
**g-Fleet MANAGEMENT 2015/16 FINANCIAL YEAR QUARTERLY PERFORMANCE REPORT
(01 APRIL 2015 - 30 JUNE 2015)**

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1. TRADING ENTITY PERFORMANCE

1.1 OVERVIEW BY CHIEF EXECUTIVE OFFICER

a. Background

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

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

b. Vision

We keep Government Service Delivery on the move.

c. Mission

We will achieve our vision by:

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

d. Values

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

(i) Good Governance

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

(ii) Responsiveness

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

(iii) Innovative

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

(iv) Accountability

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

(v) Passion

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

(vi) Professionalism

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

(vii) Ethical

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

(viii) Commitment

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

1.2 REVISIONS TO LEGISLATIVE, POLICY AND OTHER MANDATES

1.2.1 Legislative Mandates

The entity is operating in line with the following legislative mandates during the 2014/15 financial year:

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

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

1.2.2 Policy & Other Mandates

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

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

1.3 UPDATED SITUATIONAL ANALYSIS

1.3.1 Improvement of Performance in 2015/16 Financial Year

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

1.3.2 Service Delivery Environment

g-Fleet Management's core purpose is to respond to client Departments' requirements for fleet management and vehicle related services. The service delivery environment overview for the year under review will focus on three key areas, i.e. client demand, supplier/strategic partnership involvement and competitor analysis.

The entity planned to order 250 vehicles for the quarter under review. However, only 8 vehicles were ordered, this was due to the fact that the 2015/16 RT57 contract was only released in the middle of June 2015. Also, are the continued challenges with the generation of FML quotations.

Of the 97% (278 vehicles) planned target for the quarter, 98% (281) of VIP vehicles were rented to clients and from the planned 96% (906) POOL vehicles, 98 % (924) Pool vehicles were actually rented to clients during the quarter under review.

Also key changes to the service delivery environment during the year will be the review of existing systems and processes to address the current challenges (project already initiated) and the subsequent introduction of new suitable systems in the short to medium term. The issues of governance and compliance are one of the **nine (9) Turnaround Focal areas**, which cover the following:

- a. **Strategic Direction & Focus:** the review and alignment of the strategy to consolidate and improve services provided to current clients via the Turnaround Strategy.
- b. **Customer Relationship Management:** the establishment of suitable strategies and interventions to develop, improve and strengthen the relationship with client Departments.

- c. **Stakeholder Management & Strategic Partnerships:** the establishment and enhancement of relations with key stakeholders (e.g. Staff, Organised Labour, Legislature Committees, Provincial Treasury, Office of the AG, Media, etc.) during the financial year.
- d. **Revenue Enhancement & Debt Management:** the development of relevant strategies to improve Revenue (billing & collection) and Debt Management measures to improve the prevailing situation and legislative compliance.
- e. **Cost Containment:** Ongoing management and monitoring of budget vs. expenditure will improve the entity's sustainability.
- f. **Asset Management & Maximised Utilisation:** adequate systems and measures to improve asset management, both movable and immovable will be implemented to ensure that the utilization of all assets is maximized to provide favourable return on investment.
- g. **Corporate Governance:** the establishment of suitable governance structures and systems, to support compliance with legislation and good governance principles.
- h. **Internal Controls, Systems & Processes:** ongoing review and improvements to existing internal controls, systems and processes will ensure that the entity can operate at world-class standards by 31 March 2015.
- i. **Robust Risk Management:** the establishment of suitable policies, systems and measures to pro-actively manage all key risks, which may have a negative impact on the organization achieving its set objectives and targets

1.4 OVERVIEW OF ORGANISATIONAL ENVIRONMENT

1.4.1 Overview of Functions & Services

g-Fleet Management is the Trading Entity of the Department of Roads and Transport (DRT) and has been in existence for more than 7 years. The main aim of the entity is to provide motor transportation services to all government departments both at provincial and national levels.

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

The fleet of vehicles is allocated to client departments either for a period equal to the economic life cycle of each class or type of vehicle or for a period stipulated by the client (on Full Maintenance Lease contracts).

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

The Fleet Maintenance functions focus mainly on the maintenance and repair of vehicles using Wesbank merchants, in line with the National Treasury RT46 Contract. The RT 46 contract has since been awarded to Transit Solutions with effect from 01 April 2014. Fleet Management support services are also provided to clients via the management and/or administration of fuel cards, traffic fines. Any obsolete vehicles and those that cannot be repaired are written-off and sold through a public auction.

1.4.2 Overview of Service Network

The entity also operates four (4) Regional offices namely in Kwa-Zulu Natal, Eastern Cape, Western Cape and the Free State. These mainly service regional and district offices of Gauteng-based National Departments, who are key clients of g-Fleet. As part of the Turnaround strategy, more emphasis will be directed at ensuring that the Regional offices have adequate capacity and fleet, to meet all client needs at the various regions/districts.

Decisions regarding the possible expansion of regional offices will be considered, based on the success of the Turnaround Strategy and its implementation.

These Regional Offices were previously not included in the organisational structure of the entity which has now been addressed in the approved structure.

1.4.3 Overview Staff Complement

The recruitment process is in progress.

1.4.4 Summary of Posts and Vacancies

Staff Categories	Number	Percentage
	Q1	Q1
Total posts on approved structure	332	100%
Total staff complement	273	81%
Number of professional and managerial posts	9	3%
Number of professional and managerial posts filled	8	2%
Number of excess staff	0	0%
Number of positions filled by permanent staff	194	71%
Number of positions filled by contract staff	79	29%
Number of vacant positions excluding contract workers	67	20%
Number of vacant positions including contract workers	146	43%

1.4.5 Summary of Disciplinary Procedures

Status	Discipline	Appeals	Conciliation	Arbitration	Grievances	Disputes
Number Lodged	nil	nil	nil	4	1	1
Number Concluded	nil	nil	nil	nil	nil	nil
Number Outstanding	nil	nil	nil	nil	nil	nil

2. FINANCIAL PERFORMANCE

2.1 ANNUAL BUDGET: FUNDING

1st QUARTER PERFORMANCE REPORT FOR THE 2015-16FY	TOTAL BUDGET YEAR TO DATE REPORT				QUARTER 1 APP REPORT				
	ANNUAL BUDGET	PRIOR YEAR EXPENDITURE	ACTUAL SPEND	TOTAL VARIANCE	% DIFF	BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT
ANNUAL APPROVED BUDGET	R 919,378,501	25 060 173	R 61 823 022	R 832 495 306	91%	R 148,380,986	R 86 883 195	R 61 497 791	59%
RESPONSIBLE MEC	MEC Roads and Transport – Dr. Ismail Vadi								
ADMINISTERING DEPARTMENT	Provincial Department of Roads and Transport								
ACCOUNTING OFFICER	HOD Roads and Transport – Mr. Ronald Swartz								

2.2 REVENUE INVOICING: BILLING

APP REPORT 2015-16FY	TOTAL BUDGET YEAR TO DATE REPORT				QUARTER 1 APP REPORT				
	ANNUAL BUDGET	ACTUAL BILLING	TOTAL VARIANCE	% DIFF	BUDGET BILLING	ACTUAL BILLIED	TOTAL VARIANCE	% DIFF	
LEASING OF VEHICLES									
REVENUE INVOICING	R 1,003,011,297	R 186 318 784	R 816 692 513	81%	R 250,752,824	R 186 318 784	R 64 434 040	74%	
OTHER INCOME	R 0				R 0				
GRAND TOTAL	R 1,003,011,297	R 186 318 784	R 816 692 513	81%	R 250,752,824	R 186 318 784	R 64 434 040	74%	

2.3 REVENUE COLLECTIONS: RECEIPTS

APP REPORT 2015-16FY	TOTAL BUDGET YEAR TO DATE REPORT				QUARTER 1 APP REPORT			
	ANNUAL BUDGET	ACTUAL COLLECTIONS	TOTAL VARIANCE	% DIFF	BUDGETED COLLECTIONS	ACTUAL COLLECTIONS	TOTAL VARIANCE	% DIFF
LEASING OF VEHICLES	R 1,003,011,297	R 210 965 374	R 792 045 923	78%	R 250,752,824	R 210 965 374	R 39 787 450	84%
REVENUE RECEIPTS								
OTHER INCOME	R 13,200,000	R 6 196 692	R 7 003 308	53%	R 3,300,000	R 6 196 692	-R 2 896 692	187%
GRAND TOTAL	R 1,016,211,297	R 217 162 066	R 799 049 231	78%	R 254,052,824	R 217 162 066	R 36 890 758	85%

2.4 EXPENDITURE: PER PROGRAMME

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

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

**APP REPORT
2015-16FY**

YEAR TO DATE RESULTS

1ST QUARTER RESULTS

PER PROGRAMME	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% UNSPENT	QUARTERLY BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT
	R 3 449 504	R 603 784	R 2 845 720	82%	R 853 665	R 603 784	R 249 881	71%
OFFICE OF THE CEO								
	R 22 781 188	R 5 147 370	R 17 633 818	77%	R 6 000 417	R 5 147 370	R 853 047	86%
OFFICE OF THE CFO								
	R 893 147 809	R 81 132 041	R 812 015 768	91%	R 141 526 905	R 81 132 041	R 60 394 864	57%
OPERATIONS AND CORPORATE SERVICES								
	R 919 378 501	R 86 883 195	R 832 495 306	91%	R 148 380 986	R 86 883 195	R 61 497 791	59%
GRAND TOTAL								

2.5 EXPENDITURE: PER BUSINESS UNIT

APP REPORT 2015-16 FY		YEAR TO DATE RESULTS					1ST QUARTERLY RESULTS				
		ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% UNSPENT	QUARTERLY BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% UNSPENT		
OFFICE OF THE CEO	R 3 449 504	R 590 122	R 2 859 382	83%	R 853 665	R 590 122	R 263 543	31%			
OFFICE OF THE COO	R 1 888 536	R 278 649	R 1 609 887	85%	R 456 045	R 278 649	R 177 396	39%			
OFFICE OF THE CFO	R 22 781 188	R 4 580 097	R 18 201 091	80%	R 6 000 417	R 4 580 097	R 1 420 320	24%			
CORPORATE SERVICES	R 143 140 185	R 5 500 025	R 137 640 160	96%	R 23 859 240	R 5 500 025	R 18 359 215	77%			
MARKETING & COMMUNICATION	R 11 070 254	R 2 004 151	R 9 066 103	82%	R 3 390 384	R 2 004 151	R 1 386 233	41%			
MAINTENANCE SERVICES	R 107 726 658	R 3 318 895	R 104 407 763	97%	R 17 355 618	R 3 318 895	R 14 036 723	81%			
TRANSPORT SUPPORT SERVICES	R 214 378 879	R 4 334 610	R 210 044 269	98%	R 33 115 295	R 4 334 610	R 28 780 685	87%			
PERMANENT SERVICES	R 398 773 423	R 37 759 845	R 361 013 578	91%	R 60 306 964	R 37 759 845	R 22 547 119	37%			
VIP POOL SERVICES	R 16 169 874	R 3 456 627	R 12 713 247	79%	R 3 043 359	R 3 456 627	-R 413 268	-14%			
PRIOR PERIOD COTS	R 0	R 25 060 173	-R 25 060 173	-100%	R 0	R 25 060 173	-R 25 060 173	-100%			
GRAND TOTAL	R 919 378 501	R 86 883 195	R 832 495 306	91%	R 148 380 987	R 86 883 195	R 61 497 792	41%			

THE ABOVE PRIOR PERIOD COSTS RELATES TO THE FOLLOWING EXPENDITURE PER BUSINESS UNIT:-

APP REPORT 2015-16 FY			PRIOR PERIOD COSTS	
PER BUSINESS UNIT	ACTUAL SPEND	% SHARE		
OFFICE OF THE CEO	R 13 662	0.05%		
OFFICE OF THE COO	R 0	0.00%		
OFFICE OF THE CFO	R 567 273	2.26%		
CORPORATE SERVICES	R 483 810	1.93%		
MARKETING & COMMUNICATION	R 65 773	0.26%		
MAINTENANCE SERVICES	R 8 312 479	33.17%		
TRANSPORT SUPPORT SERVICES	R 13 343 030	53.24%		
PERMANENT SERVICES	R 2 273 546	9.07%		
VIP POOL SERVICES	R 600	0.00%		
GRAND TOTAL	R 25 060 173	100 %		

3. NON-FINANCIAL PERFORMANCE

3.1 OVERVIEW OF PROGRAMME STRUCTURE

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

SERVICE DELIVERY PROGRAMME	NO.	PROGRAMME STRUCTURE
1. OPERATIONAL MANAGEMENT SERVICES	1.1	PERMANENT FLEET SERVICES
	1.2	VIP / POOL
2. FINANCIAL MANAGEMENT SERVICES	2.1	FINANCIAL MANAGEMENT SERVICES

3.2 SERVICE DELIVERY PERFORMANCE

3.2.1 OPERATIONAL MANAGEMENT SERVICES - PERMANENT FLEET SERVICES

STRATEGIC OBJECTIVE – TO RENEW THE FLEET IN ORDER TO KEEP THE AVERAGE AGE AT 3 YEARS.

STRATEGIC OUTCOME: TO PROVIDE AN IMPROVED, EFFICIENT, RELIABLE, SAFE, ACCESSIBLE AND COST EFFECTIVE AND MARKET RESPONSIVE FLEET SERVICES SUITED TO CLIENT NEEDS.

Measurable Objective	Performance Measure	Audited Baseline	2015/16 Annual Target	Quarter 1		Deviation from Target		Reason for Deviation	Proposed Intervention
				Planned Q1	Actual Q1	Unit	%		
To Renew the fleet in order to keep the fleet average age at 3 years	The no. of vehicles ordered by 31 March 2016	1095 vehicles replaced (13/14 audited) 1196 vehicles acquired.	1500 Vehicles to be ordered	250 Vehicles to be ordered	8 Vehicles ordered	-242	-96.4%	2015-16 RT57 contract was only released in the middle June 2015, and the continued challenges with the generation of FML quotation.	Concerted effort will be made to streamline the vehicle ordering process: through intense engagements with internal and external stakeholders.

3.2.2 OPERATIONAL MANAGEMENT SERVICES – VIP / POOL FLEET SERVICES

STRATEGIC OBJECTIVE: TO PROVIDE AN IMPROVED, EFFICIENT, RELIABLE, SAFE, ACCESSIBLE AND COST EFFECTIVE AND MARKET RESPONSIVE FLEET SERVICES SUITED TO CLIENT NEEDS.

STRATEGIC OUTCOME: IMPROVED UTILISATION AND REVENUE GENERATION OF VIP AND POOL FLEET

Measurable Objective	Performance Measure	Audited Baseline	2015/16 Annual Target	Quarter 1		Deviation from Target		Reason for Deviation	Proposed Intervention
				Planned Q1	Actual Q1	Unit	%		
To efficiently rent out VIP vehicles to clients	Total % of active VIP fleet rented out to clients by 31 March 2016	98.1% (13/14 audited) 97.8% of active VIP vehicles rented to clients	97% of active VIP vehicles rented to clients (359 Vehicles) (287 actual vehicles base as @ end June 2015)	97% of active VIP vehicles rented to clients (278 vehicles)	98% of active VIP vehicles rented to clients (281 vehicles)	+3	+1%	-	-
To efficiently rent out POOL vehicles to clients.	Total % of active POOL fleet rented out to clients by 31 March 2016	99.5% (13/14 audited) 99% of active POOL vehicles rented to clients.	96% of active POOL vehicles rented to clients. (989 Vehicles) (943 actual vehicle base as @ end June 2015)	96% of active POOL vehicles rented to clients. (906 vehicles)	98% of active POOL vehicles rented to clients (924 vehicles)	+18	+2%	-	-

3.2.3 FINANCIAL MANAGEMENT SERVICES

STRATEGIC OBJECTIVE: TO ENSURE SOUND FINANCIAL MANAGEMENT AND CORPORATE GOVERNANCE

**STRATEGIC OUTCOME: TO DEMONSTRATE GOOD STEWARDSHIP AND EFFECTIVE UTILIZATION OF THE FINANCIAL RESOURCES ENTRUSTED TO THE ENTITY.
TO PROMOTE ECONOMIC TRANSFORMATION THROUGH INCREASED OPPORTUNITIES FOR BBBEE AND SMME DEVELOPMENT WITHIN THE ECONOMY.**

Measurable Objective	Performance Measure	Audited Baseline	2015/16 Annual Target	Quarter 1		Deviation from Target		Reason for Deviation	Proposed Intervention
				Planned Q1	Actual Q1	Unit	%		
To monitor and effectively manage the cash flow including all liabilities of the entity.	No. of supplier invoice payment days by 31 March 2016	2 474 payments made within 30 days (2 596 – 13/14 audited) 2187 payments made within 30 days (2 265)	30 payment of invoice from the date of receipt	Payments made within 30 days	224 payments within 30 days (baseline: 314 payments)	90 payments	29%	Managers taking more than 5 days to certify invoices. We experienced challenges with network that impacted both Pastel and FNB. Server crashed impacting on uploading payment file to FNB. Finance unit not realising that payments could have been made without the server as a different path could have been used to save the payment file for uploading on FNB.	Managers should not keep invoices for period longer than 5 days in their offices. ICT to look at the network issue if it persists. Finance need not rely on server for uploading of payment files as other paths can be used to save the file.

Measurable Objective	Performance Measure	Audited Baseline	2015/16 Annual Target	Quarter 1		Deviation from Target		Reason for Deviation	Proposed Intervention
				Planned Q1	Actual Q1	Unit	%		
To empower BBBEE service providers and achieve the BBBEE expenditure targets	% of BBBEE expenditure awarded to:	% of BBBEE expenditure awarded to:	% of BBBEE expenditure awarded to:						
	Historically Disadvantaged Individuals	HDI 24% (13/14 audited) HDI – 57% (R8 435 689.28)	HDI - 80%	80%	70,05%	-	11.20%	Limited HDI owned companies	HDI, Women, Youth and PWD companies to be invited more often
	Women Owned	Women 14% (13/14 audited) Women – 20% (R2 976 245.42)	Women – 30%	30%	26,51%	-	2.38%	Limited Women Owned Companies	Organise a workshop to attract many of the above owned companies
	Youth Owned	Youth 11% (13/14 audited) Youth – 17% (R2 462 634.61)	Youth – 10%	10%	21,24%	-	-		
	People with Disabilities	PWD 4% (13/14 audited) PWD – 3% (R366 871.40)	PWD – 2%	2%	0,00%	-	2.00%	Limited PwD Owned Companies	
To achieve a clean audit annually	X1 Clean Audit Report Annually	Adverse Opinion (13/14 audited)	X1 Clean Audit Report	-	-	-	-		