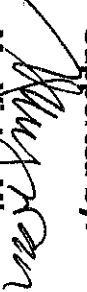




GAUTENG PROVINCE
ROADS AND TRANSPORT
REPUBLIC OF SOUTH AFRICA

**g-Fleet MANAGEMENT 2016/17 FINANCIAL YEAR FIRST QUARTER PERFORMANCE REPORT
(01 APRIL – 30 JUNE 2016)**

Supported by:


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Date: 14/07/2016

Supported by:


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Date: 15/7/2016

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Mr. Ronald Swartz
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Date: 15/07/2016

Date:

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1. TRADING ENTITY PERFORMANCE

1.1 OVERVIEW BY CHIEF EXECUTIVE OFFICER

a. Background

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

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

b. Vision

We keep Government Service Delivery on the move.

c. Mission

We will achieve our vision by:

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

d. Values

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

- (i) Good Governance**
We pledge to uphold sound principles of institutional management, efficient systems and processes in service delivery and implement necessary governance structures.
- (ii) Responsiveness**
Our staff and contractors shall be approachable, receptive, open and will be quick to respond to needs of clients and Gauteng citizens as well as carrying out their responsibilities.
- (iii) Innovative**
We commit to be original, inventive and novel in the execution of our mandate and activities.
- (iv) Accountability**
We pledge to be answerable to clients and citizens of Gauteng about our service delivery responsibilities.
- (v) Passion**
We undertake to deliver services with passion, excitement and enthusiasm.
- (vi) Professionalism**
We commit to show competence and an attitude of excellence at all times.
- (vii) Ethical**
We commit to be principled, fair and just in our conduct and in service to the people of Gauteng.
- (viii) Commitment**
We commit to be devoted, faithful and loyal to the citizens and clients.

1.2 REVISIONS TO LEGISLATIVE, POLICY AND OTHER MANDATES

1.2.1 Legislative Mandates

The entity is operating in line with the following legislative mandates during the 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-Fleet in that some client department's drivers do not pay their traffic fines which results in g-Fleet not being able to timeously renew the vehicles licence disks. This has led to the Entity deciding to pay these fines and bill the affected client departments' respectively.

1.2.2 Policy & Other Mandates

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

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

1.3 UPDATED SITUATIONAL ANALYSIS

1.3.1 Improvement of Performance in 2016/17 Financial Year

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

1.3.2 Service Delivery Environment

The entity managed to keep the average age of fleet at less than 4 years during the quarter under review. This was due to intake of new vehicles procured.

The percentage of vehicles compliant to scheduled maintenance was 77% for the quarter under review. This was 7% more as the planned target of 70%. The reason for this is that all clients are reminded of their vehicle schedule maintenance on an on going basis.

The planned target for turnaround times for accident and mechanical repairs is 20 days. During the quarter under review, the entity managed 15 days. This was due to the ongoing engagements with the service provider to ensure commitment to turnaround times by the merchants that were audited.

The entity managed to prepare vehicles from delivery to active contracts within 25 days as planned. Average utilisation was 68.39% during the quarter under review, this was due to slightly elevated rental demand from clients.

The entity spent more money on automotive township business. The planned target for the quarter was 2%, and the entity achieved 2.059%.

1.4 OVERVIEW OF ORGANISATIONAL ENVIRONMENT

1.4.1 Overview of Functions & Services

g-Fleet Management is the Trading Entity of the Department of Roads and Transport (DRT). The main aim of the Entity is to provide motor transportation services to all government departments at provincial, municipal and national levels.

The trading activities of g-Fleet focus primarily on the provision of state vehicles to enable client departments to carry out their day-to-day service delivery activities efficiently and effectively. Vehicles are procured by g-Fleet in line with client requests and through Service Level Agreements entered into. g-Fleet also procures vehicles to replace previously allocated vehicles that have become obsolete and must be withdrawn. The National Treasury RT157 contract guides the procurement of vehicles.

The fleet of vehicles is allocated to client departments for a period stipulated by the client (on Full Maintenance Lease contracts).

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

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

1.4.2 Overview of Service Network

g-Fleet operates from Bedfordview, where the head office is based, with offices at ABSA building in the CBD, offices in Koedoespoort and a kiosk at OR Tambo International.

The Entity 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 and Municipalities who are key clients of g-Fleet. As part of the Turnaround plan, more emphasis will be directed at ensuring that the entity and Regional Offices have adequate capacity and fleet, to meet all client needs at the various regions/districts.

1.4.3 Overview Staff Complement

Analysis of the current profile of employees indicates that 71% (or 236) of g-Fleet employees are permanent employees, whilst 4% (or 9) are employed on a contract basis. 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	245	74%
Number of professional and managerial posts	8	2%
Number of professional and managerial posts filled	5	2%
Number of excess staff	0	0%
Number of positions filled by permanent staff	236	71%
Number of positions filled by contract staff	9	4%
Number of vacant positions excluding contract workers	87	26%
Number of vacant positions including contract workers	96	29%

1.4.5 Summary of Disciplinary Procedures

Status	Discipline	Appeals	Conciliation	Arbitration	Grievances	Disputes
Number Lodged	nil	nil	nil	nil	2	nil
Number Concluded	nil	nil	nil	nil	nil	nil
Number Outstanding	nil	nil	nil	nil	2	nil

2. FINANCIAL PERFORMANCE

2.1 ANNUAL BUDGET: FUNDING

1 ST QUARTER PERFORMANCE REPORT FOR THE 2016-17FY	TOTAL BUDGET YEAR TO DATE REPORT				QUARTER 1 APP REPORT			
	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% DIFF	BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT
ANNUAL APPROVED BUDGET	R 739,122,000	R 134,302,271	R 604,819,729	18%	R 184,780,500	R 134,302,271	R 50,478,229	73%
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 2016-17FY	TOTAL BUDGET YEAR TO DATE REPORT				QUARTER 1 APP REPORT			
LEASING OF VEHICLES	ADJUSTED ANNUAL BUDGET	ACTUAL BILLING	TOTAL VARIANCE	% DIFF	BUDGET BILLING	ACTUAL BILLED	TOTAL VARIANCE	% DIFF
REVENUE - EXCHANGE	R 819,583,000	R 215,013,717	R 604,569,283	26%	R 204,895,750	R 215,013,717	-R 10,117,967	105%
GRAND TOTAL	R 819,583,000	R 215,013,717	R 604,569,283	26%	R 204,895,750	R 215,013,717	-R 10,117,967	105%

2.3 REVENUE COLLECTIONS: RECEIPTS

APP REPORT 2016-17FY	TOTAL BUDGET YEAR TO DATE REPORT				QUARTER 1 APP REPORT			
	ADJUSTED ANNUAL BUDGET	ACTUAL COLLECTIONS	TOTAL VARIANCE	% DIFF	BUDGETED COLLECTIONS	ACTUAL COLLECTIONS	TOTAL VARIANCE	% DIFF
REVENUE - EXCHANGE	R 819,583,000	R 149,988,298	R 669,594,702	18%	R 204,895,750	R 149,988,298	R 54,907,452	73%
REVENUE – NON EXCHANGE	R 19,473,000	R 7,016,062	R 12,456,938	36%	R 4,868,250	R 7,016,062	-R 2,147,812	144%
TRANSPORT FEES	R 3,400,000	R 388,381	R 3,011,619	11%	R 850,000	R 388,381	R 461,619	46%
AUCTION FEES	R 58,000,000	R 30,270,113	R 27,729,887	52%	R 14,500,000	R 30,270,113	-R 15,770,113	209%
GRAND TOTAL	R 900,456,000	R 187,662,854	R 712,793,146	21%	R 225,114,000	R 187,662,854	R 37,451,146	83%

2.4 EXPENDITURE: PER PROGRAMME

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

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

**APP REPORT
2016-17FY**

YEAR TO DATE RESULTS

QUARTER 1 RESULTS

PER PROGRAMME	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% UNSPENT	QUARTERLY BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT
OFFICE OF THE CEO	R 3,025,000	R 2,572	R 3,022,428	0%	R 756,250	R 2,572	R 753,678	0%
OFFICE OF THE CFO	R 26,143,000	R 8,099,613	R 18,043,387	31%	R 6,535,750	R 8,099,613	-R 1,563,863	124%
OPERATIONS AND CORPORATE SERVICES	R 709,954,000	R 126,200,086	R 583,753,914	18%	R 177,488,500	R 126,200,086	R 51,288,414	71%
GRAND TOTAL	R 739,122,000	R 134,302,271	R 604,819,729	18%	R 184,780,500	R 134,302,271	R 50,478,229	73%

NOTE: The total actual expenditure on compensation of employees is under Operations and Corporate Services due to the system challenge that we have encountered because of the system change. This will be corrected through a journal.

2.5 EXPENDITURE: PER BUSINESS UNIT

APP REPORT 2016-17 FY		YEAR TO DATE RESULTS				QUARTER 1 RESULTS			
PER BUSINESS UNIT	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% UNSPENT	QUARTERLY BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	
OFFICE OF THE CEO	R 3,025,000	R 2,572	R 3,022,428	0%	R 756,250	R 2,572	R 753,678	0%	
OFFICE OF THE COO	R 2,976,000	R 23,150	R 2,952,850	1%	R 744,000	R 23,150	R 720,850	3%	
OFFICE OF THE CFO	R 10,762,000	R 7,969,220	R 2,792,780	74%	R 2,690,500	R 7,969,220	-R 5,278,720	296%	
FINANCIAL ACCOUNTING	R 15,381,000	R 130,393	R 15,250,607	1%	R 3,845,250	R 130,393	R 3,714,857	3%	
CORPORATE SERVICES	R 72,148,000	R 16,422,273	R 55,725,727	23%	R 18,037,000	R 16,422,273	R 1,614,727	91%	
MARKETING & COMMUNICATION	R 8,683,000	R 27,833	R 8,655,167	0%	R 2,170,750	R 27,833	R 2,142,917	1%	
MAINTENANCE SERVICES	R 79,373,000	R 14,023	R 79,358,977	0%	R 19,843,250	R 14,023	R 19,829,227	0%	
TRANSPORT SUPPORT SERVICES	R 214,733,000	R 39,630,635	R 175,102,365	18%	R 53,683,250	R 39,630,635	R 14,052,615	74%	
PERMANENT SERVICES	R 315,276,000	R 62,965,839	R 252,310,161	20%	R 78,819,000	R 62,965,839	R 15,853,161	80%	
VIP POOL SERVICES	R 16,765,000	R 7,116,333	R 9,648,667	42%	R 4,191,250	R 7,116,333	-R 2,925,083	170%	
GRAND TOTAL	R 739,122,000	R 134,302,271	R 604,819,729	18%	R 184,780,500	R 134,302,271	R 50,478,229	73%	

3. NON-FINANCIAL PERFORMANCE

3.1 OVERVIEW OF PROGRAMME STRUCTURE

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

SERVICE DELIVERY PROGRAMME	PROGRAMME STRUCTURE
<p>1. OPERATIONAL MANAGEMENT SERVICES</p>	<p>PERMANENT FLEET SERVICES VIP / POOL MAINTENANCE TRANSPORT SUPPORT SERVICES HR ICT</p>
<p>2. FINANCIAL MANAGEMENT</p>	<p>FINANCE</p>

3.2 SERVICE DELIVERY PERFORMANCE

3.2.1 OPERATIONAL MANAGEMENT SERVICES

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

STRATEGIC OBJECTIVE 1: Provide clients with reliable fleet to meet their needs by servicing 70% of vehicles per schedule and by buying and selling vehicle to maintain the average age of the fleet at four years

Performance Indicator	Audited Baseline	2016/17 Annual Target	Quarter 1		Deviation from Target		Reason for Deviation	Proposed Intervention
			Planned Q1	Actual Q1	Unit	%		
Average age of allocated fleet:	4 Years	≤4 Years	≤4 Years	3.6 Years	+ 0.4 Year	+10%	Intake of new vehicles procured	-
Percentage of vehicles compliant to scheduled maintenance	83.26%	70%	70%	77%	+214 Vehicles	+7%	All clients are reminded of their vehicle schedule maintenance intervals on an on-going basis.	-

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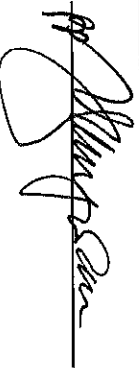
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3.2.2 OPERATIONAL MANAGEMENT SERVICES

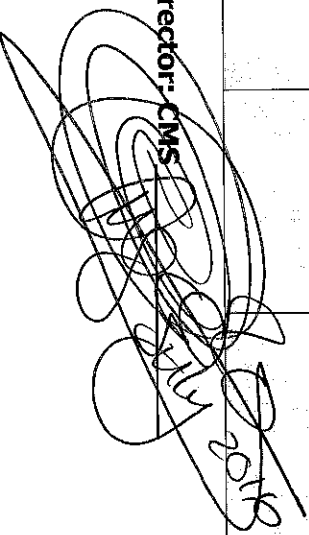
STRATEGIC OBJECTIVE 2: To provide quality and value-added client service by monitoring vehicle location and maintaining turn-around times of 20 days for services to achieve client satisfaction of 55%

Performance Indicator	Audited Baseline	2016/17 Annual Target	Quarter 1		Deviation from Target		Reason for Deviation	Proposed Intervention
			Planned Q1	Actual Q1	Unit	%		
Percentage of In-service vehicles tracked.	New KPI	90% (In-service Report 7408) current fleet size.	90% (6667)	82% 6092	575	8%	No additional units above the 6094 units of the current tracking contract could be fitted. From the 6094 vehicles fitted, 1 vehicle is stolen and 1 vehicle is due for auction and will be de-installed and re-installed in a new vehicle.	Finalising the appointment of the new service provider to ensure that all vehicles are tracked.
Average turnaround time for accidents and mechanical repairs	20 days	20 working days	20 working days	15 Days	+5 Days	+25%	Engagement with service provider to ensure commitments to turnaround times by the merchants that were audited.	-
Percentage of client satisfaction level for all g-Fleet's client departments	45%	55%	-	-	-	-	-	-

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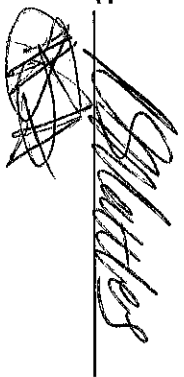


STRATEGIC OUTCOME ORIENTATED GOAL 2: Sustainable and well-governed organisation

STRATEGIC OBJECTIVE 1: Optimise return on investment by reviewing tariff structure, reducing inventory to 25 days and achieve rental utilisation of 65% to ensure sustainability.

Performance Indicator	Audited Baseline	2016/17 Annual Target	Quarter 1		Deviation from Target		Reason for Deviation	Proposed Intervention
			Planned Q1	Actual Q1	Unit	%		
Average number of business days from delivery of vehicle to active vehicle contract (permanent vehicles only)	29 Days	25 Business Days	25 business days	25 business days	0	0	-	-
Average rental utilisation of available VIP self-drive and Pool Fleet	76.9%	Average rental utilisation of 65%	Average rental utilisation of 65%	68.39%	-	+3.39%	Due to slightly elevated rentals demand from clients.	-
Annual Tariff structure submitted to Treasury for approval	New KPI	Reviewed tariff structure submitted to National Treasury for approval.	-	-	-	-	-	-
Sustainability model developed and approved	New KPI	Approved sustainability Model	-	-	-	-	-	-
Percentage decrease in average debtor days	33%	15%	15%	9% (13 days/ 150 days*100)	-8 days	-6%	Home affairs has reported to be having financial difficulties Gauteng Health has committed to pay in the second quarter due to financial difficulties	Engagements have already taken place with the two departments and they have committed to pay as follows in July: Health R20 million on 12 July 2016 Home Affairs R27 million on or before 31 July 2016

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Signed Off: Director: Finance

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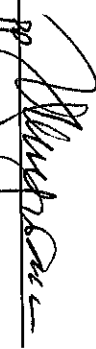
**STRATEGIC OBJECTIVE 2: Engender organisational and culture change.
To build and maintain a healthy organisation with effective operations**

Performance Indicator	Audited Baseline	2016/17 Annual Target	Quarter 1		Deviation from Target		Reason for Deviation	Proposed Intervention
			Planned Q1	Actual Q1	Unit	%		
Percentage of valid invoices paid within 30 days from receipt of invoice	90%	100%	100% (305 Invoices)	95% (290 Invoices)	-15	-5%	Delays in registering of suppliers as Vendors on SAP and Central Supplier Database (CSD).	Engage Vendor Management Division (VMD) on daily basis to try and resolve late registration of suppliers. Encourage suppliers to register themselves on CSD which makes the process much quicker.
Audit outcome (Auditor-General)		Clean Audit	Clean audit	-	-	-	-	-
Employee satisfaction rate/percentage		50%	-	-	-	-	-	-
Percentage of employee PMDS assessments completed	90%	100%	100%	-	-	-	1 st Quarter performance assessment were not submitted on time	Full report to be provided 1 st week of July 2016 after business units submitted.
Review, approval and implementation of organisational structure		Vacancy rate ≤3%	Vacancy rate ≤3%	-	-	-	Consultation process with relevant stakeholders in progress	To finalise the draft with relevant stakeholder.
An approved ICT Strategy/Plan	50%	ICT strategy approved by the HOD	-	-	-	-	-	-
Percentage of maintenance spent on (automotive) township business	New KPI	2%	2%	2.059%	+R7 588.78	+0.059%	Acquired more township service providers.	-

Performance Indicator	Audited Baseline	2016/17 Annual Target	Quarter 1		Deviation from Target		Reason for Deviation	Proposed Intervention
			Planned Q1	Actual Q1	Unit	%		
Implementation of the apprenticeship program	New KPI	Approved apprenticeship plan	-	-	-	-	-	-

Signed Off: Director: Finance 

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Signed Off: Director: HR 

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