



GAUTENG PROVINCE
ROADS AND TRANSPORT
REPUBLIC OF SOUTH AFRICA

**Revised g-Fleet MANAGEMENT 2015/16 FINANCIAL YEAR FOURTH QUARTERLY PERFORMANCE REPORT
(01 JANUARY 2016 – 31 MARCH 2016)**

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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 (GHIP), 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 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

In response to the negative audit outcome, the MEC took a decision to replace top management with temporary staff to support the Acting CEO to develop and implement a turnaround plan that addresses fair representation of financial statements, assesses the going concern of the business and long term sustainability of the entity.

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 revised its 15/16 Annual Performance Plan during the third quarter of the 15/16 financial year. The revised APP was tabled at Legislature on 29th February 2016. The entity planned to have the average age of allocated fleet at 4 years; this was achieved during the period under review. The percentage of vehicles compliant to scheduled maintenance was 83.26%, this was 23.6% more than the planned 60%. The entity managed to track 80% of in service vehicles during the quarter under review. The average number of days for vehicle preparation during the quarter under review was 30 days, however administration blocks on e-Natis and the shortage of tracking devices delayed the preparation process. This will improve when the new tracking service provider is appointed.

The entity managed an average rental utilisation of 94.35% against the planned 65%. The planned target for percentage decrease in average debtor days is 15%; the entity managed 60% during the period under review. This was due to two departments settling their outstanding debt of more than R100 million in total.

Employee satisfaction survey was not done during the fourth quarter; it will be done during the 16/17 financial year. 90% of employee PMDS assessments were done during the quarter under review. Assessments were not submitted on time.

The target for BBBEE expenditure was reported as follows. HDI – 71%, Women – 23%, Youth – 15% and People with disabilities – 0%. The total amount awarded was R4, 486,358.07 for 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 turnaround plan was approved December 2015. 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.
- 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). 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 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 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

Analysis of the current profile of employees indicates that 72% (or 239) of g-Fleet employees are permanent employees, whilst 4% (or 11) are employed on a contract basis. The recruitment process is in progress.

1.4.4 Summary of Posts and Vacancies

Staff Categories	Number	Percentage
	Q4	Q4
Total posts on approved structure	332	100%
Total staff complement	250	75%
Number of professional and managerial posts	9	3%
Number of professional and managerial posts filled	7	2%
Number of excess staff	0	0%
Number of positions filled by permanent staff	239	72%
Number of positions filled by contract staff	11	4%
Number of vacant positions excluding contract workers	82	24%
Number of vacant positions including contract workers	93	28%

1.4.5 Summary of Disciplinary Procedures

Status	Discipline	Appeals	Conciliation	Arbitration	Grievances	Disputes
Number Lodged	nil	nil	nil	1	2	nil
Number Concluded	nil	nil	nil	nil	nil	nil
Number Outstanding	nil	nil	nil	1	2	nil

2. FINANCIAL PERFORMANCE

2.1 ANNUAL BUDGET: FUNDING

4 TH QUARTER PERFORMANCE REPORT FOR THE 2015-16FY	TOTAL BUDGET YEAR TO DATE REPORT					QUARTER 4 APP REPORT				
	ADJUSTED ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% DIFF	BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT		
ANNUAL APPROVED BUDGET	R 727,435,000	R 701,516,663	R 25,918,337	4%	R 236,716,445	R 199,198,054	R 37,518,391	84%		
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 4 APP REPORT			
LEASING OF VEHICLES	ADJUSTED ANNUAL BUDGET	ACTUAL BILLING	TOTAL VARIANCE	% DIFF	BUDGET BILLING	ACTUAL BILLED	TOTAL VARIANCE	% DIFF
REVENUE - EXCHANGE	R 776,856,000	R 715,468,911	R 61,387,089	8%	R 185,000,000	R 178,085,548	R 6,914,452	96%
GRAND TOTAL	R 776,856,000	R 715,468,911	R 61,387,089	8%	R 185,000,000	R 178,085,548	R 6,914,452	96%

2.3 REVENUE COLLECTIONS: RECEIPTS

APP REPORT 2015-16FY		TOTAL BUDGET YEAR TO DATE REPORT				QUARTER 4 APP REPORT			
LEASING OF VEHICLES	ADJUSTED ANNUAL BUDGET	ACTUAL COLLECTIONS	TOTAL VARIANCE	% DIFF	BUDGETED COLLECTIONS	ACTUAL COLLECTIONS	TOTAL VARIANCE	% DIFF	
REVENUE - EXCHANGE	R 776,856,000	R 819,042,046	-R 42,186,046	-5%	R 185,000,000	R 227,571,445	-R 42,571,445	123%	
REVENUE – NON EXCHANGE	R 17,703,000	R 17,907,449	-R 204,449	-1%	R 4,800,000	R 5,121,968	-R 321,968	107%	
TRANSPORT FEES	R 1,794,000	R 1,727,848	R 66,152	0%	R 421,581	R 383,581	R 38,000	0%	
AUCTION FEES	R 64,749,000	R 49,148,178	R 15,600,822	24%	R 17,500,000	R 21,782,914	-R 4,282,914	124%	
GRAND TOTAL	R 861,102,000	R 887,825,521	-R 26,723,521	-3%	R 207,721,581	R 254,859,908	-R 47,138,327	123%	

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 Current Year Goods and Services.

**APP REPORT
2015-16FY**

YEAR TO DATE RESULTS

QUARTER 4 RESULTS

PER PROGRAMME	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% UNSPENT	QUARTERLY BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT
OFFICE OF THE CEO	R 2,901,000	R 2,333,961	R 567,039	20%	R 885,778	R 422,887	R 462,892	48%
OFFICE OF THE CFO	R 41,379,000	R 26,388,702	R 14,990,298	36%	R 27,399,909	R 4,804,475	R 22,595,434	18%
OPERATIONS AND CORPORATE SERVICES	R 683,155,000	R 672,794,000	R 10,361,000	2%	R 208,430,757	R 193,970,693	R 14,460,064	93%
GRAND TOTAL	R 727,435,000	R 701,516,663	R 25,918,337	4%	R 236,716,445	R 199,198,054	R 37,518,391	84%

2.5 EXPENDITURE: PER BUSINESS UNIT

APP REPORT 2015-16 FY		YEAR TO DATE RESULTS				QUARTER 4 RESULTS			
PER BUSINESS UNIT	ANNUAL BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% UNSPENT	QUARTERLY BUDGET	ACTUAL SPEND	TOTAL VARIANCE	% SPENT	
OFFICE OF THE CEO	R 2,901,000	R 2,333,961	R 567,039	20%	R 885,778	R 422,887	R 462,892	48%	
OFFICE OF THE COO	R 1,532,000	R 1,397,745	R 134,255	9%	R 419,020	R 372,419	R 46,601	89%	
OFFICE OF THE CFO	R 41,379,000	R 26,388,702	R 14,990,298	36%	R 27,399,909	R 4,804,475	R 22,595,434	18%	
CORPORATE SERVICES	R 51,442,000	R 30,212,606	R 21,229,394	41%	R 17,924,978	R 8,476,640	R 9,448,338	47%	
MARKETING & COMMUNICATION	R 10,920,000	R 9,938,990	R 981,010	9%	R 3,344,795	R 2,288,550	R 1,056,245	68%	
MAINTENANCE SERVICES	R 98,633,000	R 117,074,730	-R 18,441,730	-19%	R 32,188,939	R 27,595,392	R 4,593,547	86%	
TRANSPORT SUPPORT SERVICES	R 200,275,000	R 179,768,673	R 20,506,327	10%	R 62,602,242	R 35,713,318	R 26,888,923	57%	
PERMANENT SERVICES	R 303,896,000	R 317,567,851	-R 13,671,851	-4%	R 87,665,744	R 114,917,640	-R 27,251,896	131%	
VIP & POOL SERVICES	R 16,457,000	R 16,833,405	-R 376,405	-2%	R 4,285,040	R 4,606,734	-R 321,694	108%	
GRAND TOTAL	R 727,435,000	R 701,516,663	R 25,918,337	4%	R 236,716,445	R 199,198,054	R 37,518,391	84%	

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		PERMANENT FLEET SERVICES VIP / POOL MAINTENANCE TRANSPORT SUPPORT SERVICES
2. CORPORATE SERVICES		FINANCIAL HR ICT

3.2 SERVICE DELIVERY PERFORMANCE

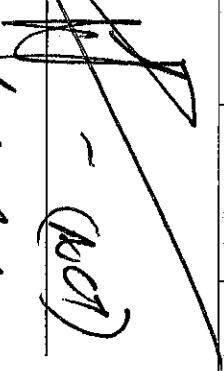
3.2.1 OPERATIONAL MANAGEMENT SERVICES

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 ensure fleet provided to client is reliable and meet their needs.

Performance Indicator	Audited Baseline	2015/16 Annual Target	Quarter 4		Deviation from Target		Reason for Deviation	Proposed Intervention
			Planned Q4	Actual Q4	Unit	%		
Average age of allocated fleet	4 Years	4 Years	4 Years	4 years	0	0%	n/a	n/a
Percentage of vehicles compliant to scheduled maintenance	60%	60%	60%	83.26%	-	+23.6%	n/a	n/a

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Signed Off: Director: Maintenance

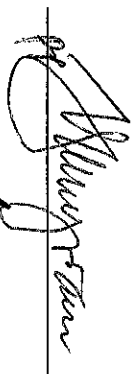


3.2.2 OPERATIONAL MANAGEMENT SERVICES

STRATEGIC OBJECTIVE 2: To provide quality and value-added client service. To ensure the provision of quality and value-added client service.

Performance Indicator	Audited Baseline	2015/16 Annual Target	Quarter 4		Deviation from Target		Reason for Deviation	Proposed Intervention
			Planned Q4	Actual Q4	Unit	%		
Percentage of in-service vehicles tracked.	80%	80% 5778 tracked 7200 in-service	80%	80% (5752)	-	-	SLA does not allow additional fitments or replacement of faulty units.	New Tracking Tender.
Average turnaround time for accidents and mechanical repairs	30 days	30 days	30 days	19.5 days	10.5 days	65%	Improved Processes	Continuous and close monitoring of process to further improve on turnaround time.

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Signed Off: Director: Maintenance

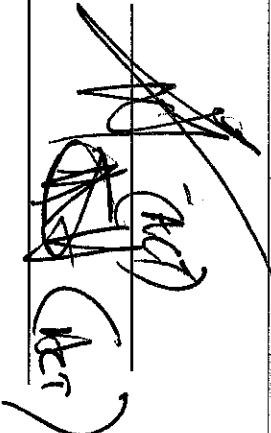


STRATEGIC OUTCOME ORIENTATED GOAL 2: Sustainable and well-governed organisation

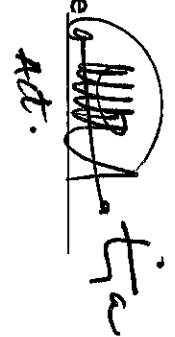
**STRATEGIC OBJECTIVE 1: Optimise return on investment
Optimal use of the entity's assets in delivery of services that is cost effective and yield return to ensure sustainability**

Performance Indicator	Audited Baseline	2015/16 Annual Target	Quarter 4		Deviation from Target Unit	Deviation from %	Reason for Deviation	Proposed Intervention
			Planned Q4	Actual Q4				
Average number of business days from delivery of vehicle to active vehicle contract (permanent vehicles only)	New KPI	30 Days	30 Days	30 days	0	0%	Administration blocks on e-Natis and the shortage of tracking devices delayed the vehicle preparation process.	Appoint new tracking service provider
Average rental utilisation of available VIP self-drive and Pool Fleet	New KPI	Average rental utilisation of 65%	65 % 76,973 rental days	94.35% 111,694 rental days	+34,721 Rental days	+29.35%	The unit overachieved. This is a new target. The target used is a profitability break-even utilisation point for rental businesses	Not applicable
Percentage decrease in average debtor days	New KPI	15%	15%	60% (224-89)135/224 = average debtor percentage reduced by 60%	101	45%	Two departments settled their outstanding debt of more than R100 million in total.	Follow up outstanding debt and have meetings with client departments. The entity to resolve disputes promptly.

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Signed Off: Director: Finance



Signed Off: Director: VIP



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

Performance Indicator	Audited Baseline	2015/16 Annual Target	Quarter 4		Deviation from Target Unit	Deviation from Target %	Reason for Deviation	Proposed Intervention
			Planned Q4	Actual Q4				
Percentage of invoices paid within 30 days from receipt of invoice	97%	100%	100%	100%	-	-	-	-
Audit outcome (Auditor-General)	Disclaimer	Unqualified Opinion	Unqualified opinion	-	-	-	-	-
Employee satisfaction rate/percentage	33%	50%	50%	-	-	50%	Survey not done during 4 th quarter	To be done in 16/17 FY
Percentage of employee PMDS assessments completed	New KPI	95%	95%	90%	-	-5%	4 th Quarter performance assessment were not submitted on time	HR to collect 4 th Quarter performance assessment from business units physically and complete the EPMDS with managers.
Review, approval and implementation of organisational structure	New KPI	Submit organisational structure to DPSA for approval	Submit organisational structure to DPSA for approval	Draft structure for consultation developed and submitted on 12/02/2016	-	-	Lengthy consultation process with relevant stakeholders	Finalizing delays in consultation.
An approved ICT Strategy/Plan	New KPI	Implement 50% of systems plan initiatives	An approved ICT Strategy by the HOD	Revised Draft Strategy	-	50%	Strategy had to be amended to reflect the revised business App.	Expedite the approval process
Percentage of maintenance spent on (automotive) township business	New KPI	2%	2%	3%	-	+1%	-	To further specify Township businesses and categorize them

Performance Indicator	Audited Baseline	2015/16 Annual Target	Quarter 4		Deviation from Target		Reason for Deviation	Proposed Intervention and categorize them
			Planned Q4	Actual Q4	Unit	%		
business								

Signed Off: Director: Finance *[Signature]*

Signed Off: Director: HR *[Signature]*

Signed Off: Director: Maintenance *[Signature]*

Signed Off: Deputy Director: ICT *[Signature]*