounting Policies

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 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); and
- 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.

1.19 Standards of GRAP approved but not required to be applied by the entity

Standard/Interpretation:	Legislatures and trading entities	Effective date: Years beginning on or after	Expected Impact:
GRAP 18	Segment Reporting	1 April 2019	Unlikely there will be a material impact

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Accounting Policies

1.19 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

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	2018 R'000	2017 R'000
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2. Change in Estimate

During the period under review the estimated useful lives of 521 Motor Vehicles were increased from 7 years to 8 years for the passenger vehicles (368) and from 11 years to 12 years for commercial vehicles (153).

Depreciation expense for the year

	Depreciation on original estimate R'000	Depreciation on revised estimate R'000	Impact of change in estimate R'000
Motor Vehicles - Passenger	2,298	1,149	(1,149)
Motor Vehicles - Commercial	590	295	(295)
	2,888	1,444	(1,444)

Accumulated depreciation as at 31 March 2018

	Depreciation on original estimate R'000	Depreciation on revised estimate R'000	Impact of change in estimate R'000
Motor Vehicles - Passenger	2,298	1,149	(1,149)
Motor Vehicles - Commercial	590	295	(295)
	2,888	1,444	(1,444)

The change in estimate resulted in a decrease of R1 443 884 in the depreciation charge to the Statement of Financial Performance for the year under review and the change will be prospectively applied.

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	2018	2017
	R'000	Restated* R'000

3. Correction of Error

The following prior period errors were identified during the year

Error 1: Reallocating revenue to prior period that was reported in the current year - cut off

During 2017/18 a review of historical revenue was done in order to correct historical incorrect billings. The outcome was a set of journal entries to be passed in order to correct debtors balances and revenue balances. The purpose of the journal is to reallocating revenue to the prior period year that was reported in the current year. The impact of correcting the error is as follows:

Statement of Financial Performance

Increase in revenue from leases

9,464

Statement of Financial Position: Current Assets

Increase in trade receivables

9,464

Statement of Net Assets

Increase in opening balance accumulated surplus

(9,464)

Error 2: Clearing of prior year suspense account - Other Payables

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

Decrease in general expenses

25

Statement of financial position: Current Liabilities

Decrease in trade payables

25

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2018	2017
R'000	Restated* R'000

Error 3: Incorrect transferring of motor vehicles from Property, Plant and Equipment Register to Inventory Register

During 2016/17, 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 performance

Statement of financial position: Non-current assets

Increase in Inventory	184
Increase in Accumulated Depreciation	(46)
Decrease in Property, Plant and Equipment	(138)
	<u>-</u>

Error 4: Incorrect processing of Property, plant and equipment stolen vehicles

During 2017/18.Vehicles stolen in the prior years were incorrectly recorded in the 2017/2018 financial year period in the Property, Plant and Equipment Register. The impact of correcting the error is as follows:

Statement of Financial Performance

Increase in Motor Vehicle Theft and Loss	<u>156</u>
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Statement of Financial Position

Decrease in Accumulated Depreciation	134
Decrease in Property, Plant and Equipment	(290)
	<u>(156)</u>

Error 5 - Incorrect processing of Property, plant and equipment sold vehicles

During 2017/18.Vehicles sold in the prior years were incorrectly recorded in the 2017/2018 financial year period in the Property, Plant and Equipment Register. The impact of correcting the error is as follows:

Statement of financial performance

Increase in cost of sales	<u>2,936</u>
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Statement of financial position

Decrease in Accumulated Depreciation	67
Decrease in Property, Plant and Equipment	(3,004)
	<u>(2,937)</u>

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	2018	2017
	R'000	Restated* R'000

Error 6 - Incorrect processing of Property, plant and equipment depreciation rates on vehicles

During 2017/18. Incorrect depreciation rate was used for passenger and commercial vehicles in the prior years in the Property, Plant and Equipment Register. The impact of correcting the error is as follows:

Statement of financial position : Non- Current Assets

Decrease in Accumulated Depreciation	-	1,357
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Error 7: Incorrect recording of finance lease vehicles which the lease contract ended before or on 31st March 2017

During 2017/18. Incorrect recording of finance lease vehicles which the lease contract ended before or on 31st March 2017 . The impact of correcting the error is as follows:

Statement of financial position: Non-current assets

Increase in Property, Plant and Equipment	-	2,455
Decrease in Finance Lease Debtor	-	(2,455)
	-	-

Error 8: Incorrect recording of inventory vehicles sold in the prior year

During 2017/18. Incorrect recording of inventory vehicles sold in the prior year. The impact of correcting the error is as follows:

Statement of financial position: Non-current assets

Increase in Inventory	-	136
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Statement of financial performance

Decrease in cost of sales	-	(136)
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Error 9: Incorrect recording of Inventory write-down to NRV in the prior year.

During 2017/18. Incorrect recording of Inventory write-down to NRV in the prior year. The impact of correcting the error is as follows:

Statement of financial position: Non-current assets

Increase in Inventory provision	-	17
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Statement of financial performance

Increase in inventory write down	-	17
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	2018	2017
	R'000	Restated* R'000
4. Inventories		
Vehicles held for sale	43,178	15,069
Inventories (write-downs)	(2,250)	(1,262)
	40,928	13,807
Carrying value of inventories carried at fair value less costs to sell	3,037	5,690
Inventories recognised as an expense during the year	81,984	67,518

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Notes to the Annual Financial Statements

Figures in Rand thousand

5. Property, plant and equipment

	2018		2017	
	Cost / Valuation	Accumulated depreciation and impairment	Cost / Valuation	Accumulated depreciation and impairment
Machinery and Tools	93	(63)	93	(63)
Furniture and fixtures	16,310	(5,931)	12,808	(4,472)
Motor vehicles	1,507,525	(359,514)	1,444,208	(352,160)
Leasehold improvements	62,308	(11,740)	62,308	(8,972)
Assets under construction - WIP (Buildings)	76,959	(5,271)	74,774	(5,271)
Leased Property	14,647	(1,775)	14,647	(1,627)
Leased machinery and cellphones	14,385	(13,777)	14,079	(12,964)
Total	1,692,227	(398,071)	1,294,156	(385,529)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Transfers to other institutions	Disposal on finance lease arrangement	Transfers (to)/from inventory	Vehicle losses	Depreciation	Total
Machinery and Tools	30	-	-	-	-	-	-	30
Furniture and fixtures	8,336	3,502	-	-	-	-	(1,459)	10,379
Motor vehicles	1,092,048	298,155	(745)	(21,624)	(111,085)	(1,955)	(106,783)	1,148,011
Leasehold improvements	53,336	-	-	-	-	-	(2,768)	50,568
Assets under construction - WIP (Buildings)	69,503	2,185	-	-	-	-	-	71,688
Leased Property	13,020	-	-	-	-	-	(148)	12,872
Leased machinery and cellphones	1,115	513	-	-	-	-	(1,020)	608
Total	1,237,388	304,355	(745)	(21,624)	(111,085)	(1,955)	(112,178)	1,294,156

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Notes to the Annual Financial Statements

Figures in Rand thousand

5. Property, plant and equipment (continued)**Reconciliation of property, plant and equipment - 2017**

	Opening balance	Additions	Transfers to other institutions	Disposal on finance lease arrangement	Transfers (to)/from inventory	Vehicle losses	Depreciation	Total
Plant and machinery	37	-	-	-	-	-	(7)	30
Furniture and fixtures	7,694	1,723	-	-	-	-	(1,081)	8,336
Motor vehicles	1,048,474	228,521	(171)	(4,000)	(73,986)	(4,226)	(102,564)	1,092,048
Leasehold improvements	55,927	169	-	-	-	-	(2,760)	53,336
Other property, plant and equipment	68,421	1,082	-	-	-	-	-	69,503
Leased Property	13,167	-	-	-	-	-	(147)	13,020
Leased machinery and cellphones	1,259	1,310	-	-	-	-	(1,454)	1,115
	1,194,979	232,805	(171)	(4,000)	(73,986)	(4,226)	(108,013)	1,237,388

Pledged as security

The entity has not pledged any property, plant and equipment as security for liabilities except for leased property, plant and equipment. The leased assets are used as security for their related finance lease obligation.

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 71 688 000 (2017: R 69 503 000) was halted, except for minor deliveries made in 2016, 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.

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2018	2017
R'000	Restated* R'000

6. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2,737	(764)	1,973	2,475	(546)	1,929

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	1,929	262	(218)	1,973

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	98	1,855	(24)	1,929

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	2018	2017
	R'000	Restated* R'000
7. Finance lease receivables		
Gross investment in the lease due		
- within one year	23,652	12,345
- in second to fifth year inclusive	40,410	20,397
	<u>64,062</u>	<u>32,742</u>
less: Unearned finance revenue	(22,896)	(11,551)
Present value of minimum lease payments receivable	41,166	21,191
less: allowance for uncollectible minimum lease payments	(5,552)	(5,552)
	<u>35,614</u>	<u>15,639</u>
Present value of minimum lease payments due		
- within one year	10,280	3,935
- in second to fifth year inclusive	25,334	11,604
	<u>35,614</u>	<u>15,539</u>
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		
Opening balance	5,552	9,936
Provision for impairment	-	(4,384)
	<u>5,552</u>	<u>5,552</u>

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	2018	2017
	R'000	Restated* R'000

8. Receivables from exchange transactions

Trade receivables	205,984	177,286
Other receivables - Revenue from auction of vehicles	40,924	25,873
Other debtors - Traffic fines and accident claims	-	11,550
	246,908	214,709

Balance 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)	-
	298,129	(51,221)	246,908

Balances as at 31 March 2017:

	Gross Balance	Impairment provision	Net balance
Trade Receivables	279,368	(102,081)	177,287
Other receivables - Revenue from auction of vehicles	25,873	-	25,873
Other debtors - Traffic fines and accident claims	13,577	(2,027)	11,550
	318,818	(104,108)	214,710

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:

31 to 60 days	40,972	23,260
61 to 90 days	38,705	15,524
91 to 120 days	24,134	52,264
Greater than 120 days	51,293	123,661
	155,104	214,709

9. Prepayments

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.

Prepayments	3,090	3,503
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Notes to the Annual Financial Statements

	2018 R'000	2017 Restated* R'000	
10. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Cash on hand	4	4	
Bank balances	894,963	743,162	
	894,967	743,166	
11. Finance lease obligation			
Non-current liabilities	14,878	15,048	
Current liabilities	633	600	
	15,511	15,648	
As at 31 March 2018			
	Minimum lease payments	Future finance charges	Present of mini lea: paym
Within One Year	1,892	(1,259)	
Within Two To Five Years	5,051	(4,806)	
Later Than Five Years	98,400	(83,766)	1
Subtotal	105,343	(89,831)	1
Less: Amount Due Within One Year	(1,892)	1,259	
	103,451	(88,572)	1
As at 31 March 2017			
	Minimum lease payments	Future finance charges	Present of mini lea: paym
Within One Year	1,876	(1,276)	
Within Two To Five Years	5,230	(4,817)	
Later Than Five Years	99,600	(84,965)	1
Subtotal	106,706	(91,058)	1
Less: Amount Due Within One Year	(1,876)	1,276	
	104,830	(89,782)	1
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.			
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.			
Long-term leave accrual	2,594	2,790	
13. Payables from exchange transactions			
Trade payables	70,394	84,991	

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	2018	2017
	R'000	Restated* R'000
14. Other payables		
Salary Payable to DRT	991	1,135
Performance bonus accrual	670	353
Debtors with credit balances	5,941	3,361
Leave pay accrual	3,707	3,940
Service bonus and long service award accrual	2,250	1,990
	13,559	10,779
Performance bonus accrual		
Accruals were raised for performance bonuses 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.		
Acting CEO Salary		
The salary of the acting CEO and acting CFO is paid by DRT, g-FleeT is invoiced by DRT and the payable is due within 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	8,382	7,364
Operating Lease	621,791	605,079
Toll Fees	4,863	5,526
Fuel and Oil	156,394	143,769
Traffic and Accident claims	2,318	5,221
Gain on Finance lease disposal	2,379	248
	796,127	767,207
16. Debt Impairment (Reversal)		
Finance lease receivable impairment	-	4,385
Receivables from exchange transactions impairment	66,317	9,227
	66,317	13,612
17. Interest received		
Interest revenue		
Bank	48,103	31,657
Interest on finance lease receivables	6,319	5,840
	54,422	37,497

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	2018	2017
	R'000	Restated* R'000

18. Realisation of Property Lease Liability

Realisation of Property Lease Liability	1,200	1,200
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During 2009, the then Gauteng Department of Public Transport Roads and Works entered into a rental agreement with the Gauteng Department of Infrastructure and 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

Basic Salary	57,492	54,986
Performance Bonus	763	(90)
Medical aid - company contributions	3,902	3,106
Pension	6,775	6,357
Workmen's Compensation Act contribution	18	17
Leave pay accrual	720	314
Other short term costs	(156)	131
Overtime payments	1,787	2,057
13th Cheques	4,504	4,180
Housing benefits and allowances	4,920	4,291
	80,725	75,349
Average number of employees	299	246

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.

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	2018 R'000	2017 Restated* R'000
20. General expenses		
Advertising	57	515
Auditors remuneration	6,208	4,856
Bank charges	17	21
Consulting and professional fees	5,569	10,759
Consumables	1,919	1,734
Entertainment	57	10
Conferences and seminars	735	45
License fees - software	4,756	2,668
Levies	444	745
Motor vehicle expenses	6	3
Fuel and oil	164,791	152,247
Postage and courier	60	67
Printing and stationery	4,007	1,322
Security	3,876	3,602
Subscriptions and membership fees	11	16
Training	1,307	462
Travel - local	941	359
Tracking expenses	15,897	13,966
Vehicle theft and losses	15,387	4,623
Rental expenses - operating lease	3,144	4,282
License fees - vehicles	6,204	6,211
Motor vehicle expenses - (RT46 costs)	12,413	10,640
Inventory write down to net realisable value	1,677	1,031
	249,483	220,184
21. Cash generated from operations		
Surplus	301,438	295,983
Adjustments for:		
Depreciation and amortisation	110,374	109,396
Interest income	(6,319)	(5,840)
Finance costs - Finance lease	1,286	1,325
Debt impairment (Reversal)	(66,317)	(13,612)
Realisation of lease property	(1,200)	(1,200)
Gain on finance lease disposal	(2,379)	(248)
Bad debts written off	42,154	-
Inventory write-down to NRV	2,250	1,262
Vehicle Theft and losses	15,387	4,623
Changes in working capital:		
Receivables from exchange transactions	33,815	(45,954)
Prepayments	413	(2,273)
Inventory	27,121	64,718
Payables from exchange transactions	(14,597)	24,829
Payables from non-exchange transactions	2,780	3,231
	446,206	436,240

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	2018	2017
	R'000	Restated* R'000

22. Financial instruments disclosure

Categories of financial instruments

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	70,394	70,394

2017

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	214,709	214,709
Cash and cash equivalents	743,166	743,166
	957,875	957,875

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	84,991	84,991

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.

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	2018	2017
	R'000	Restated* R'000

Financial instruments disclosure (continued)

Maturity of financial assets - 2018

	Due within 1 month	Due within 2 - 12 months	Due after 12 months
Trade and other receivables from exchange transactions	40,972	114,132	-

Maturity of financial liabilities - 2018

	Due within 1 month	Due within 2 - 12 months	Due after 12 months
Payables from exchange transactions	70,394	-	-

Credit risk

Credit risk consists of cash and cash equivalents and receivables. g-Fleet Management considers its 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.

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	2018	2017
	R'000	Restated* R'000
23. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Open orders for vehicles	77,379	19,556
• Infrastructure	4,624	6,551
• Consulting fees	-	213
	82,003	26,320
Authorised operational expenditure		
Already contracted for but not provided for		
• Open orders for goods and services	34,468	2,589
• Consulting fees	-	3,516
	34,468	6,105
Total commitments		
Total commitments		
Authorised capital expenditure	82,003	6,764
Authorised operational expenditure	34,468	25,661
	116,471	32,425

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 counter-claims instituted by g-FleeT in respect of these claims amounts to R1,068,875.45 (2017: R298,136). These counter claims are considered to be contingent assets.

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:

Service provider 1 - Contract claim for outstanding invoices and accidents damages	-	1,000
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-contractors.	4,000	3,484
Housing Guarantees	-	42
Service provider 3 - Claim for breach of contract	300	128
Third-party accident claims	3,082	2,757
	7,382	7,411

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	2018	2017
	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. Members' emoluments

Executive

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 November 2017)	526	-	69	157	752
Ms. Andile Ngcobo - Director Corporate Services	586	49	76	266	977
Ms. Salomi Jafta - Director TSS	649	54	84	293	1,080
Ms. Ravanne Mathews - Director Permanent Fleet	613	51	79	278	1,021
Ms Noxolo Maninjwa - Acting CEO from 01/10/2015	927	77	120	444	1,568
Mr Mongoeng Mathabathe - Director VIP Service	595	50	77	270	992
	4,314	338	559	1,798	7,009

2017

	Basic Salary	13th Cheque	Pension paid or receivable	Other Benefits	Total
Mr. Victor Mhangwana - COO	753	-	98	225	1,076
Ms. Andile Ngcobo - Director Corporate Service	553	47	72	251	923
Ms. Salomi Jafta - Director TSS	502	47	65	228	842
Ms. Ravanne Mathews - Director Permanent Fleet	578	48	75	262	963
Mr. Thulani Mkwanazi - Director Finance (Until 15 March 2017)	553	47	72	251	923
Ms. Noxolo Maninjwa - Acting CEO from 01/10/2015	884	75	115	577	1,651
Mr Mongoeng Mathabathe - Director VIP Service (From 1 August 2016)	188	46	24	94	352
	4,011	310	521	1,888	6,730

27. Events after the reporting date

There are no subsequent events to be reported upon.

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	2018 R'000	2017 R'000
28. Fruitless and wasteful expenditure		
Opening balance	17,748	14,499
Prior period unauthorized petrol card use discovered in current period	-	340
Current period unauthorized petrol card use	-	926
Current period interest charge	1,058	1,489
Current period vehicle write-off resulting from unauthorized vehicle use	-	194
Current period fruitless rental expense	271	300
	19,077	17,748

All transactions relating to Fruitless and Wasteful Expenditure are currently being investigated.

29. Irregular expenditure

Opening balance	59,805	42,691
Add: Irregular Expenditure - current year	22,632	17,114
	82,437	59,805

Analysis of expenditure awaiting condonation per age classification

Current year	22,632	17,114
Prior years	59,805	42,691
	82,437	59,805

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Expired property lease contract	Irregular expenditure has been confirmed, investigations are currently underway to determine the liable person in law.	1,194
Expired vehicle tracker contracts	Irregular expenditure has been confirmed, investigations are currently underway to determine the liable person in law.	15,614
Expired office equipment contract	Irregular expenditure has been confirmed, investigations are currently underway to determine the liable person in law.	486
Expired cleaning services contract	Irregular expenditure has been confirmed, investigations are currently underway to determine the liable person in law.	268
Expired carpark lease contract	Irregular expenditure has been confirmed, investigations are currently underway to determine the liable person in law.	50
Expired security contract	Irregular expenditure has been confirmed, investigations are currently underway to determine the liable person in law.	3,213
Storage	Irregular expenditure has been confirmed, investigations are currently underway to determine the liable person in law.	271
Electric supply	Irregular expenditure has been confirmed.	23
Aircon maintenance	Irregular expenditure has been confirmed.	58
		21,177

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	2018 R'000	2017 R'000
30. Other income		
Revenue from Transport Income	1,539	1,618
Sundry Income	62	112
	1,601	1,730
31. Finance costs		
Late payment of suppliers	1,058	1,489
Finance leases	1,286	1,325
	2,344	2,814
32. 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.

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