




**GAUTENG PROVINCE**  
ROADS AND TRANSPORT  
REPUBLIC OF SOUTH AFRICA

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**g-Fleet MANAGEMENT 2017/18 FINANCIAL YEAR SECOND QUARTER PERFORMANCE REPORT  
(01 JULY – 30 SEPTEMBER 2017)**

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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 2017/18 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 2017/18 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.

The planned target for percentage of vehicles compliant to scheduled maintenance was not achieved; this was due to client departments not taking the vehicles in for services on time as per manufacturer's specifications.

The entity tracked 90.8% of in-service vehicles instead of the planned 93%. This was due to delay on de-installations and re-installations on the auction vehicles and new vehicles.

The planned target for turnaround times for accidents and mechanical repairs is 20 days. During the quarter under review, the entity reported 24 days. This was due to the delays on accident repairs due to the parts for repairs that are on back order. The entity will continue to engage the service providers to improve turnaround times for these services.

The planned target for number of days for vehicle preparation is 20 business days, but due to unavailability of tracking units the vehicles preparation process was delayed to 23 business days. The finalisation of the appointment of the new tracker service provider will ensure availability of tracking units.

Average rental utilisation for VIP was 42.68% during the quarter under review; this was due to vehicles booked to workshop still undergoing mechanical assessments and repairs. The entity averaged 67.14% for rental utilisation for Pool fleet. This was also due to slight increase in client demand.

During the quarter under review, the entity managed to pay 100% of invoices within 30 days. This was due to invoices that were checked if suppliers are properly registered before being sent for scanning, users are more conversant with SAP system and the SOP's are in place and being implemented. Also most recurring invoices have purchasing orders which speed up payment processes.

## **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 RT57 contract guides the procurement of vehicles.

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

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

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

### **1.4.2 Overview of Service Network**

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

The Entity has three (03) functional regional offices namely in Kwa-Zulu Natal, Eastern Cape, Western Cape. These mainly service regional and district offices of Gauteng-based National Departments and Municipalities who are key clients of g-Fleet. As part of the Turnaround plan, more emphasis will be directed at ensuring that the Entity and regional Offices have adequate capacity and fleet, to meet all client needs at the various regions/districts.

### 1.4.3 Overview Staff Complement

An analysis of the current profile of employees indicate that 70% (or 233) of g-Fleet employees are permanent employees, whilst 2% (or 7) are employed on a contract basis. The recruitment process is in progress.

### 1.4.4 Summary of Posts and Vacancies

Staff Categories	Number	Percentage
	Q2	Q2
Total posts on approved structure	332	100%
Total staff complement	233	70%
Number of professional and managerial posts	8	2%
Number of professional and managerial posts filled	6	3%
Number of excess staff	0	0%
Number of positions filled by permanent staff	226	68%
Number of positions filled by contract staff	7	2%
Number of vacant positions excluding contract workers	100	30%
Number of vacant positions including contract workers	107	32%

### 1.4.5 Summary of Disciplinary Procedures

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



2. FINANCIAL PERFORMANCE

2.1 ANNUAL BUDGET: FUNDING

1 <sup>ST</sup> QUARTER PERFORMANCE REPORT FOR THE 2017-18 FY	TOTAL BUDGET YEAR TO DATE REPORT				QUARTER 2 APP REPORT			
	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT
ANNUAL APPROVED BUDGET	R 822 950 461	R 382 236 180	R 440 714 282	46%	R196 062 844	R 225 517 865	-R 29 455 021	115%
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 2017-18 FY	TOTAL BUDGET YEAR TO DATE REPORT				QUARTER 2 APP REPORT			
LEASING OF VEHICLES	ANNUAL BUDGET	ACTUAL BILLING	TOTAL VARIANCE	% ACTUAL	BUDGET BILLING	ACTUAL BILLIED	TOTAL VARIANCE	% ACTUAL
REVENUE - EXCHANGE	R 760 000 000	R 380 308 341	R 379 691 659	50%	R 190 000 000	R 189 018 331	R 981 669	99%
GRAND TOTAL	R 760 000 000	R 380 308 341	R 379 691 659	50%	R 190 000 000	R 189 018 331	R 981 669	99%

### 2.3 REVENUE COLLECTIONS: RECEIPTS

APP REPORT 2017-18 FY	TOTAL BUDGET YEAR TO DATE REPORT					QUARTER 2 APP REPORT				
	ANNUAL BUDGET	ACTUAL COLLECTIONS	TOTAL VARIANCE	% ACTUAL	BUDGETED COLLECTIONS	ACTUAL COLLECTIONS	TOTAL VARIANCE	% ACTUAL		
LEASING OF VEHICLES										
REVENUE - EXCHANGE	R 760 000 000	R 334 310 256	R 425 689 744	44%	R 190 000 000	R 192 796 126	-R2 796 126	101%		
REVENUE – NON EXCHANGE	R 20 447 000	R 24 576 610	-R 4 129 610	120%	R5 111 750	R12 535 745	-R 7 423 995	245%		
TRANSPORT FEES	R 1 680 000	R 831 262	R 848 738	49%	R 420 000	R413 081	R 6 919	98%		
AUCTION FEES	R 60 900 000	R 585 918	R 60 314 082	1%	R 15 225 000	R0	R 15 225 000	0%		
GRAND TOTAL	R 843 027 000	R 360 304 046	R 482 722 954	43%	R 210 756 750	R 205 744 952	R 5 011 798	98%		

### 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 2017-18 FY		YEAR TO DATE RESULTS					QUARTER 2 RESULTS				
PER PROGRAMME	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	QUARTERLY BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT			
OFFICE OF THE CEO	R 5 390 485	R 1 751 544	R 3 638 941	32%	R 1 523 135	R 1 254 023	R 269 112	82%			
OFFICE OF THE CFO	R 10 768 987	R 8 149 174	R 2 619 813	76%	R 2 280 550	R 5 211 226	-R 2 930 676	229%			
FINANCIAL ACCOUNTING	R 15 557 959	R 7 541 744	R 8 016 215	48%	R 3 795 485	R 4 047 530	-R 252 045	107%			
OPERATIONS AND CORPORATE SERVICES	R 791 233 030	R 364 793 718	R 426 439 313	46%	R 188 463 674	R 215 005 086	-R 26 541 412	114%			
GRAND TOTAL	R 822 950 461	R 382 236 180	R 440 714 282	46%	R 196 062 844	R 225 517 865	-R 29 455 021	115%			

2.5 EXPENDITURE: PER BUSINESS UNIT

APP REPORT 2017-18 FY	YEAR TO DATE RESULTS					QUARTER 2 RESULTS				
	PER BUSINESS UNIT	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	QUARTERLY BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	
OFFICE OF THE CEO	R 5 390 485	R 1 751 544	R 3 638 941	32%	R 1 523 135	R 1 254 023	R 269 112	82%		
OFFICE OF THE COO	R 1 690 159	R 750 200	R 939 960	44%	R 400 974	R 373 284	R 27 690	93%		
OFFICE OF THE CFO	R 10 768 987	R 8 149 174	R 2 619 813	76%	R 2 280 550	R 5 211 226	-R 2 930 676	229%		
FINANCIAL ACCOUNTING	R 15 557 959	R 7 541 744	R 8 016 215	48%	R 3 795 485	R 4 047 530	-R 252 045	107%		
CORPORATE SERVICES	R 81 630 908	R 12 928 705	R 68 702 203	16%	R 12 354 250	R 8 451 249	R 3 903 001	68%		
MARKETING & COMMUNICATION	R 11 366 868	R 7 135 679	R 7 135 679	37%	R 2 889 141	R 2 188 925	R 700 216	76%		
MAINTENANCE SERVICES	R 119 218 130	R 67 322 083	R 51 896 047	56%	R 28 908 534	R 20 238 413	R 8 670 121	70%		
TRANSPORT SUPPORT SERVICES	R 226 862 366	R 113 267 579	R 113 267 579	50%	R 56 681 094	R 80 811 613	-R 24 130 519	143%		
PERMANENT SERVICES	R 334 251 707	R 157 473 774	R 176 777 933	47%	R 83 364 929	R 98 619 725	-R 15 254 796	118%		
VIP POOL SERVICES	R 16 212 893	R 8 492 980	R 7 719 913	52%	R 3 864 752	R 4 321 877	-R 457 125	112%		
GRAND TOTAL	R 822 950 461	R 382 236 180	R 440 714 282	46%	R 196 062 844	R 225 517 865	-R 29 455 021	115%		

**3. NON-FINANCIAL PERFORMANCE**

**3.1 OVERVIEW OF PROGRAMME STRUCTURE**

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

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

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 80% of vehicles per schedule and by buying and selling vehicles to maintain the average age of the fleet at four years

Performance Indicator	Audited Baseline	2017/18 Annual Target	Quarter 1		Quarter 2		Deviation from Target	Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Unit			
Average age of allocated fleet	≤4 Years	≤4 Years	3.7 years	≤4 years	3.5 years	0.5 years	12.5%	The intake of new vehicles procured and the withdrawal of old vehicles resulted in a positive fleet age.	Advance the procurement of new/replacement vehicles.
Percentage of vehicles compliant to scheduled maintenance	70%	80%	48% (2753 vehicles)	80%	46% (553 vehicles)	408 Vehicles	-34%	Client Dept. are not taking vehicles due for service as per scheduled manufacturer's specification	Constant reminder to the Client Dept. to have the vehicles due for service taken in, would be sent to the client Dept. through the KAMS on monthly bases

SIGNED OFF:

Director: Permanent Fleet



Director: Fleet Maintenance



**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.**

Performance Indicator	Audited Baseline	2017/18 Annual Target	Quarter 1		Quarter 2		Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Unit	%			
Percentage of in-service vehicles tracked.	90%	93%	91.6% (6397)	93% (6457)	90.8% (6307)	150	-2.2%	Delay on de-installations and re-installations on the auction vehicles and new vehicles  (Total Current Fleet = 7157 less the exempt vehicles of 214 = 6943)  100% In-Service Vehicles = 6943  Exempt Vehicles NPA 105 Justice 95 Premier 9 Mineral Resources 5 Total = 214	To fast track the process	
Average turnaround time for accidents and mechanical repairs	20 Days	20 Days	17 Days	20 Days	24 Days	4 Days	-20%	Delays on accident repairs due to the parts for repairs that are on back order.	Continuous engagement with the service providers to improve turnaround time on these services.	

**SIGNED OFF:**

Director: Transport Support Services



Director: Fleet Maintenance



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

**STRATEGIC OBJECTIVE 1: Optimise return on investment.  
Optimal use of the entity's assets in delivery of services that is cost effective and yield return to ensure sustainability.**

Performance Indicator	Audited Baseline	2017/18 Annual Target	Quarter 1		Quarter 2		Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Planned	Unit	%		
Average number of business days from delivery of vehicle to active vehicle contract (permanent vehicles only)	25 working days	20 business days	23 business days	20 business days	23 business days	(3 days)	(15%)		The unavailability of tracking units delayed the vehicle preparation process.	Finalise the appointment of the new tracker service provider to ensure availability of tracker devices.
Average rental utilisation of available VIP self-drive	Average rental utilisation of 65%	Average rental utilisation of 67%	51.57%	Average rental utilisation of 67%	42.68%	-	-24.32%		Vehicles booked to Workshop still undergoing mechanical assessments and repairs.	Regular monitoring and discussions with Workshop unit to clear identified backlogs.
Average rental utilisation of Pool fleet.	Average rental utilisation of 65%	Average rental utilisation of 67%	74.50%	Average rental utilisation of 67%	67.14%	-	+0.14%		Slight increase in client demand	-
Annual Tariff structure submitted to Treasury for approval	Reviewed Tariff submitted to Treasury for approval	Implementation of the approved tariff.	-	-	-	-	-		-	-
Development of sustainability model	Approved sustainability model	Phase 1 implementation of sustainability model.	-	-	-	-	-		-	-
Percentage decrease in average debtor days	15%	20%	Increased by 17% (139 days)	20% (95 days)	Increased by 49% (168 days)	73 days	77%		Gauteng Department of Health owes about 42% of the total debtors book and is experiencing	The matter has been escalated to MEC and HOD for intervention but the entity plans to suspend the petrol cards by 31 October 2017 should the intervention



Performance Indicator	Audited Baseline	2017/18 Annual Target	Quarter 1		Quarter 2		Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Planned	Unit	%		
									financial difficulties	yields no results.

**SIGNED OFF:**

Director: Permanent Fleet 

Director: VIP and Pool Services 

Director: Finance 

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

Performance Indicator	Audited Baseline	2017/18 Annual Target	Quarter 1		Quarter 2		Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Unit	%			
Percentage of undisputed invoices paid within 30 days from receipt of invoice.	100%	100%	74%(290 invoices of 392)	100%	100%(all 356 invoices paid within days)	-	-	-	This achievement is attributed to the following reasons: In order to avoid delays, invoices are checked if suppliers are properly registered before they are sent for scanning. Most recurring invoices have purchasing orders which speed up payment process. Users are now conversant with SAP system. Standard Operating Procedures are in place.	n/a
Audit outcome (Auditor-General)	Unqualified audit opinion	Unqualified audit for 16/17	-	-	-	-	-	-	-	-
Implementation of ICT Strategy / Plan	Approved ICT Strategy by HOD	Phase 1 implementation of ICT Strategy	-	-	-	-	-	-	-	-
Percentage of maintenance spend on (automotive) township businesses.	2%	4%	2.63% (R337 893.99)	4%	3%	R2 16 800.27	1%	Low number of township businesses registered with the service provider. Contractual bylaws	The Entity is in engagement with the service provider to develop programs in support of the Township Business Engagement mandate between g-Fleet and Transit	

Performance Indicator	Audited Baseline	2017/18 Annual Target	Quarter 1		Quarter 2		Deviation from Target		Reason for Deviation	Proposed Intervention
			Actual	Planned	Actual	Planned	Unit	%		
									between the service provider and the Entity hindering prioritizing work allocation to the township businesses.	Solution has been updated. The engagement mandate ensures that Township businesses are prioritized in terms of work allocation with emphasis on black owned, women owned and youth owned businesses.

**SIGNED OFF:**

Director: Finance



Deputy Director: ICT



Director: Fleet Maintenance

