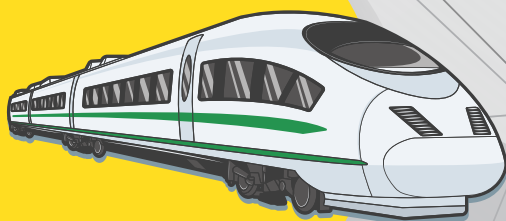
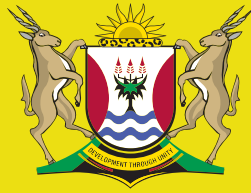




Province of the
EASTERN CAPE
TRANSPORT



VOTE 10 **ANNUAL** REPORT 2021/2022



Province of the
EASTERN CAPE
TRANSPORT

VOTE 10 **ANNUAL REPORT** 2021/22

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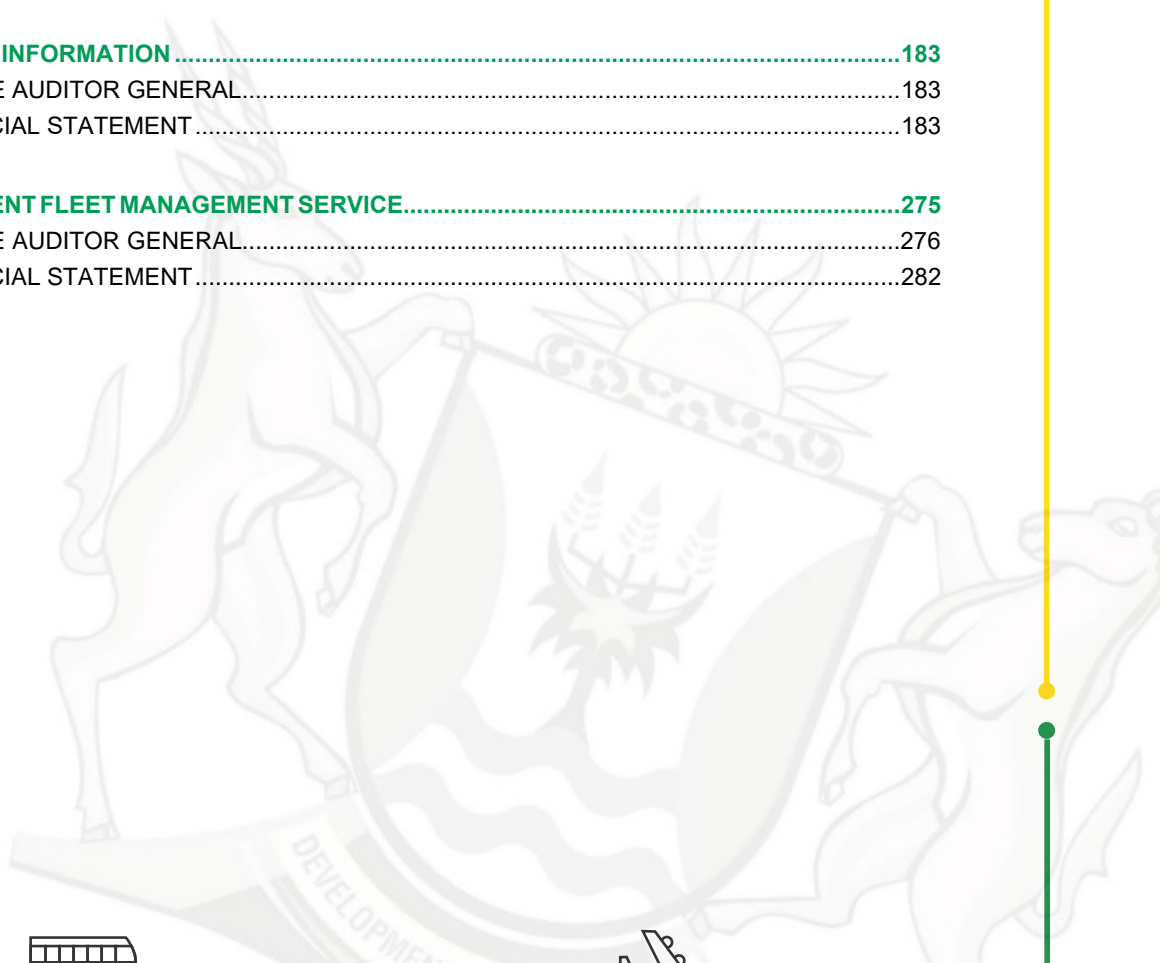
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PART A

General Information

1 DEPARTMENTAL GENERAL INFORMATION

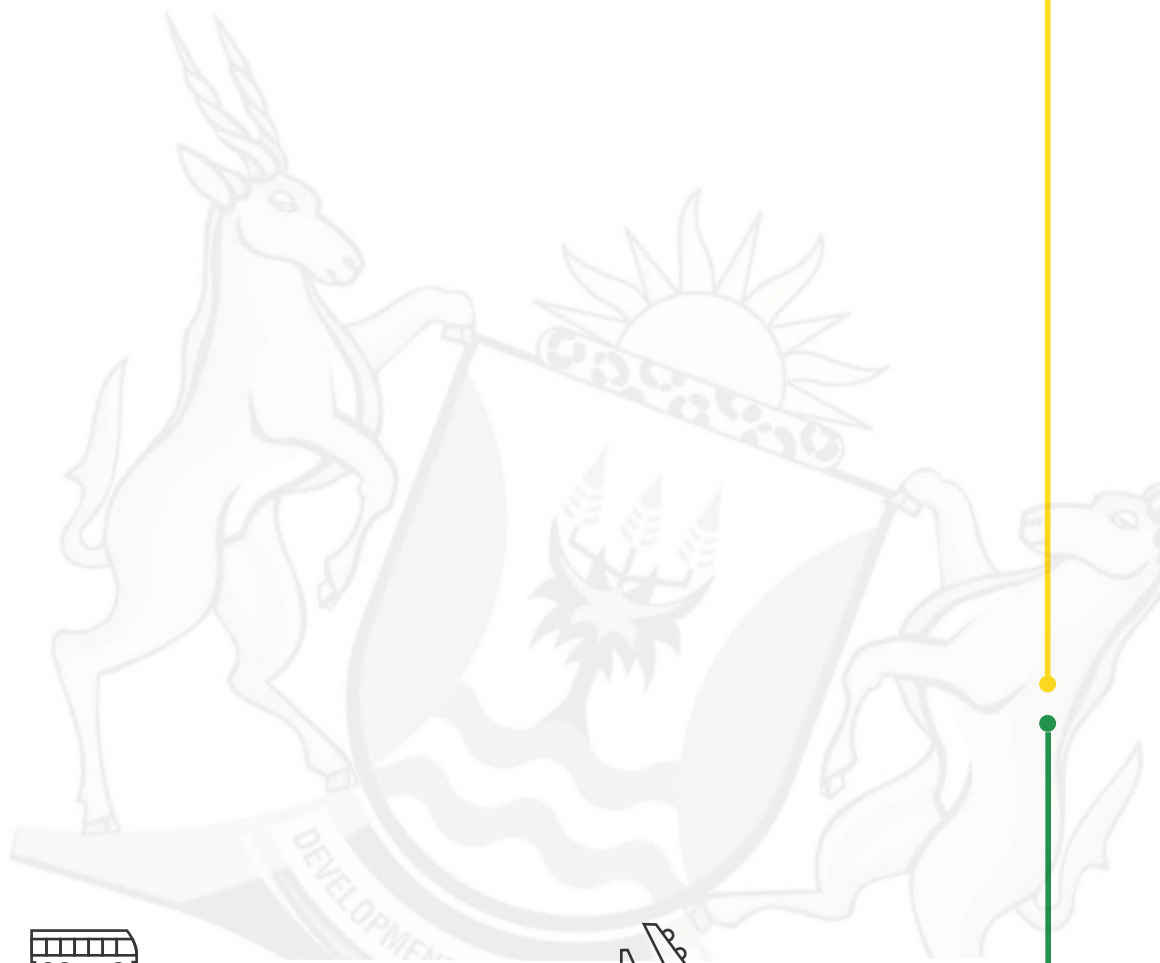
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2 LIST OF ABBREVIATIONS/ACRONYMS

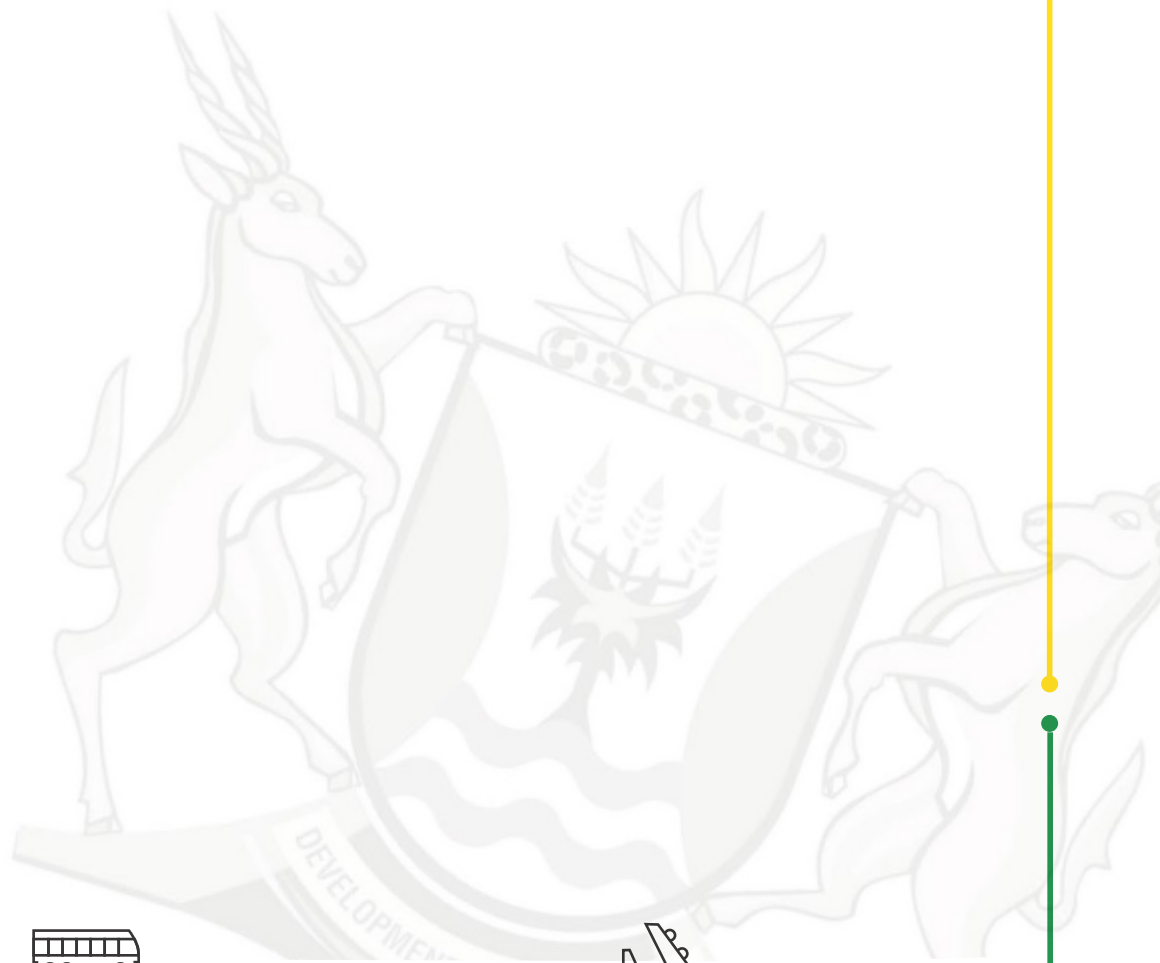
Abbreviation	Description
AARTO	Administrative Adjudication of Road Infringement Offences
AB350	Africa's Best 350 Ltd
ABC	Algoa Bus Company
AFS	Annual Financial Statement
AGSA	Auditor-General South Africa
AIDS	Acquired Immuno Deficiency Syndrome
APP	Annual Performance Plan
ATNS	Air Traffic Navigation System
B-BBEE	Broad Based Black Economic Empowerment
CA(SA)	Chartered Accountant
CAA	Civil Aviation Authority
CASA	Chartered Accountant South Africa
CETA	Construction Education & Training Authority
COTO	Committee of Transport Officials
COGTA	Cooperative Governance and Traditional Affairs
COVID	Coronavirus Disease
CBP	Community Based Program
CFO	Chief Financial Officer
CIBD	Construction Industry Development Board
CIMA	Chartered Institute of Management Accountants
CSIR	Council For Scientific and Industrial Research
DDG	Deputy Director General
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DLTC	Driver's License Testing Centre
DOH	Department of Health
DORA	Division of Revenue Act
DME	Distance Measuring Equipment
DPW	Department of Public Works
DPSA	Department of Public Service Administration
ECDC	Eastern Cape Development Corporation
EHW	Employee Health and Wellness
ECDOT	Eastern Cape Department of Transport
ECPT	Eastern Cape Provincial Treasury
ECCOGTA	Eastern Cape Department of Cooperative Governance and Traditional Affairs
ECSBOC	Eastern Cape Small Bus Operators Council
EDMS	Electronic Document Management System
EPWP	Expanded Public Works Programme
ERMC	Ethical and Risk Management Committee
EXCO	Executive Council
FTE's	Full Time Equivalents
GEMS	Government Employees Medical Scheme
GFMS	Government Fleet Management Services
GRAP	Generally Recognised Accounting Practice
GTAC	Government Technical Advisory Centre
GIS	Geographical Information System
HAZLOCKS	Hazardous locations
HCT	HIV Counselling and Testing
HDI's	Historical Disadvantaged Individual
HIV	Human Immuno Virus
HOD	Head of Department
HR	Human Resource
HRD	Human Resource Development
HRM	Human Resource Management
HROPT	Human Resource Operations Plan Task
IRPTN	Integrated Rapid Public Transport Network
IESBA	International Ethics Standard Board for Accountants
IOD	Injury on Duty
ICT	Information and Communication Technology
IPTS	Integrated Public Transport System
ISAs	Internal Security Acts
ITP	Integrated Transport Plan



Abbreviation	Description
ITPCC	Integrated Transport Planning Coordinating Committee
KSD	King Sabata Dalindyebo
LDV	Light Delivery Vehicle
LICAPOC	Labour Intensive Construction Adjudication and Project Oversight Committee
LOC	Local Organising Committee
LED	Local Economic Development
MCS	Modified Cash Standard
MEC	Member of the Executive Council
MIS	Management Information System
MoU	Memorandum of Understanding
MPSA	Minister for Public Service and Administration
MPSS	Minimum Physical Security Standards
MTC	Mayibuye Transport Corporation
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NaTIS	National Traffic Information System
NATMAP	National Transport Master Plan
NICD	National Institute for Communicable Diseases
NDoT	National Department of Transport
NDP	National Development Plan
NMT	Non-Motorised Transport
NMBMM	Nelson Mandela Bay Metropolitan Municipality
NLTA	National Land Transport Act
NTRA	National Roads Traffic Act
NYS	National Youth Service
OEM's	Original Equipment Manufacturer
OHS	Occupational Health and Safety
OL	Operating License
OP	Operational Plan
OSD	Occupation Specific Dispensation
OTP	Office of the Premier
PAA	Principal Accrediting Authority
PCC	Provincial Coordinating Committee
PCMT	Provincial Coordinating Monitoring Team
PMDS	Performance Management Development System
PDP	Personal Development Plan
PFMA	Public Finance Management Act
PPE	Personal Protective Clothing
PPP	Public Private Partnership
PIPTMP	Provincial Integrated Public Transport Master Plan
PILIR	Policy and Procedure on Incapacity, Leave, Ill-health and Retirement
PLTF	Provincial Land Transportation Framework
PRE	Provincial Regulatory Entity
PRASA	Passenger Rail Agency of South Africa
PRMG	Provincial Roads Maintenance Grant
PSC	Public service Commission
PTOG	Provincial Transport Operations Grant
PSETA	Public Sector Education and Training Authority
PSR	Public Service Regulations
PT	Provincial Treasury
PVA	Public Viewing Area
RAMS	Roads Asset Management System
RISFSA	Road Infrastructure Strategic Framework for South Africa
RMC	Risk Management Committee
RSR	Rail Safety Regulator
RTIA	Road Traffic Infringement Agency
RTMC	Road Traffic Management Corporation
SACAA	South African Civil Aviation Act
SANRAL	South African National Roads Agency
SANTACO	South African National Taxi Council
SAPO	South African Post Office
SAPS	South African Police Service
SARS	South African Revenue Services
SASSA	South Africa Social Security Agency



Abbreviation	Description
SANDF	South African National Defence Force
SCM	Supply Chain Management
SDM	Service Delivery Model
SCOPA	Standing Committee on Public Accounts
SCMU	Supply Chain Management Unit
SETA	Skills Education Training Authority
SITA	State Information Technology Agency
SG	Superintendent-General
SIU	Special Investigating Unit
SHERQ	Safety Health Environment Risk and Quality
SLA	Service Level Agreement
SMME	Small Medium Micro Enterprise
SMS	Senior Management Service
SP	Strategic Plan
TB	Tuberculosis
TETA	Transport Education and Training Authority
TIMS	Traffic Infringement Management Services
TMH	Technical Methods for Highways
TRAFMAN	Traffic Management System
TT	Task Team
TTC	Transport Technical Committee
TVET	Technical and Vocational Education and Training
UIF	Unemployment Insurance Fund
VTS	Vehicle Testing Station



3 FOREWORD BY THE MEC



This period in the government working calendar is very critical, as it offers us an opportunity to reflect on the journey we have covered as the Department of Transport in the Eastern Cape in delivering services to the masses of the people of this province. A chance to put things into perspective as we gear up for a new Financial Year. It is my honour, as the newly deployed MEC for Transport in the Province, to reflect on the work done by this vitally important department.

Before we delve deeper into the work done by the department over the past Financial Year, we have to acknowledge that what is presented here, is the work done under the stewardship of my predecessor, the former MEC for Transport in the Eastern Cape, Honourable Weziwe Tikana-Gxotiwe, working with this team of managers and general workers in this department. And I wish to thank her for her dedication and her leadership in this department over the years. We wish her all the best as she continues with her legislative work.

The kind of effort the department has put in, in delivering services to the people has been satisfactory, under the circumstances. But I know that managers and all the people involved in this department would know that, for a department like ours, satisfactory is never enough given the backlog we have, in road infrastructure in particular. Satisfactory is not enough when dozens of lives are lost on our roads on a daily basis. Satisfactory is not enough when the people we are meant to serve continuously express dissatisfaction with our output.

However, in judging the last financial year, we have to take things into context. One of the fundamental things about the Financial Year that was 2021/2022, is that it was a transitional year, from what we had termed "The New Normal" back to the normalcy before the outbreak of the Coronavirus pandemic, and the many Lockdown related restrictions that came with it.

The controls and limitations certainly hampered the work of the government, and we as the Department of Transport were not spared from that. The lockdown restrictions negatively affected many of our planning, our annual programmes as well as most of our projects that were ongoing. It also affected the mindset of some of our officials and even service providers too. As things began to open up a bit more, some struggled to adjust back to the demands of the pre-Covid pandemic working environment.

The Third and the Fourth Quarters in particular brought about some much needed changes that were conducive for a productive work environment, the Fourth Quarter effectively epitomized the transition from the restrictions laden period, back to normalcy.

On virtually the eve of the Fourth Quarter, a special Cabinet meeting held on 30 December 2021, approved several changes to the Adjusted Alert Level 1 COVID-19 regulations. This was based on the trajectory of the pandemic, the levels of vaccination in the country among other things, changes were made.

Chief among those changes, was the **lifting of the curfew and for the first time in nearly two years**, there were no restrictions on the hours of movement of people and that alcohol establishments that have licenses to operate beyond 23h00 reverted back to full license conditions. The implications of that were clear for our law enforcement unit. New Year celebrations suddenly required extra vigilance as celebrations went on unhindered, with alcohol and people moving freely.

The implementation of the 24/7 Flexi shift system (24/2) for Traffic Law Enforcement in our 26 traffic stations came in really handy for that period. We implemented a data based plan with increased visibility of our teams on the most critical days focusing on identified critical roads and times. With that the department was able to deal with the threat of heightened alcohol abuse and its impact on vehicle accidents.

The dedication of our law enforcement officers saw the Eastern Cape being declared as the most improved province in the country, in road safety, **recording a nearly 7.9% decrease in road fatalities during the festive season which ended in January 2022**. The Easter Period was no different. There were some improvements in road fatalities even then. And for that, I wish to salute our Traffic Officers and all the supporting staff for a job well done, for standing tall and rising to the challenge.



CLIMATE CHANGE AND IMPACT ON INFRASTRUCTURE: The Fourth Quarter also exposed us to the devastating impact of Global Warming and Climate Change, as unprecedented heavy and sustained downpours battered the Eastern Cape, causing massive destruction to our road infrastructure in particular. The damage has undone most of the work we had already spent money on for the ending Financial Year, adding further strain to our already over stretched budget for the upcoming fiscal as we now have to re-do the work.

The collapse of the bridge constructed by SANRAL on the busy R61 National Road between Engcobo and Komani on the 28th of December 2021, epitomised the devastating impact of the floods experienced over the past fiscal year, which left a trail of destruction in its wake. It was an act of nature that strains the meagre resources against an ever swelling demand for road infrastructure in the province. Anchored on the National Development Plan (NDP) which states that transport is a crucial catalyst for economic development and an enabler for getting South Africa to work, we did not let that setback break our spirits. We remained committed to delivering on the mandate given to us by the voters of this country and this province in particular, who elected this 6th administration to deliver on their hopes and dreams for a better life, as contained in the NDP.

As a result many of the damaged road infrastructure has been attended to, and plans are at an advanced stage to deal with those that are yet to be.

Our infrastructural projects, scattered all across the province continue, connecting people to crucial amenities such as markets and hospitals on tarred roads where the budget allows, while we remain committed to re-gravelling and maintaining our equally important in critical dirt roads in the province.

SCHOLAR TRANSPORT: Despite the many challenges relating to this all important service, **we can be proud of the role we have played in the ever improving education outcomes in the province as highlighted by the Matric Results.**

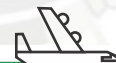
However, we also need to improve our management of the service and the execution of plans that are in place for these services. Interventions involving the Department of Transport, the Office of the Premier, Department of Education and Provincial Treasury as well as constant and honest engagements with operators ensure that the Scholar Transport service continues fairly smoothly into the new school year. And the Department of Transport in particular, had to dig deep into its coffers and put some of its programmes on hold spare funds for the service to continue.

That level of commitment, the demonstration of true patriotism by the officials of the department under the leadership of my predecessor, Honourable Weziwe Tikana-Gxotiwe is what we need more of as we gear up for more challenging times ahead.

As we continue with our strides to improve the lives and livelihoods of the people of the Eastern Cape and to connect the people of this province as well as goods and services, through a safe, reliable and affordable transport service.

This is a period that requires us to look back and be able to acknowledge where we have gone wrong, where we have fallen short of our targets and expectations and what were the contributing factors to those shortcomings. And also to have an understanding of the impact of those in the greater government plan as informed by the governing party, the ANC's election manifesto for this 6th Administration and the National Development Plan, among the guiding documents.

Our bookkeeping abilities are a serious area of concern, it is one of the areas we need to put some special attention on to improve the department's audit outcomes. The department has to find a way out of consistently getting negative reports from the Auditor General. We continuously endeavor to spend the budget allocated to us as a department, and spend it wisely and transparently, spending it on nothing else but in achieving our mandate and targets as contained in our guiding documents and planning documents. That way, it won't be much of a challenge to account to the Auditor General on how we have spent the 99.9% of our allocated budget.



Scholar Transport and its many challenges have been cited as a major contributing factor to the negative report, but it is also our programme, it is run and managed by us and therefore we will need to take charge of that unit and run it as best we can.

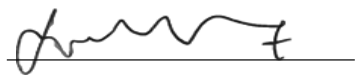
The reports coming from each of our programmes indicate that it's not all doom and gloom, they show that there are some pockets of excellence from within that we can draw some lessons on. The bookkeeping capabilities of GFMS (Government Fleet Management Services) is another shining light we can look on for inspiration, and I wish to acknowledge them for a job well done.

Our Community Based Programmes continue to create opportunities to generate income for over 40 000 beneficiaries participating in the transport sector Expanded Public Works Programme (EPWP). In addition, our labour-intensive projects are making a positive impact in households that leave below the poverty lines.

LASTLY: As we have entered the half-way mark for the 6th administration, an administration that had six priorities. As the Eastern Cape Department of Transport, we need to double our efforts on delivering on our main focus areas.

My call is on public servants to diligently serve the people, to fully implement the electoral mandate while remaining non-partisan. My call is for you to ensure that public funds are not wasted or stolen or go unused, and to build a state that is capable and developmental.

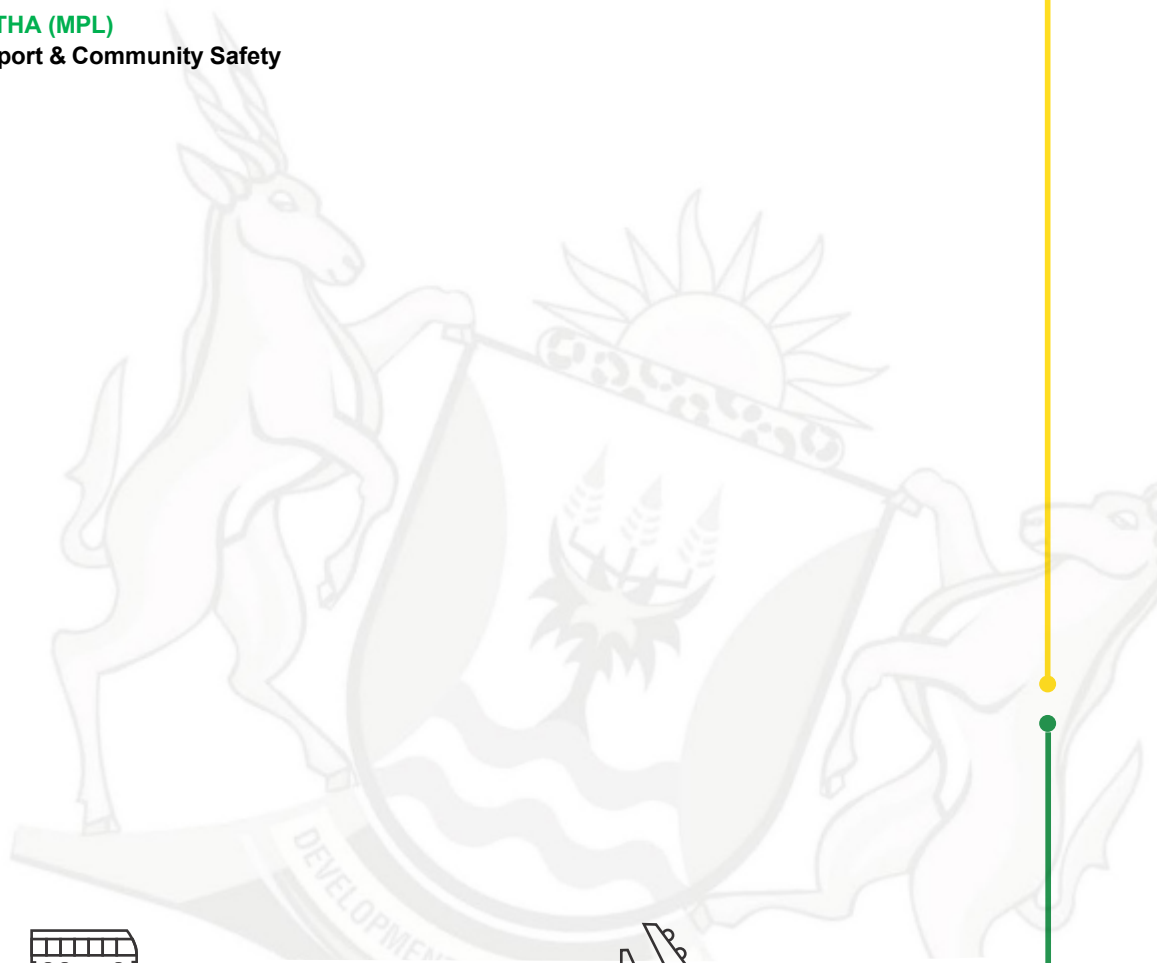
The intervention by the national government to help us deal with our infrastructural programmes gives us hope that we will be able to overcome the difficulties we are faced with. So, as we take on the new Financial Year, let us join hands and work together to ensure that we **provide effective, safe, accessible and affordable public transport**.



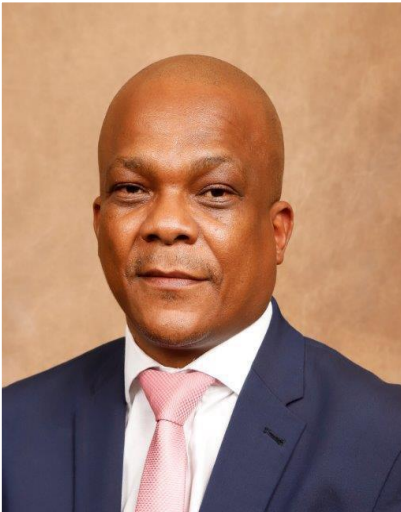
MEC XOLILE E NQATHA (MPL)

Department of Transport & Community Safety

31 August 2022



4 REPORT OF THE ACCOUNTING OFFICER



Overview of the operations of the Department

The year under review marks a milestone as the end of the second year where the Department is implementing its 2020-25 strategy. In review of this year, it has become clear that the Department of Transport is a pivotal role player in capacitating the State. Although there have been shortcomings in this area, it is an important lessons-learned that we are taking into the new financial year. We endeavour to take these lessons, and regroup to become more efficient in our mandate towards fulfilment of the national goals reflected in the National Development Plans and the Medium-Term Strategic Framework.

The Departments mandate of delivering an integrated safe and accessible transport system hinge on the achievement of efficient delivery of improved transport infrastructure. The Department has recorded some achievements against planned targets in the upgrades of gravel roads to surfaced standard. A total of 39km of gravel roads has been upgraded

during the year under review from the following projects:

SLA Eastern Cape Department of Transport and Enoch Mgijima Local Municipality Roads Upgrades DR12732 DR12733 and DR02541 past the Tsolwana Nature Reserve and Internal Streets Tarkastad and Hofmeyr_Phase 4 [12km] Upgrading of the Road from R61 at St Barnabas Hospital to Hluleka Nature Reserve Part DR08303 DR08308 and DR08309 16 Km_Phase 1, Elliotdale to Madwaleni Hospital Road_3km, Coffee Bay to Zithulele Hospital_2km, Canzibe Hospital Road_6km

Even with the effects of climate change creating a setback with respect to roads infrastructure maintenance, the appointment of the framework agreements and panels to support roads maintenance have equally proven to be a good investment. The Departments overachievement in re-gravelling and blacktop patching is a result of the establishment of these panels. These have mitigated what could have been more catastrophic disasters in the damage of provincial rural roads. The Department is also implementing a number of key infrastructure projects in partnership with the various levels of government (district/local municipalities and SOE's).

The Eastern Cape Rail Committee formed with various stakeholders was launched during the year under review with the intention of crafting a way for industry revitalization. As part of the work done by the Rail Committee Launched in this financial year, the Blaney Cookhouse Line has since been awarded for operation which will commence in the 2022/23 financial year. In addition, PRASA will be improving on the Passenger Rail line from Motherwell to Port Elizabeth CBD, also anticipated for implementation in the 2022/23 financial year.

The Department has appointed 30 New Provincial Inspectors to ensure maximum deployment and visibility of traffic officers on public roads. This has also enhanced the 24/2 shift system [24/7 pilot project]. The returns on implementation of this shift system is evident in the results published by Minister Mbalula indicating that comparatively, the Eastern Cape recorded the largest decline in road fatalities with a reduction of 7.9%. The Department appreciates the teamwork from the Programme, and strives for an eventuality Fatality-free Provincial Roads. Furthermore, we are committed to the integrations in operational strategies for Roads Maintenance work (improving lifespan, safety and condition), which continues to be a priority in enabling this ideal.

The Department adopted a Digital Transformation strategy as pronounced in the Executive Authorities policy speech. The plans for digital transformation involved a number of initiatives to improve and support the ideals of achieving impactful efficiency gains in establishing an efficient administration. This can be seen through the roll out of the e-recruitment, e-leave and the electronic document management systems in the Department. ICT remains with its own challenges due legacy systems, inefficient support from implementing agents from the Sector, and overall poor governance which the Department intends to focus on in the new financial year to support the ICT Strategy.



Additional to the area of creating an efficient and effective public administration, the Department is proud of the role that it plays through investing in its people and their capabilities. The Human Resource Development Unit has provided training for 344 employees in different skills in an ambit to fulfil the workplace skills development programme. The collaboration between the Transport Infrastructure Programme and the Human Resource Development Unit has played a major role in the resuscitation of the Centre for Technical Development which is facilitating the Artisan Development Programme. 28 employees have been trained through this Programme.

The Department aims to further ensure that it meets its employment equity targets in the workplace. To this end, the Department commits itself to achieving representation of designated groups in management, especially women. This is seen through the recruitment of women in senior management positions, which has recorded an increase from 36% to 44% representation relative to the previous financial year.

Significant Events

- Opening of the Mthatha Taxi Rank
- Launch of the Eastern and Festive Arrive Alive Campaigns
- Long Service Recognition Awards Ceremony for Law Enforcement Officers
- Distribution of Bicycles to schools through the Shova Kalula Project in partnership with the Department of Education

A major challenge of the Department is the increased demand for construction, rehabilitation and maintenance of the road network, despite the decrease in funding. The Departments infrastructure maintenance budget is significantly lower than the required allocation. This is further exacerbating the backlog for infrastructure improvement. It is however, the intention of the Department to become innovative in bidding for additional funding sources that will allow us to deliver against these objectives.

Overview of the financial results of the Department: Departmental receipts

Departmental receipts		2021/22			2020/21		
		Estimate	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
1	Tax receipts	-	-	-	-	-	-
2	Motor vehicles license	686 059	623 082	62 977	621 170	659 833	(38 633)
3	Sale of goods and services other than capital assets	23 778	16 189	7 589	20 660	18 026	2 634
4	Transfer received	0	0	0	0	0	0
5	Fines , penalties	15 260	4 505	10 755	10 772	4 199	6 573
6	Interest, dividends and rent on land	0	0	0	2 253	0	2 253
7	Sale of capital assets	0	13 473	(13 473)	0	0	0
8	Financial transactions in assets and liabilities	5 184	2 071	3 113	1 110	14 001	(12 891)
TOTAL		730 281	659 320	70 961	655 965	696 059	(40 063)

A target of R730 281 million was set for 2021/22 Financial Year for the collection of its own revenue. The main source of revenue for the Department is the collection of revenue from motor vehicle license fees. Under this source the Department has managed to collect R62.977 million. During the year under review the Department overall collected 90 percent of the estimated revenue which equates to R70.961 million under collection. The under collection was mainly driven by the Registering Authorities not paying over what is due to ECDOT as well as the extension granted by the Minister of Transport to motorists for the renewal of motor vehicle licenses.

The effect of the COVID-19 pandemic affected the inflow of revenue for the year as there was limited movement in the country which led to businesses closing down and people losing jobs. The standard of living also increased drastically whilst salaries remained stagnant.



Guided by the Provincial Revenue Strategy, the department generates revenue from these different major sources:

- Motor Vehicle License Fees
- Vehicle Licence Number Plates
- Road Traffic Fines
- Fees accruing from issued road transportation permits
- Airport Landing Fees

The Department of Transport in consultation with the Provincial Treasury did not implement any tariff adjustment during the period under review as the Eastern Cape Province still remains high in some categories.

All revenue collected by the department is subsequently paid over to Provincial Treasury in accordance with section 22(1) of the PFMA.

Motor Vehicle License Fees

Motor vehicle license fees are the major source of own revenue collected by the department and these fees are determined according to mass and category of each vehicle as specified in the National Road Traffic Act, (Act 93 of 1996). There was no increase of MVL for 2021/22 financial year due to the fact that the Eastern Cape Province is on par with other Provinces and slightly more in some categories.

Vehicle License Number Plates

Ordinary license number plates are sold by registered private businesses. Specific number plates or alphanumerical were sold at R957 per set during the year under review while personalized number plates were sold at R3 309 per set. The last increase was made in 2011/12 through provincial gazette dated 14 January 2011. The non-increase is due to the fact that NDoT determines the tariffs increase for all provinces.

Road Traffic Fines

Traffic fines are issued out to motorists by provincial traffic inspectors and are collected through Magistrates' Offices in all the Districts. Traffic fines are dependent on the magistrate court's ruling as the traffic ticket issued by traffic officer can be varied by the magistrate.

Fees accruing from the issued road transport permits.

These are permits issued out to bus and taxi operators. In line with other Provinces, Public Transport Operators are required to apply for operator permits for all buses and taxis.

Airport Landing Fees

In terms of the Airports Company Act, Act no.44 of 1993 the following charges are levied:

a landing charge, payable at the airport where a flight terminates
a parking charge, which is payable at the airport where an aircraft is parked, and
a passenger service charge which is payable at the airport where a flight commences.

The landing and parking fees are mainly collected by the Mthatha Airport.

Free Services

There were no free services rendered during the year under review.

Reasons for material under-collection in some sources of Revenue

The under-collection in the category of **Tax receipts** is attributable to Registering Authorities not paying over what is owing to ECDOT and the effects of Coronavirus pandemic affected the inflow of revenue for the year as the was limited movement in the country which led to businesses closing down and people losing jobs. The standard of living also increased drastically whilst salaries remained stagnant. Tax receipts which constitute 94% of the revenue target under collected by R62 977 million equivalent to 9% of the total estimated of the motor vehicle licenses.

Sale of goods and services other than capital assets (R7.6 m or 32%) is primarily due to the decrease in Abnormal loads because of the Coronavirus pandemic that placed restrictions on the movement of goods and that led to the under collection of the Sale of goods in 2021/2022. which can be attributed to the Coronavirus Pandemic and the unfavourable economic conditions in the province.



Fines, Forfeits and Penalties.

There was a significant under-recovery of revenue from this category, The Department only collected 31% of its annual target. This is primarily as a result of the Coronavirus Pandemic as the was limited movement in the country which led to businesses closing down and people losing jobs, the majority of the driving population was restricted to their homes which meant that there were fewer roadblock operations. The Department recovers much of its revenue from traffic fines when it does the law enforcement operations.

Write offs 2021/22

There was an amount of R463 000 of ex-employee's debt which was written off in line with the departmental write off policy.

Measures taken during the year to keep on track

The Department is prioritising the recovery of arrear debts from the previous financial year's owed by municipalities and the South African Post Office.

Programme Expenditure

Programme Name	2020/21			2021/2022		
	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
Administration	462,865	451,671	11,194	483,865	483,042	36
Transport Infrastructure	2,056,806	2,052,571	4,235	2,122,979	2,122,951	28
Transport Operations	1,258,341	1,187,426	70,915	1,749,268	1,749,224	44
Transport Regulations	319,999	308,918	11,081	299,266	299,222	44
Community Based Programme	636,391	632,271	4,120	585,000	584,973	27
Total	4,734,402	4,632,857	101,545	5,239,591	5,239,412	179

Reasons for deviation

During the 2021/22 financial year the Department recorded 100% spending.

Virements/roll overs

Programme	Adjustment Appropriation	Virements	Final Appropriation
Administration	494,056	(10 978)	483,078
Transport Infrastructure	2,110,534	12,445	2,122,979
Transport Operations	1,750,978	(1,710)	1,749,268
Transport Regulations	305,116	(5,850)	299,266
Community Based Programme	578,907	6093	585,000
Total	5,239,591		5,239,591



Virements

The Department has effected virements from different programmes after the adjustment estimates. The reasons for the virements are presented below per programme.

The Department has effected a virement from Programme 1 to Programme 2 due to savings realized from machinery and equipment because of the delays in the delivery of storage area network (SAN) for the disaster recovery site. The delays were as a result of the global shortages on computer components due to COVID 19 restrictions, this then led to late delivery of the SAN equipment and from transport equipment due to less rental invoices for GG vehicles claimed by GFMS than anticipated.

The virement effected from Programme 3 to Programme 2 was due to the expiry of the security contract at Bhisho Airport which resulted from savings due to non-payment for February and March and from the delays of water account invoices from the municipalities.

The Department also effected a virements from Programme 4 due to the expiry of the contract for 30 interns which were budgeted to work overtime for the financial year and savings were realised against property payments for cleaning, security and garden services due to delays in the movement of Traffic Infringement.

Rollovers

The roll overs were effected during the adjustment estimate, the department received a rollover of R37.888 million for the transportation of scholars.

The description of the reason for an unauthorized, fruitless and wasteful expenditure and the amounts involved as well as Steps taken to address and prevent a recurrence

The Department did not incur any unauthorized expenditure in the current year. The wasteful and fruitless expenditure recorded in the current year relates to the interest charged on late payment as well as payment made for license fees for vehicles that have been disposed.

The matter is under assessment in terms of the Fruitless and Wasteful expenditure Framework. The Department has also introduced an invoice tracking mechanism to monitor the payment of invoices with the prescribed period.

Future plans of the Department

The department will fast track the process of finalizing the organizational structure and align it to the approved Service delivery Model.

Public Private Partnerships

The Department has no PPPs in place and there isn't a project in the pipeline that meets the PPP definition.

Discounted activities/activities to be discontinued

None

New or proposed activities

None

Supply chain management

The Department has not received nor accepted any unsolicited bids for the 2021/22 financial year. The SCM Policy and delegations are in place. The committee structure for competitive bidding is in place.

Challenges experienced in SCM and how they were resolved

- Lack of adequate human capital to manage contracts to avoid irregular expenditure on contractual issues. Two Assistant managers have been appointed and a manager post is in progress.
- Lack of adequate human capital to manage to conduct supply chain compliance review pre and post award of tenders to avoid irregular expenditure.
- The department has appointed Assistant Manager and a Manager post is in progress.



Gifts and Donations received in kind from related parties

None

Exemptions and deviations received from the National Treasury

None

Events after the reporting date

Nothing to report on.

Other

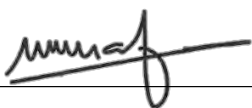
Nothing to report on.

Acknowledgement/s or Appreciation

The department continues to appreciate the leadership provided by the Executive Authority, Portfolio Committee on transport, SCOPA, Office of the Premier, Provincial Treasury in perform on their oversight functions

Approval and sign off

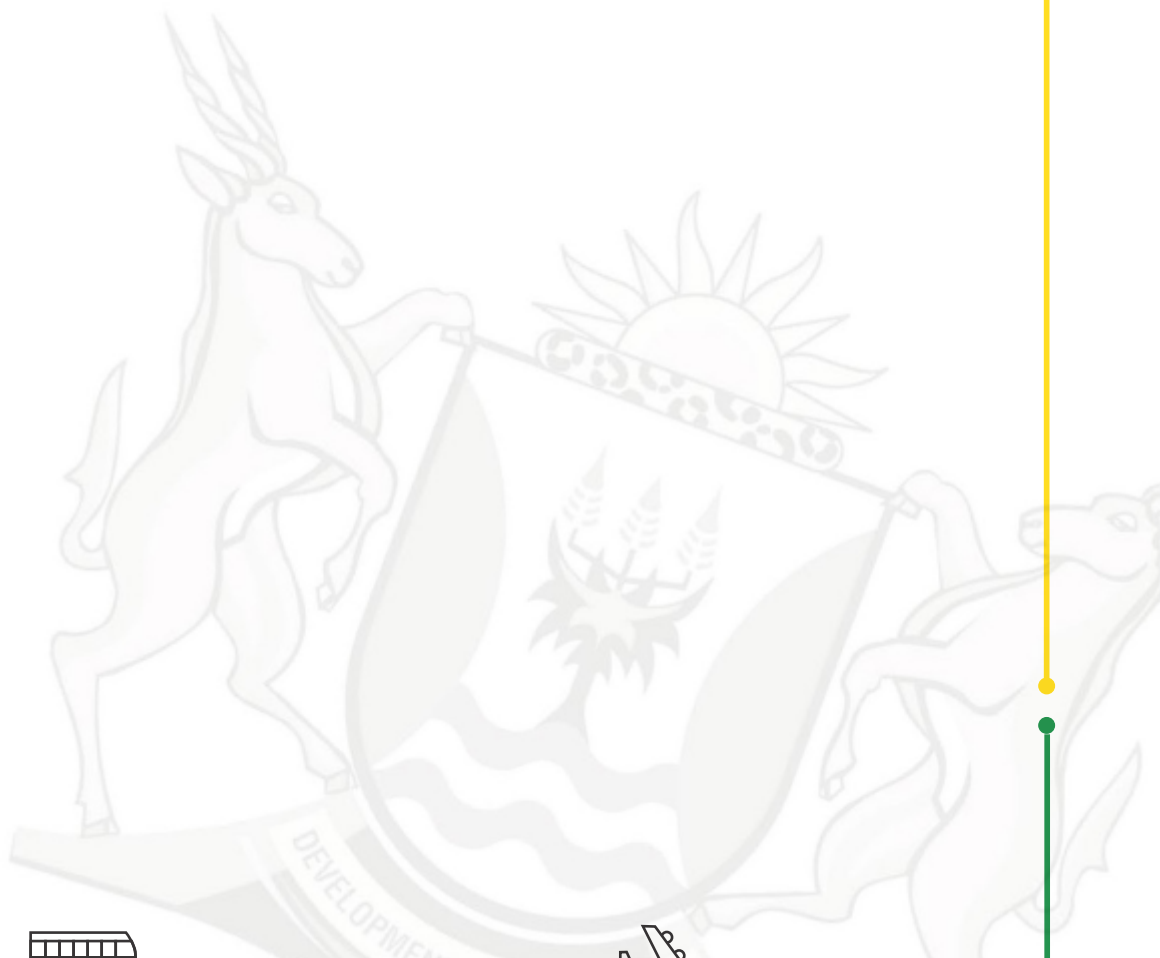
The attached annual financial statement set out on from pages 245 as well as performance information set out from pages 28 have been approved by the Accounting Officer.



Mr M.C Mafani

Accounting Officer Department of Transport

31 August 2022



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 of 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 National Treasury.

The Accounting Officer is responsible for the preparation of the annual 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, the human resources information and the annual financial statements.

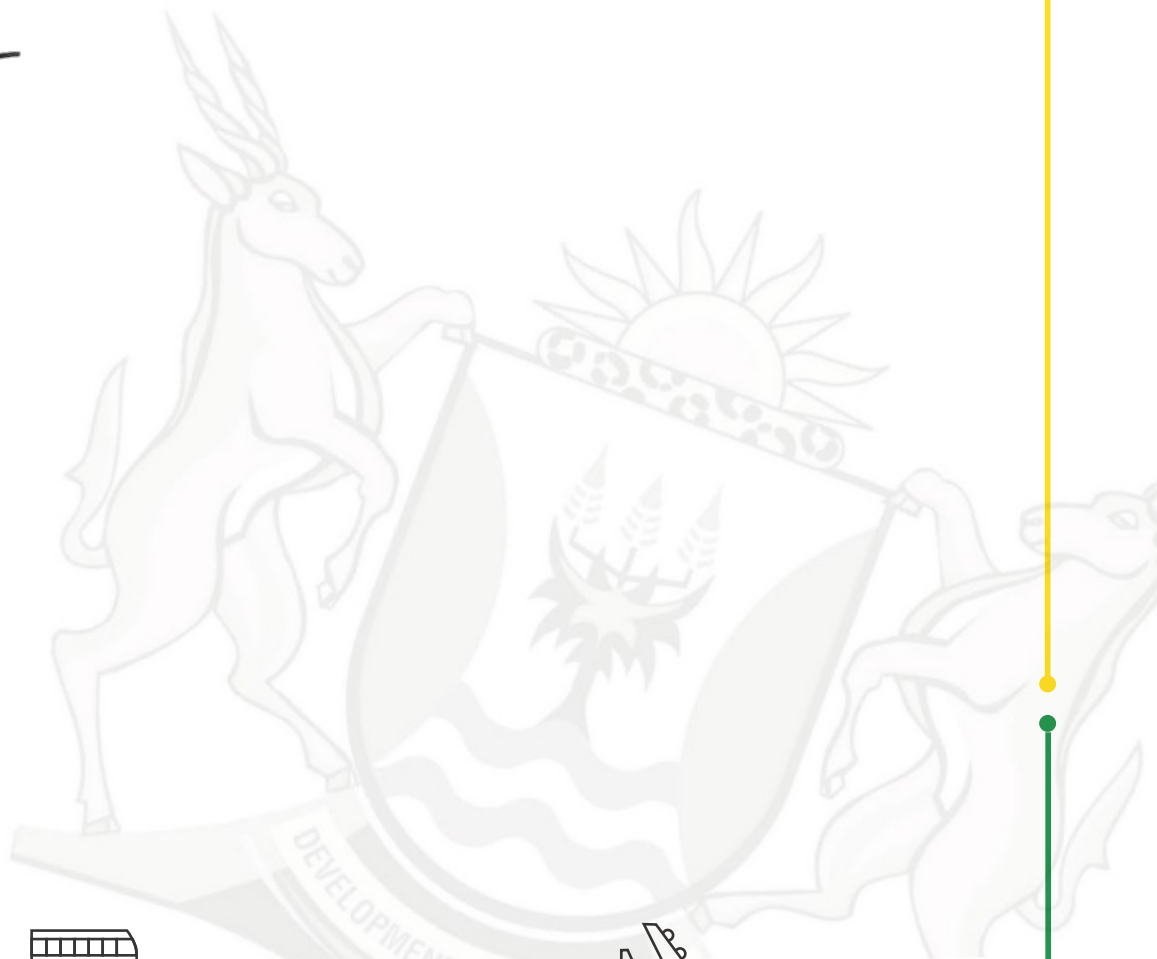
The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2022.

Yours faithfully



Mr MC Mafani
Accounting Officer
31 August 2022



6 STRATEGIC OVERVIEW

6.1 Vision

An accessible, efficient, affordable, safe and sustainable transport system.

6.2 Mission

Provide, facilitate, develop, regulate, and enhance a safe, affordable and reliable multi-modal transport systems which is integrated with land uses to ensure improving levels of accessibility and optimal mobility of people and goods in support of socio-economic growth and development in the Province of the Eastern Cape.

6.3 Values

The values of the Department rest on the pillars of:

Commitment

The Department will endeavour to exceed expectations in delivering an efficient, safe sustainable, affordable, and accessible transport system. The Department will work with urgency and commitment to be successful from employee and department perspectives.

Accountability

At all times we act with integrity, providing quality service, being reliable and responsible.

Teamwork

Working co-operatively and making our work environment fun and enjoyable. We work with one another and our stakeholders with enthusiasm and appreciation.

Good Governance

The Department encourages the public trust and participation that enables services to improve. The Department will strive to adhere to the six core principles of good governance i.e.:

Focusing on the Departments purpose and on outcomes for citizen and service users.

Promoting effectively in clearly defined functions and roles.

Promoting values for the whole department and demonstrating the values of good governance through behaviour.

Taking informed, transparent decisions and managing risk.

Developing the capacity and capability to be effective.

Engaging stakeholders and making accountability real.

Honesty / integrity

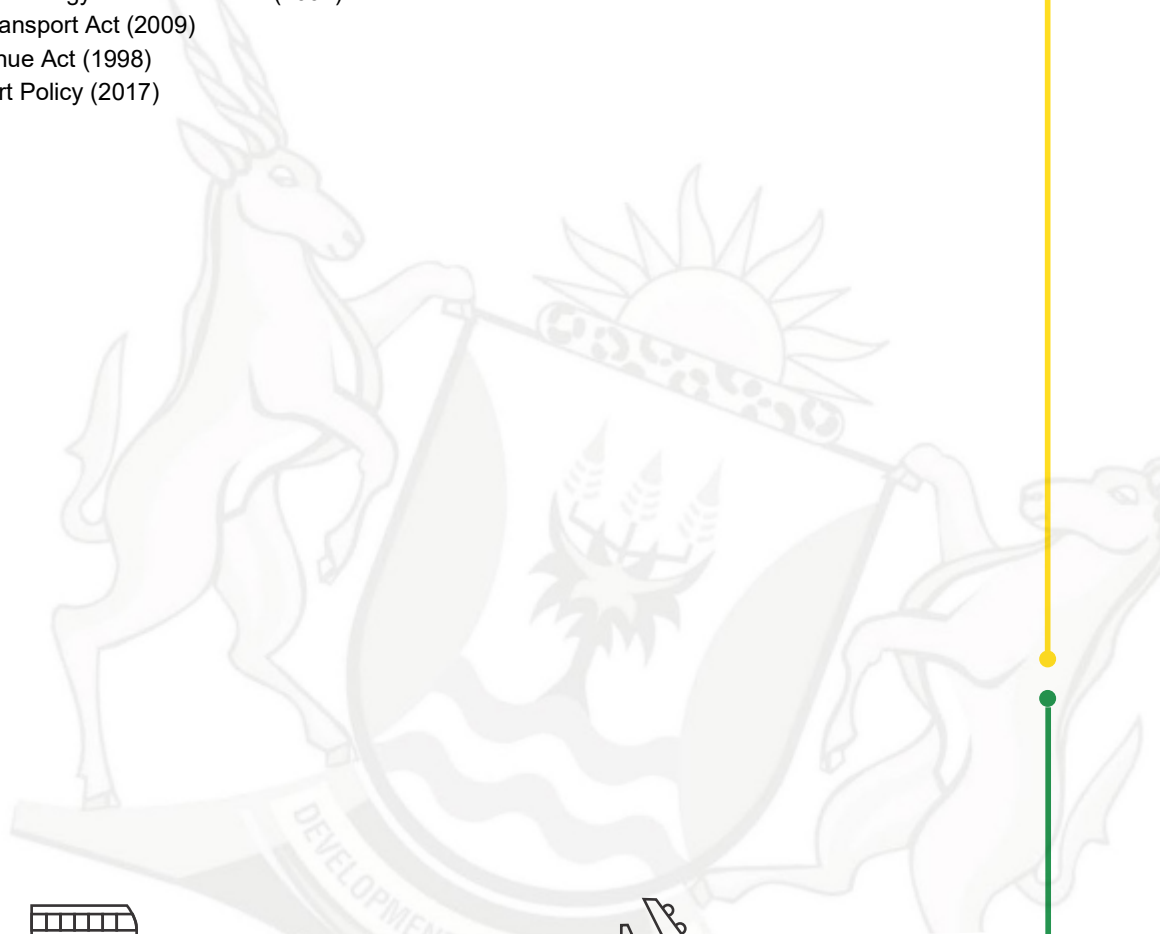
The Department will always seek greater understanding of the truth in every situation and act with integrity, ensuring that we remain corruption free. Focusing on showing respect, honesty, practising positive values. We will aim at being always reliable and trustworthy, and doing what we say we will



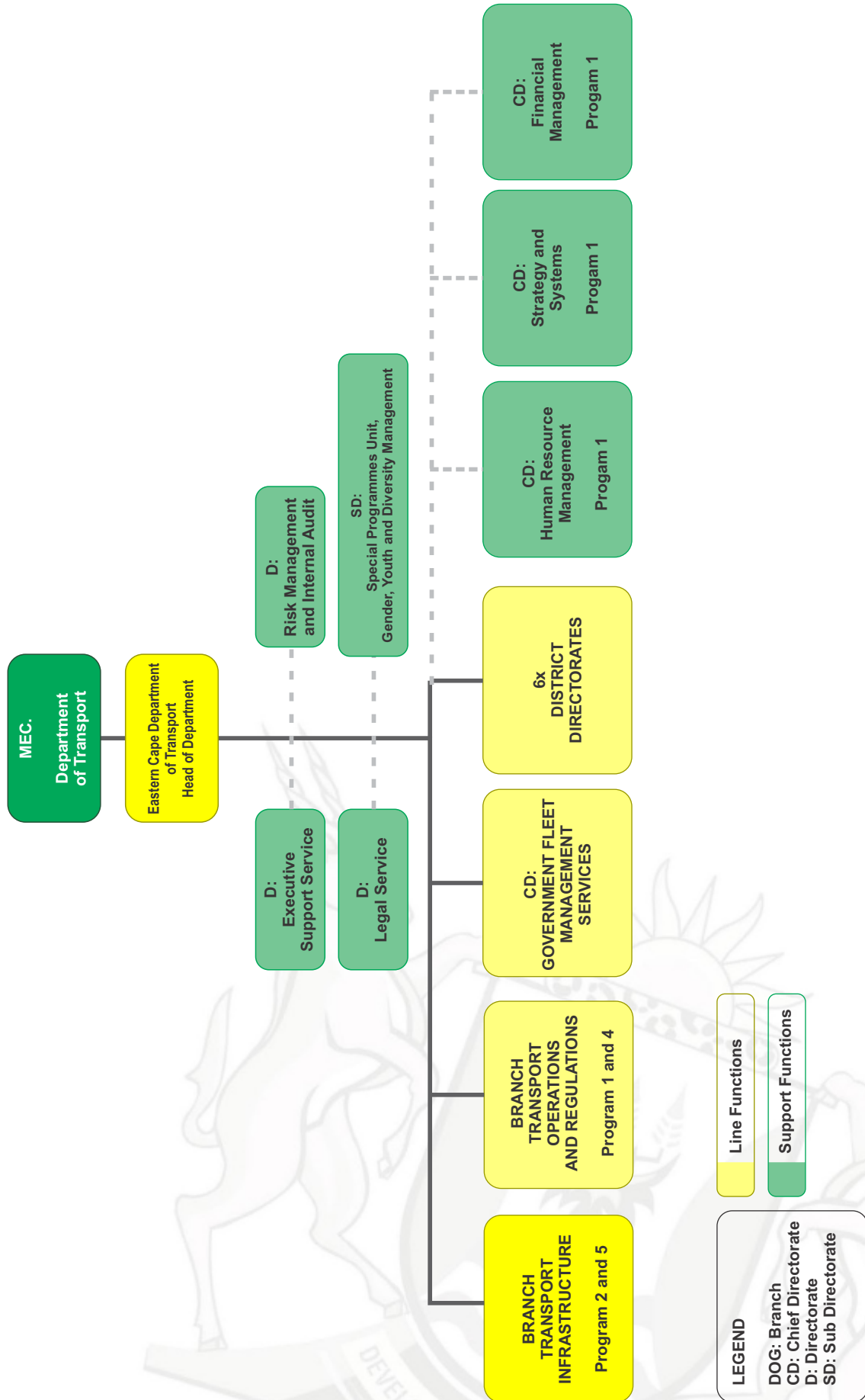
7 LEGISLATIVE AND OTHER MANDATES

The Department derives its existence and operations from the following legislative mandate and Regulations emanating from the above legislation:

- Constitution of the Republic of South Africa Act, 1996 (No. 108 of 1996)
- White Paper on National Transport Policy (1996)
- National Road Traffic Act (Act No. 93 of 1996)
- Urban Transport Act (No 78 of 1977)
- Eastern Cape Roads Act (No. 3 of 2003)
- Advertising on Roads and Ribbon Development Act 21 of 1940
- Passenger Transportation (Interim Provisions) Act (No 11 of 1999)
- Road Transportation Act (No. 74 of 1977)
- Criminal Procedure Act (No.51 of 1977)
- Public Finance Management Act (No 1 of 1999 and 29 of 1999)
- Public Service Act (No.103 of 1994)
- Skills Development Act (No. 97 of 1998)
- Skills Development Levy Act (No. 9 of 1999)
- Preferential Procurement Policy Framework Act (No. 5 of 2000)
- Employment Equity Act (No. 55 of 1998)
- National Environmental Management Act (No.05 of 2000)
- Environmental Conservation Act (No. 107 of 1998)
- Civil Aviation Act (No 73 of 1989)
- National Water Act (No.13 of 2009)
- Occupational Health and Safety Act (including the Construction Regulations) (no 85 of 1993)
- Mine Health and Safety Act (No. 29 of 1996)
- Mineral and Petroleum Resources Development Act (no.28 of 2002)
- National Land Transport Strategic Framework
- Public Transport Strategy and Action Plan (2007)
- National Land Transport Act (2009)
- Division of Revenue Act (1998)
- Learner Transport Policy (2017)



8 ORGANISATIONAL STRUCTURE



9 ENTITIES REPORTING TO THE MEC

The Department has two entities under its control and they are as follows:

Mayibuye Transport Corporation				
Name of Entity	Legislative Mandate	Financial Relationships	Nature of operations	Outcomes
Mayibuye Transport Corporation	Ciskeian Corporations Act (Act 18 of 1981)	Mayibuye is funded by means of a grant-in-aid, which is reflected under transfer payments in the income statement of the Department. The Corporation submits its budget, business plan, management reports, financial statements and audited financial statements in compliance with the relevant provisions of the Public Finance Management Act.	The Corporation exists as a parastatal bus operation, which provides passenger services in the Amathole District and parts of the Chris Hani District.	<ul style="list-style-type: none"> • Safe, reliable and affordable public transport services. • Improved governance and administrative systems to ensure sustainability of services.

Government Fleet Management Services				
Name of Entity	Legislative Mandate	Financial Relationships	Nature of operations	Outcomes
Government Fleet Management Trading Entity	Treasury Regulation 19	Initial capital investment of R362m was injected to establish the Trading Entity. This includes the buy-back of vehicles from Fleet Africa and the increase fleet to address the shortfall. The Trading Entity will sustain itself through rate card system and by exploring possible investment opportunities.	To provide vehicles on a full maintenance lease (FML) to the Eastern Cape Provincial Department. In addition, provide managed maintenance services to vehicles owned by provincial departments	<ul style="list-style-type: none"> • Client, fit for purpose and responsive total fleet solution that enables mobility for service delivery • Good Governance • Empowerment of previously disadvantaged in the automotive sector





PART B

Performance Information

1 AUDITOR GENERAL REPORT: PERFORMANCE INFORMATION

The AGSA currently performs the 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,

Refer to page 195 - 261 of the Report of the Auditor General, published as Part E: Financial Information.

2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

A forging transport infrastructure

The provision of quality transportation infrastructure is constrained by the backlog that can be attributed to the apartheid homeland legacy and inadequate funding. Only 14% of provincial roads (excluding minor roads) are surfaced compared to the average of 26% for the entire country. This amounts to a backlog of over 3,000 km of provincial surfaced roads in order to bring the Eastern Cape into alignment with the average of the other Provinces. The case for the backlog of surfaced roads can be further substantiated when consideration is given to the high traffic volumes on gravel roads.

In responding to the backlog of several hundred major culverts and bridges, the Department partnered with SANRAL in the construction and maintenance of our strategic goals. In 2021, 8 major road infrastructure projects, worth R3.1 billion, have been completed by the SANRAL. These are:

- R72 Port Alfred to Fish River
- R72 Bhirha River to Openshaw
- N2 Makanda to Fish River (Phase 2)
- N2 Tetyana to Sithebe Komkhulu
- R67 Whittlesea to Black Kei River
- R61 Majola Tea to Tombo
- R61 Libode to Mngazi Mouth
- R75 Jansenville to R63 Intersection to Somerset East

SANRAL is currently implementing 18 other major road infrastructure projects worth R7 billion in our province. These roads include:

- N2 Msikaba Bridge in OR Tambo District,
- N2 Nqadu to Mbokotwana and Dan's Lodge to Tsolo junction in OR Tambo District
- R63 Fort Beaufort to Alice in Amathole District
- N2 Green River (Bulembu) to Buffalo River (eQonce)
- Black Kei River to Komani in Chris Hani District
- R58 Lady Grey to Barkley East in Joe Gqabi District
- R61 Baziya to Mthatha Airport in the OR Tambo District, and
- N2 Breidbach & Belstone Interchange in the Buffalo City Metro

Small towns like Middelburg, Steynsburg, Molteno, Dordrecht, Indwe and Nqanqarhu (Maclear) are benefiting from the rehabilitation works that are currently undertaken on the R56. Over R1.5 billion has been invested in the rehabilitation of this route. Despite the negative effects of the COVID 19 pandemic, over 4 500 job opportunities have been created in the past three years. Of these, 2 020 benefitted youth and 1 076 women. A total of R228 million was spent on wages and salaries.

Work packages worth more than R5.5 billion were allocated to 696 black owned contractors, with R120 million spent on those within CIDB Grades 1 – 4.

The case for the backlog of surfaced roads can be further substantiated when consideration is given to the high traffic volumes on gravel roads, as can be indicated below:



<i>District</i>	<i>250 - 500</i>	<i>500 - 750</i>	<i>750 - 1000</i>	<i>1000 - 1500</i>	<i>more than 1500</i>	<i>Total</i>	<i>%</i>
Alfred Nzo	165.34	32.43	27.81	15.09	8.07	248.74	15.4%
Amathole	297.97	32.32	9.54	1.73	13.50	355.06	22.0%
Chris Hani	278.60	42.51	11.07	8.15	0.59	340.93	21.2%
Joe Gqabi	62.46	12.33	0.63	1.62	0.00	77.03	4.8%
OR Tambo	331.33	32.70	27.20	6.18	0.54	397.96	24.7%
Sarah Baartman	123.11	21.51	0.00	0.94	0.23	145.78	9.1%
BCMM	35.00	1.76	1.07	0.00	0.00	37.83	2.3%
NMBM	6.97	0.00	0.00	0.00	0.00	6.97	0.4%
Total	1 300.78	175.56	77.33	33.70	22.93	1 610.30	
%	80.8%	10.9%	4.8%	2.1%	1.4%		

Table 1: Gravel roads vehicles per day

Based on the above, the capital backlog has been estimated as follows:

Over 309.52km of Gravel roads carrying high to very high traffic volumes (greater than 500 vehicles per day) that should ideally be immediately upgraded to surface roads. A further 1 300.78km of Gravel roads carrying medium to high traffic volumes that also serve a significant strategic function and thus should be surfaced.

Several hundred undersized bridges, culverts and drifts that are cut off during major rain events. Approximately 9,000 km of provincial gravel roads with poor drainage, often as a result of the road having been worn down to below natural ground level and thus requiring extensive rehabilitation or reconstruction as a gravel road.

This translates to an estimated 10 610.3km of capital backlog for predominantly upgrading of the unsurfaced road network and also including the other listed activities.

This would require a systematic prioritisation of upgrading projects, but with an annual Equitable Share allocation of only around R700 million, this backlog will never be addressed at current funding levels. This is especially the case considering that the network continues to deteriorate due to inadequate funding levels for the required maintenance activities.

The Department has taken the decision to develop a Provincial Roads Master Plan which seeks to provide direction on how to address the backlog and also define a more systematic approach in infrastructure investment.

In support of addressing the backlog, the Department has taken the decision to implement three strategic projects over the next five years:

- T125 N2 to Siphethu Hospital
- Willowvale to Dwesa Nature Reserve
- St Barnabas Hospital to Hluleka Nature Reserve Road

The Department is also looking at strengthening efficiencies around the maintenance strategy to ensure optimal use of the budget allocation to ensure safe and accessible roads in the Province.

A reliable public transport

Provision of an affordable, safe and reliable public transport is a constitutional obligation of the state. According to Statistics South Africa (2017), the proportion of households that own a vehicle in South Africa is only 29.8%, resulting in the majority of the population being dependent on public passenger transport. Between 70% and 80% of the South African population is dependent on public passenger transport for its mobility. As a result,



public transport plays a crucial role in providing meaningful mobility for the majority of the population in order to achieve inclusive economic participation.

In the Eastern Cape, the road based public passenger transport is the most dominant type followed by rail based passenger transport. Figure 1 below reflects the types of public passenger transport services provided in the Eastern Cape Province.

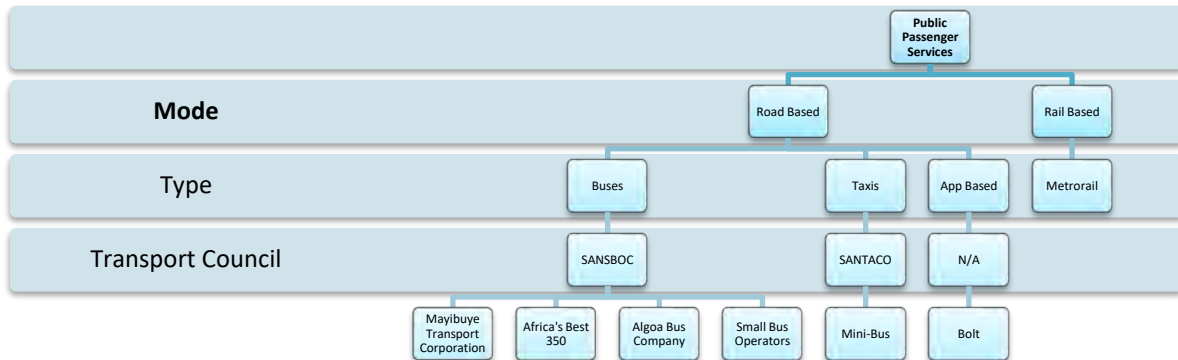


Figure 3: Dominant Public Passenger Transport in Eastern Cape

Approximately **160 000** inter-town and long distance road based public transport passenger trips are made per day in the Eastern Cape. This figure excludes local public transport services. Of the road based public transport passenger trips, approximately **75%** are made using minibus taxi and **25%** using bus services. There are a high number of minibus taxi trips undertaken in the two metropolitan municipalities viz. Nelson Mandela Bay and Buffalo City. These metropolitan routes are considered to be local commuter services.

Approximately **25%** of road based public transport inter-town and long distance trips are made by bus in the Eastern Cape. There are three bus services that receive an operating subsidy, namely Algoa Bus Company (in the NMBM area), Mayibuye Transport Corporation and AB350. In addition to these subsidised services there are long distance bus services operated by various national bus operators.

Mayibuye Transport Corporation (MTC) is a parastatal corporation of the Eastern Cape Provincial Government and its sole shareholder being the provincial government. MTC transports approximately **9 000** passengers per day, which is about **5.5%** of all inter-town public transport trips undertaken daily in the Eastern Cape.

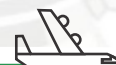
AB350 (Pty) Ltd transports approximately **22 000** passengers per day, which equates to approximately **13.5%** of all inter-settlement public transport trips undertaken daily in the Eastern Cape. The contract for AB350 is coming to an end by the end of March 2021. The Department is considering extending the contract by a period of three years starting in November 2020 to avoid disruption of services.

Algoa Bus Company (ABC) transports about **900 000** passengers per month under contract to the Provincial Department of Transport. The NMB Municipality has planned a new Integrated Public Transport System (IPTs) involving negotiated contracts with taxi co-operatives and ABC. Passenger rail usage therefore constitutes less than **1%** of daily public transport passenger movements in the Eastern Cape.

The National Department of Transport is engaging all provinces and public transport stakeholders in order to look into the possibility of extending public transport subsidies to the taxi industry.

The National Department of Transport is currently facilitating the development of norms and standards to ensure accessibility of public transport to disabled communities.

Access to transport remains a critical problem for many learners in the Eastern Cape. The Department has in responding to section 29 (1)(a) of the Constitution which states, "everyone has the right to basic education, and to further education, which the state, through reasonable measures, must make, progressively available and accessible," taken reasonable measures and has made provision for such access.



The Department has in an attempt to bridge the gap of accessibility and mobility developed the Eastern Cape Provincial Learner Transport Policy, and it was adopted in November 2016. The policy serves as a monitoring tool for the implementation of learner transport; it serves as a regulator for the learners and service providers code of conduct and also serves to set out the roles and responsibilities of the Department and the Department of Basic Education.

The policy makes provision for learners who travel a distance of more than 5 kilometres to the nearest public school and gives priority to learners living with disabilities, depending on the nature of the disability, and learners who walk past hazardous and dangerous areas. For the latter, consideration is also given to those learners who may also be travelling less than the 5 kilometre distance. The current demand for learner transportation is for 138 000, however over 125 000 learners benefited from this service as at 31 March 2022.

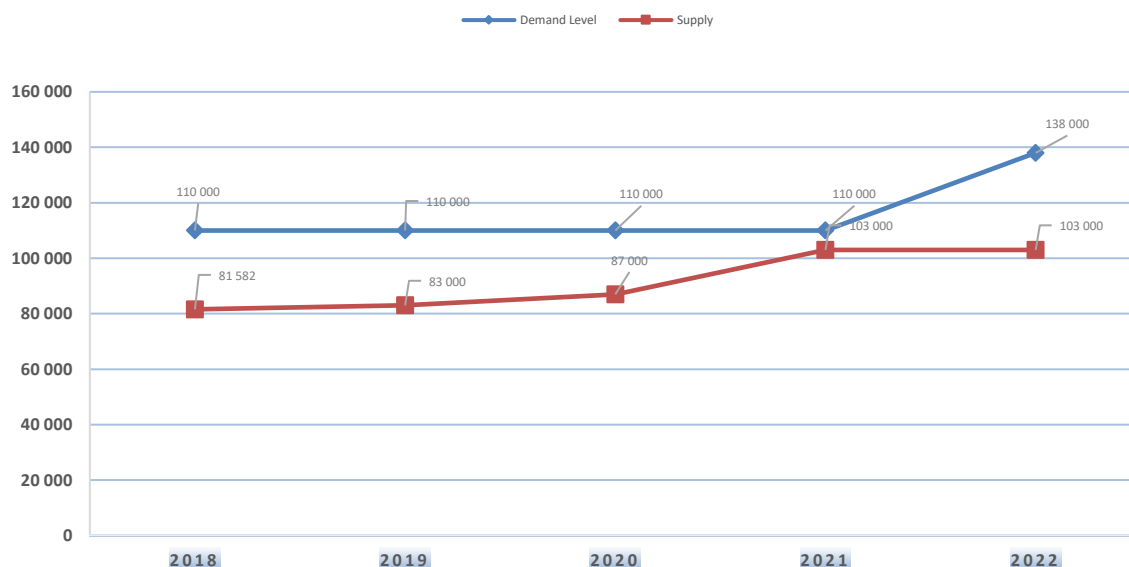


Figure 4: Learner Transport Demand and Supply

Looking at the figure above, it is evident the implementation of this policy was met with a number of challenges but of great concern and for the department has been the absence of enough resources to implement the policy which the Department has taken it upon its strides to ensure effective monitoring is in place. Defective communication and coordination between the two departments has also posed a serious implementation challenge and an enquiry into the perception of the programme beneficiaries will assist in ensuring that this gap is closed.

A safer transport system

One of the most pressing issues facing modern society today, both globally and particularly within the South African context is road safety. In terms of the National Development Plan, government is expected to reduce injury, accidents and violence by half from 2010 levels.

In response to this call, a National Road Safety Strategy was developed to attain a reduction in the number of fatal crashes and serious injuries for all road users by promoting responsible and safe road user behaviour, providing safe and forgiving road infrastructure, ensuring safer vehicles on South African roads and delivering quality road safety management.

Vehicle population in the Province is increasing drastically and the existing number of Traffic Officers is unable to respond effectively, including the scheduling of shifts.

The Department aims at responding to the increasing vehicle population versus the understaffed Traffic Fraternity by appointing 197 Traffic Officers over a period of 3 years on problematic routes for implementation of 24/7 Shift System. [Aliwal North N6, Cradock R61/N10, Graaff Reinet R61, Humansdorp N2, Ngcobo R61, Pakade N2, Mbizana R61]. This is done in order to reduce road fatalities and to create jobs.



Planned projects in order to reduce road fatalities are the Leasing of the “eyewitness” [Portable] Section 341 camera’s, Acquisition of Evidential Breath Testing machines, Acquisitions and conversion of Cattle Trucks. Signing of MOU’s with SPCA.

The inadequate support from other stakeholders and role players like the Department of Justice with regards to consequence management, Health with non - availability of nurses and doctors has resulted in the following gaps within the implementation of transport safety and compliance:

- Limited number of fines accepted by courts.
- Nursing personnel shortages for Drinking and Driving operations. Connections of Issuing Authorities for AARTO Rollout.

The Department plans on appointing a service provider for the establishment of a database and provision of nursing services in order to reduce road fatalities. This will be done in an effort of increasing revenue collection and creating of jobs targeting designated groups.

Currently, law enforcement is performed with either old or minimal equipment, less technology, inadequate facilities and non-availability of “Response Communication Systems” like Radio Control Rooms and “Call Centre Services”. The absence of a Call Center System linking response to Incidents, accidents for deployment and traffic fines enquiries has been identified as a challenge resulting in the rollout of the “Push – to – Talk” Communication Base Center [Control Room] for deployment and monitoring. This has already commenced through the installations of Base stations at Traffic Stations. Phase 1 in Progress.

The DLTCs and RAs are flooded by communities who wants to renew Driving and Motor Vehicle Licenses. The shortage of these relevant facilities cannot be over emphasised. This has resulted in communities operating un-licensed motor vehicles and without valid driving licenses. Covid19 further impacted on the service delivery due to the lockdown where offices had to be closed, leaving a huge backlog, hence the extensions.

The following are key areas to be addressed on improved transport systems:

- Long ques for renewal of driving and motor vehicle licenses.
- Long distance travelling by communities to access licensing facilities or services.
- Unlicensed drivers on the roads and un- roadworthy vehicles. Improved Transport Systems

Several Municipalities are defaulting and not adhering to the SLA regarding the payment of license fees. More so, SAPO is further not covering all areas in the Province to offer the RA services.

This is due to lack of contracts management, motor vehicle owners lack information regarding to the informal selling of vehicles and scrapping of vehicles and Eastern Cape Motorist licensing vehicles outside of the Province.

During the 2021/22 festive season, the Eastern Cape Province recorded a 7% decline in road fatalities from the previous period which shows a positive trajectory towards achieving the NDP target.

Various interventions have been introduced in the Province which seek to continue reducing road fatalities such as road side checkpoints. The Department has adopted a zero tolerance approach to fraud and corruption, drunken driving and speeding.

Promoting a functional and mobile public service

Government Fleet Management Services (GFMS) is mandated to provide fleet management services to all provincial departments, including provincial legislature. The core functions within GFMS are Asset Management and Fund Management. Government Fleet is currently leasing 3 209 vehicles to the provincial government departments. GFMS also provides managed maintenance of eight hundred and thirty (830) on behalf of client departments. As vehicles are critical in the day-to-day functioning of Provincial Government and making it possible for the public to access service delivery within urban and distant rural areas.



In addition to this, three depots have been identified within the greater districts Oliver. R. Tambo (Mthatha), Amathole (East London), and Sarah Baartman (Gqeberha) to improve on operational efficiencies.

The advent of the 4th Industrial Revolution is presenting great possibilities for the Transport Sector, especially towards responding to economic transformation and job creation. In order for the 4th Industrial Revolution to be harnessed in the Transport Sector, the technical innovation behind it is based on the infrastructure which needs to be upskilled and further create opportunities it will have to start with infrastructure development. The Department will consider investing in technologies such as the Average Speed Over Distance (ASOD) in addressing the need to reduce road crash fatalities on our Key National and Provincial roads. This will be done in partnership with the South African National Roads Agency (SANRAL) and the Western Cape provincial government. This will be piloted in long distance public transport routes which traverse the Eastern Cape through to the Western Cape.

The National Transport Master Plan (NATMAP 2050) envisions a futuristic transport system anchored on fast trains and other innovations. It is, however unknown to what extent disruptive transport technologies may impact the country's future transport infrastructure and systems. These futuristic transport systems also include:

- Autonomous helicopters
- Elevated cycle paths - Technological advances in transportation cannot be limited to the modes of transport themselves, but also includes the surfaces they travel on.
- Flying Taxis
- Hyperloop
- Smart roads - Over a million people a year are killed in road traffic accidents, with tens of millions more injured.
- The emergence of smart roads connected to the internet of things (IoT) can significantly help to reduce road deaths, as IoT-enabled road sensors can instantly communicate with smart cars about the best ways to avoid hazards or adverse road conditions. The majority of vehicles on the road could be self-driving by 2050, according to enthusiasts for electric and autonomous cars.
- Super-trains - Implementing magnetic levitation (maglev) technology into transport networks across the world may sound like a futuristic idea, yet trains running on maglev systems have been in operation since 1984. A 2015 Japanese maglev train reached speeds of just over 600km/h, but researchers at China's Southwest Jiaotong University are testing an ultra-fast bullet train prototype, based on maglev technology, that could potentially reach speeds of up to 1,000km/h.

The Department of Transport with support from academics and other transport specialists will conduct various studies on how a rural province such as the Eastern Cape can exploit the opportunities presented by these disruptive technologies and also bring about transport justice.

With the growing climate change, green transportation has become an increasingly important element in the transport sector. South Africa is committed to providing a world class transport system that reduces both the cost of transport and the quantity of Greenhouse Gases (GHG), as well as other pollutants that are emitted by the sector. Emissions from the transport sector account for 10.8% of the country's total greenhouse gas emissions, with road transport being responsible for 91.2% of these GHG emissions (DEA, 2010). Should these trends continue in the absence of policies and measures, the transport sector is projected to emit a total of 136 Gg CO₂ eq by the year 2050 (DEA/GIZ: Mitigation Report, 2007).

The Department of Transport is therefore committed to making a significant impact in reducing GHG emissions and contributing to the reduction of South Africa's total GHG emissions by committing to a 5% reduction of emission in the transport sector by 2050.



With recent transport technologies evolving at such a rapid pace, the future modes of transport can be defined as those transport inventions that will be developed in the future or are currently under development such as these found below:

Types of future modes of transport	
Air Propelled Trains	Hyper-Loop
Space Elevator	The Jet-Pack
Dual Mode Transportation Systems	The Launch Loop
Spacecraft Propulsion or Space Transport	The Personal Air Vehicle
Flying Cars/Drones	Personal Rapid Transit
Walking Robots	Passenger Autonomous Vehicles

Figure 5: Future Transport Modes (Source: Green Transport Strategy, DOT)

These kinds of “newer” modes being introduced in the transport sector, will require operational regulations, as they will also need to be mandated to use clean, green, and safe energy sources; as alternatives to nuclear power. Self-driving cars could represent the next development and could well be the most disruptive innovation the transport sector has ever seen. Radical changes to transport services such as mobile application services like Uber and Ride-Share, indicate that the future spectrum of the transport sector will be extremely different from what it is today. It is vital that transport regulations be revised to accommodate technological innovations.

The province has already taken one giant leap towards achieving this with the Kouga Municipality having constructed South Africa’s first plastic road which contributes to greener transportation infrastructure and thus reducing pollution. This project used recycled plastic material creating a sustainable road that will last longer.

Key Service Delivery Achievements

Transport Infrastructure Provision

The Departments spending is focused both on construction and maintenance of infrastructure. This in the main is to address the infrastructure backlog in an ambit to provide a safe and reliable transport system, which is an enabler of economic and social development in the Eastern Cape.

The Department, through the Integrated Transport Planning Coordinating Committee (ITPCC), facilitated integrated transport planning with the municipalities, PRASA, TRANSNET, SANRAL, National DOT, Local Government and Planning Authorities. The engagements in the main are to foster integration and information sharing on transport activities that are currently being implemented throughout the Province. Updates and implementation of Integrated Public Transport Networks implemented in the Metros are key to a safe and reliable transport system.

Key towards achievement are the interim reports towards the Integrated Transport Masterplan and Provincial Land Transport Framework which is works towards the development of a long term plan for the Department. The year under review also saw the completion of the following designs, roads to be upgraded from gravel to surfaced; Katberg, Nqadu and Clarkbury.

Although the Department is enthusiastic about the progress particularly on capital projects, climate change and contractor performance remains one of the Programmes greatest challenge in terms of achieving its targets. This is notably with respect to infrastructure performance indicators, particularly in the indicators pertaining to the “number of m² resealed” and “number of m² rehabilitated”. The reseal projects of Butterworth to Centane and Matatiele to Maluti have experienced serious delays attributed to poor workmanship from the appointed Contractors. The Department has been conducting close monitoring of the projects and is in the process of terminating these contracts.



The construction sub-programme managed to upgrade 39km from gravel to surfaced standard. The following roads projects were completed:

- SLA Eastern Cape Department of Transport and Enoch Mgijima Local Municipality_Roads Upgrades DR12732 DR12733 and DR02541 past the Tsolwana Nature Reserve and Internal Streets Tarkastad and Hofmeyr_Phase 4 [12km]
- Upgrading of the Road from R61 at St Barnabas Hospital to Hlulekha Nature Reserve Part DR08303 DR08308 and DR08309 16 Km_Phase 1
- Elliotdale to Madwaleni Hospital Road_3km
- Coffee Bay to Zithulele Hospital_2km
- Canzibe Hospital Road_6km

The SLA: Willowvale to Dwesa Nature Reserve Project also obtained partial achievement against its target due to time delays (rain), COVID 19 Alert Level 5 Shutdown and 2 periods of strike action by communities delayed practical completion (approved in terms of GCC 2015). However overall the project was at 83% completion and surfaced 13km of the planned 15km with all layerworks up to basecourse level completed, 95% completion on two 1:100 year flood bridge has been achieved and 75% of surfacing has been completed until the 31st March 2022. The additional funding for the extension of time is obtained through the reprioritization of funding from projects that is progressing slower than expected or certain projects i.e. Upgrading DR08034 Clarkbury which has been cancelled.

With respect to maintenance, the appointment of plant hire contractors in the Province has created efficiency gains for the routine maintenance of rural gravel roads. The programme posted under performance in blading as efforts were redirected to re-gravelling and blacktop patching as a more sustainable means of road maintenance. The Extended Public Works Programme has through the programmes implemented in this Programme again accomplished major successes in respect to job creation and empowerment (training) efforts in alignment to the Department's strategic alignment to "have developed and empowered communities and construction emerging contractors resulting in sustainable livelihoods and employment".

Manage and monitor public transport services

The Department has continued with the subsidization of the three bus companies (AB350, Algoa Bus Company and Mayibuye Transport Corporation), in order to provide affordable and reliable public transport services to the communities that do not have access to public transport. The department is also awaiting the current discussion on the extension of subsidy and the new policy on subsidy.

The Mayibuye Transport Corporation has been operating in terms of the old Ciskeian Act which is not in line to the NLTA of 2009, and the Department is in the process of repealing the Act. A policy document for the repeal of Mayibuye old Ciskeian Act has been drafted. In an attempt to address the mainstreaming of the public transport industry to fully participate in the empowerment and harmonization of relations with the Department. The Department has provided financial support to SANTACO and ECSBOC.

The Department is required to advertise public transport contracts in terms of Section 41 and 42 of the NLTA and the department had to go out on tender for the route design and survey, as there is no capacity internal to perform this task. The department is to build capacity through the Project Management Office to avoid outsourcing in future and the Engineers that receive bursary from the department can be used to perform the task.

The Department is also participating in the drafting of new subsidy policy that is going to allow the extension of subsidy to Taxi Industry. Secondly, there is also discussions that are taking place at National Department of Transport about the consolidation of public transport grants which are Integrated Public Transport Grant and Integrated Public Transport Network grant received by Metros. The department had submitted the list of companies that are funded through Equitable Share so that when the consolidation take place Mayibuye Transport Corporation and AB350 must considered.

The Programme facilitated the distribution of 1750 bicycles received from National Department of Transport as a donation to the deserving learners across the Province. The Programme also managed to develop terms of



reference for procurement of a service provider to conduct route design and route survey. The Programme had put out a tender for procurement of the service provider.

Infrastructure Operations

The Mthatha Airport project – construction of new fire station, will bring some work opportunities to the local communities around Mthatha Airport and as part of compliance with Civil Aviation Regulation, this New Fire Station will qualify the Airport to handle big Flight that can bring about more competition among the Airlines. The contractor for the construction of this fire station is in the process of establishing site.

The occupation of Bhisho Airport by SANDF was recommended by EXCO. The Department had also drafted specification document for feasibility that must conducted at Bhisho Airport to explore possibilities of using the Airport as Cargo Airport and that GTAC has been approached to undertake the feasibility study. The feasibility of a cargo service at the Bhisho will be beneficial to the Dimbaza corridor as this will expose the area to markets beyond the Provincial borders.

The regular assessment conducted by the Department in both the Bhisho and Mthatha Airports (ATNS, Security, Safety and fire) have to ensure compliance in terms of the South Africa Civil Aviation Authority (SACAA).

Implementation of the road safety strategy

The Programme conducted awareness programmes for road safety education and outreach programmes. Partner forged partnerships with RTMC for road safety programmes and Special Programme Unit for learner driver licenses.

As part of the work done by the Rail Committee Launched in this financial year by the Honourable Premier, the Blaney Cookhouse Line has since been awarded for operation which will commence in the 2022/23 financial year. In addition, PRASA will be improving on the Passenger Rail line from Motherwell to Port Elizabeth CBD, anticipated for August 2022.

The Port Festival was conducted towards Maritime Awareness Programmes for Primary Schools

The Programme successfully managed to further pilot the online pre booking system on learner and driving licenses for the identified DLTCs (East London; Gonubie; Mdantsane; King Williams Town and Willsonia). A Registering Authority was successfully opened at the Queenstown and Straundale Provincial Traffic Station during the financial year.

Phase 1 AARTO Rollout commenced on the 1st July 2021, and is composed of the following:

- Training of Law Enforcement Officers for both the Province and the Municipal Issuing Authorities were conducted. Training of Back Office personnel (Supervisors, Data Capturers and Cashiers) and 6 Regions of SAPS also took place during the Financial year
- AARTO service outlet has been opened in the Nelson Mandela Bay Municipality, Bisho at TIMS Office and Enoch Mgijima municipality in Queenstown. An AARTO Ambassador has been appointed and deployed by RTIA of which will be attached to the office of the AARTO Provincial coordinator to do the necessary awareness campaigns across the province.

The Province attained a 9% reduction in fatal crashes during the December/January 2021/22 Festive Season being the lowest Province in the country.

The Department has appointed 30 New Provincial Inspectors to ensure maximum deployment and visibility of traffic officers on public roads. This has also enhanced the 24/2 shift system [24/7 pilot project].

The deployment of warrant buses contributed immensely in the collection of revenue in the Province. Increased Special Drunken Driving operations were successfully conducted throughout the Province despite COVID 19 challenges.



28 PRE Hearings were conducted during the period of review to adjudicate Operator Licenses to public transport operators and 2459 Abnormal Load Permits were issued.

Create jobs and economic empowerment through safety and infrastructure provision

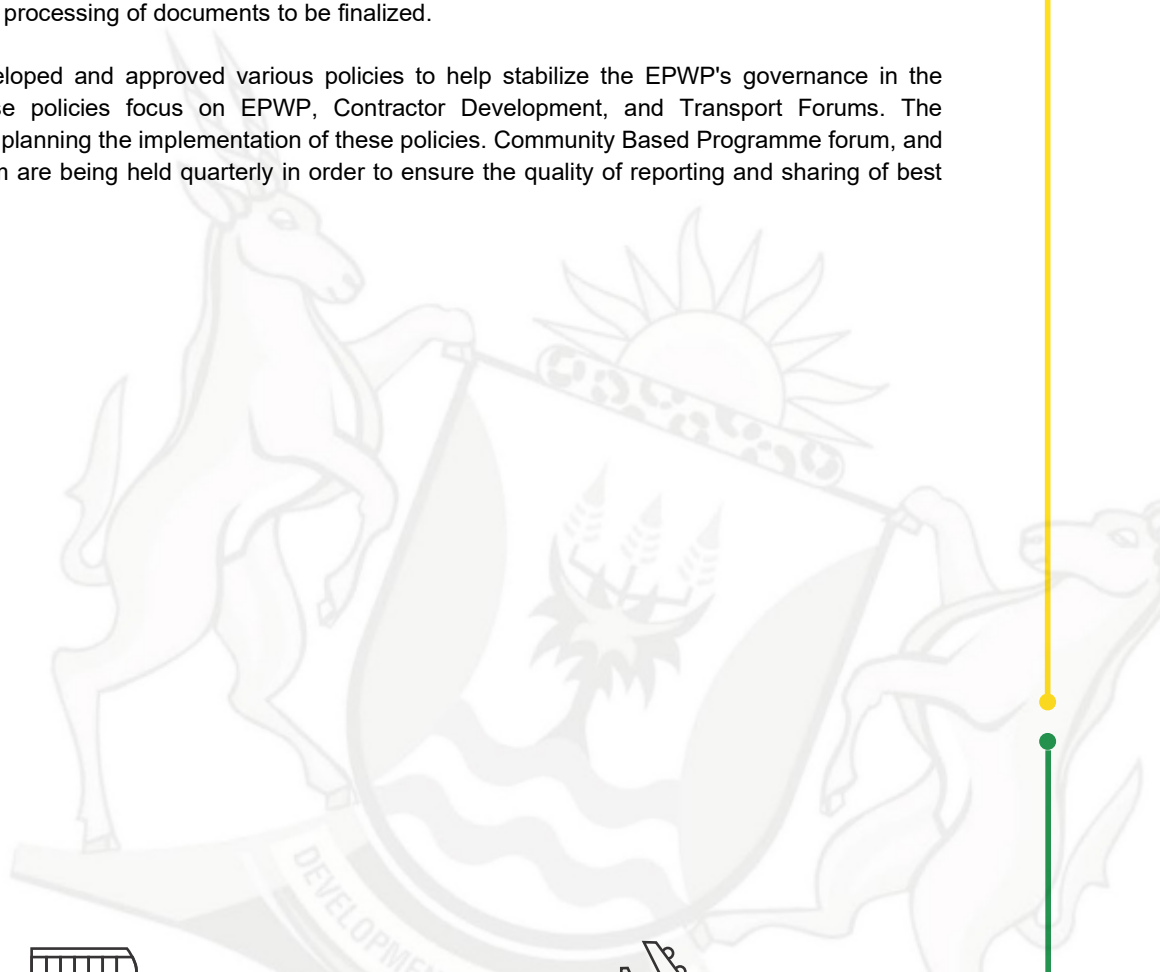
Through the EPWP, the Department was able to create and report 47 367 job opportunities with 18 683 full-time equivalents in 2021/22. These overachievements were due to additional transport infrastructure projects that were identified during the year. In terms of designated groups, the Department employed 7 198 youths, 32 684 women, and 315 individuals with disabilities across all its projects established to reduce road fatalities, maintain the roads and construct taxi ranks in various municipalities. Training and development 1 561 (participants) was done to contribute to beneficiary empowerment. These were in storm water drainage, installation of gabion baskets and roads maintenance. 400 NYS and 100 artisan youths were trained in diesel mechanic, electrician, plumbing, welding, masonry, brick paving, refrigeration, and office administration. The Department also partnered with the Construction Education & Training Authority (CETA) to train 1 333 youths in roads building and maintenance skills. 68 Artisan Learners went through a pre trade test assessment at the Department's Centre for Technical Development in Graaff Reinet and they performed very well.

Using labour intensive methods of construction ensuring more jobs are created and small to medium enterprises get opportunities, the department is concluding the public transport infrastructure facilities in Sakhisizwe Local Municipality and the upgrade of a Healdtown access road in Raymond Mhlaba Local Municipality.

Despite the various initiatives undertaken by the department, the implementation of the targets for the youth and persons with disabilities continues to be a challenge. To address this issue, the department conducted an evaluation study to help improve stakeholder engagement while introducing the exiting of individuals from their 60th birthday.

Through the Hlumisa Development Fund, the department was able to confirm 768 active beneficiaries and paid R 2,349,472.46 as at the end of 2021/22. Not all terminated participants were traced by the end of 2021/22 due to unavailability of beneficiaries to sign documents. In the case of some deceased beneficiaries, family feuds make it difficult for the processing of documents to be finalized.

The Department developed and approved various policies to help stabilize the EPWP's governance in the implementation. These policies focus on EPWP, Contractor Development, and Transport Forums. The department is already planning the implementation of these policies. Community Based Programme forum, and the Data Quality forum are being held quarterly in order to ensure the quality of reporting and sharing of best practices.



Key Service Delivery Challenges

During the year under review, a number of challenges had an impact on the Department's service delivery:

- Service delivery protests continued to have a major impact on transport infrastructure, including blocking of roads and disruption of bus services. This had a significantly negative impact on road users, subsidised bus services and learner transportation. Such protest actions, which often include the burning of tyres and other forms of vandalism, have a negative impact on the already dilapidating condition of the provincial road network. The costs of repairing this damaged infrastructure, have a negative bearing on an already constrained budget.
- Community unrests at construction sites continues to slow down the delivery of infrastructure.
- Poor performing infrastructure contractors have resulted in major delays in a number of infrastructure projects. The management of finances remains a challenge for SMME's. These delays have an impact on the cost and timeous completion of infrastructure projects.
- Fraud and corruption in the vehicle, driving and operating licensing and vehicle testing environments have necessitated the redirecting of already stretched human resources to conduct more compliance inspections in the identified areas.
- Violence relating to disputes in the taxi industry have had a negative impact on commuter safety and the efficient running of the public transport system. Violent conflict between taxi operators and associations resulted in the loss of lives.
- The continued pressure on the national fiscus is also having an impact on funding for roads maintenance and public transport. The Provincial Roads Maintenance Grant, on which the maintenance of roads infrastructure relies, came under pressure, and the allocation was cut during the year under review. Similarly can be said about the Public Transport Operations Grants, which the subsidised bus services relies.

2.2 Service Delivery Improvement Plan

In the 2021/22 financial year, the Department did not have a service delivery improvement plan in place. The DPISA has revised their plans for submission of this document such that all Sector Departments have been given a gap year for submission. The Department is in the process of developing the plan for 2022/24.

Organisational Environment

The organisational structure (organogram) under implementation in the department was approved in 2006 and amended in 2011 to extricate the roads function which was transferred to the Department of Public Works in 2010. On the 1st of April 2018 the Roads function returned to the Department of Transport as per Provincial Executive Council decision and Presidential Proclamation.

This decision triggered the development and approval of an appropriate strategic plan and service delivery model. These (SP and SDM) were approved by the Executing Authority, which triggered the design of a new organisational structure. The proposed organisational structure received budget concurrence from Provincial Treasury in March 2021. In April 2021 the Department further submitted the proposed organogram to the Office of the Premier for validation. The OTP validated the submission and submitted it to the Department of Public Service and Administration (DPISA) for consultation with the Minister for Public Service and Administration (MPSA). DPISA responded on 22 September 2021 with 7 exceptions and did not concur with the proposed structure of the DOT. DOT responded to each exception via OTP in November 2021. DPISA received DOT response in February 2022 and responded with letter dated 31 March 2022 concurring with the DOT structure.



Below is the proposed macro structure

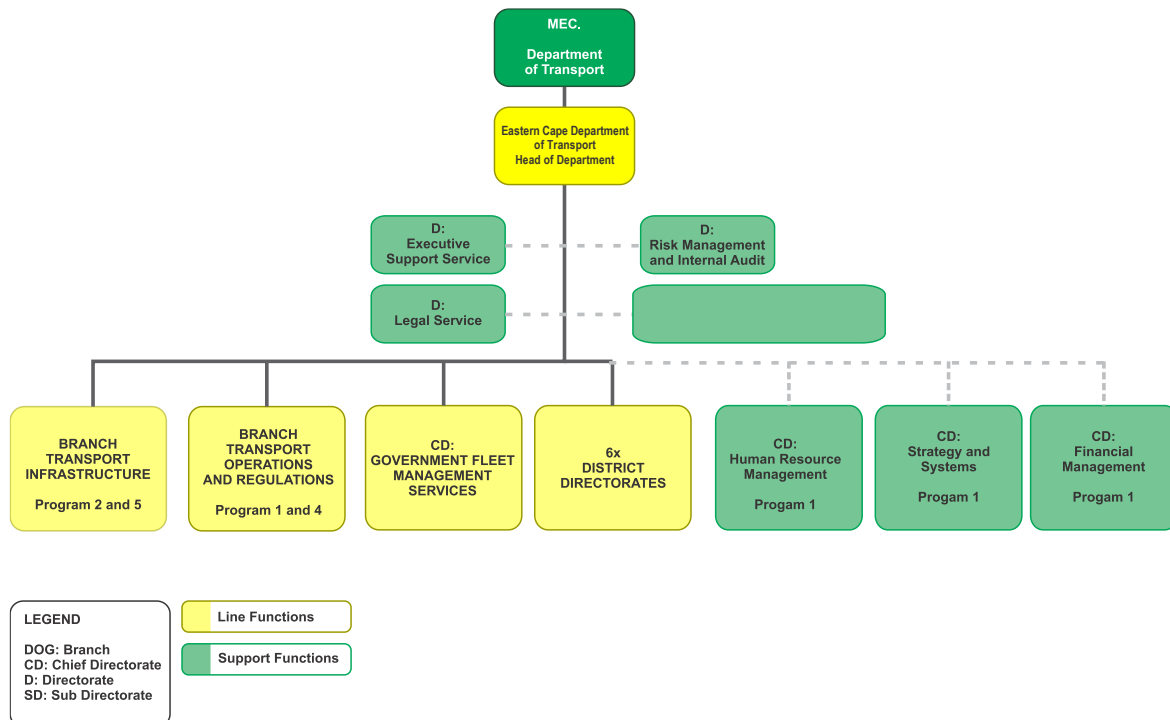


Figure 6: Proposed Organizational Structure (as at March 2021)

This organizational structure configuration infuses DPSA's administration (programme 1) functional structure. The National Treasury's approved budget program structure and the proposed generic functional structure for provincial departments of transport by the National Department of Transport. It also places service delivery points (districts) in the line function and causes them to report to the Head of Department to ascertain implementation effectiveness. The line function or core business dominates the department, in the numbers of personnel and high authority positions. The ratio of line (Core) personnel to support personnel is 3.5:1. Therefore compensation of employees funding is highly concentrated in the delivery of transport services.

Simultaneously, the Department is drawing its value chain, business processes and standard operating procedures to embolden its innate capacity to meet its mandate. This is a journey to build organisational proficiency, so that when appointments are made into the department, incumbents will find a fully functional and capable department.

To ensure that the Department has the necessary capacity to execute its mandated responsibilities, bursary and training programmes are offered to develop in-house capacity with the specific focus in Mechanical and Civil Engineering, Transport Economists and Information Technology. Transport Infrastructure will make vigorous changes in terms of transport planning and resourcing thereof through the Project Management Office. The department will address Local Economic Development and Transformation, SMME development and the 50/50 service delivery approach by further strengthening of the in-house construction teams through capitalisation of in-house yellow fleet and recruitment of technical personnel.

A Provincial Traffic College will be established during this term to beef up the traffic law enforcement component and increase visibility on our roads. In partnership with the Road Traffic Management Corporation, the Department will implement the 365-day 24/7 traffic law enforcement service in strategic areas of the Province. The Department will during this term also upgrade its Information and Communications Technology (ICT) infrastructure in order to improve efficiencies and to prepare the department for integrated systems. With regards to the financial viability of the GFMS, there are continuing engagements taking place between GFMS and Provincial Treasury in order for them to better understand its business model.

Further, the prevailing economic challenges has an on-going impact on financial markets which in turn adversely affects the budget with increased operational costs. This requires that the entity finds ways to be more efficient and innovative in delivery its mandate.

The COVID19 pandemic has disrupted our normal way of doing things and as such this has coerced us to a new paradigm shift. This has been a huge challenge especially for an environment with high number of manual processes. Thus, the Eastern Cape Department of Transport's Government Information Technology Office is engaged in the number of initiatives to prepare the organisation for the new normal. The revamp of the ailing ICT infrastructure to carry the envisaged technology solution in a bid to modernize our processes has already begun.

However, critical to these initiatives is the review of the Departmental ICT Strategy Plan which seeks to align IT to business mandate and modernize the critical processes. To further understand the pain points of the organisation the unit has embarked on a business vision survey to understand the level of satisfactory and the gaps that need to be addressed. Finally, in a bid to circumvent the risk of high number of manual processes the department has started automating the correspondence together with document management of the organisation.

The Department has been performing and striving towards excellence but has not been able to realize the required 2% of PWD in its employment. The Department is sitting at 1% on persons with disability. Women (Gender Equity) is sitting at 42.3% and the Department is at 46% of women at SMS level. It is targeting 50%. There is a fair balance of male and female employees in the department. Youth is sitting 20% of the total staff population (2 477) in the Department.

Gender	African	Coloured	Indian	White	Grand Total
Female	979	42	4	23	1 048
Male	1 303	91	2	33	1 429
Grand Total	2 282	133	6	56	2 477

Departmental Race & Gender Overview

Occupational Level Description	Female			Male				Grand Total
	African	Indian	Total	African	Coloured	White	Total	
Top Management	1	0	1	2	0	0	2	3
Senior Management	17	1	18	16	1	3	20	38
Grand Total	18	1	19	18	1	3	22	41

Top and Senior Management

Disability	African	White	Grand Total
Youth	22	2	24
Grand Total	22	2	24

Disability Status

Race	Female	Male	Grand Total
African	228	239	467
Coloured	8	17	25
Indian	1	0	1
White	2	0	2
Grand Total	239	256	495

Youth Statistics



2.3 Key policy developments and legislative changes

There were no key policy developments or legislative changes that had a bearing on the mandate of the Department in the period under review.

3 ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The year under review marks the second year of implementation of the 6th administration strategy (2020-2025). The progress that is reflected will therefore be reflective of the 2020/21 and 2021/22 progress against the Impact Statement and Outcomes which are the building blocks towards the achievement of the Five Year Impact of the Department. According to the Medium Term Strategic Framework (MTSF) (2019 – 2024) and the Departments Strategic Plan (2020 – 2025), the Department has a responsibility of contributing towards Priority 2: Economic Transformation and Job Creation, Priority 4: Spatial integration, human settlements and Local Government & Priority 6: Social Cohesion and Community Safety.

The Department has in these 5 years committed to working towards a '**Safe and Reliable Transport System**'. Achievement towards the Impact Statement is hinged on the achievement of the following 5 Outcomes of the Department:

Outcome 1: Improved public transport system

Public transport is vital for residence of the Province. Currently, a high proportion of the populace is unable to afford private transport and the long travel distances between settlements and towns to essential services makes the use of non-motorized transport impractical. Improved public transport is therefore necessary to allow residents of this Province to access essential services such as clinics and hospital, schools, shopping facilities etc. a prerequisite to this, would be transformation of this industry. The goals for the transformation and improving public transport industry should be founded on the improvement of the quality of public transport services provided to the communities. Existing unscheduled services currently provided by individual operators, sometimes with below standard vehicles, must be transformed into scheduled services with an improved quality of service and safety standards.

Outcome 2: Improved transport infrastructure

The lack of a safe transport infrastructure can be a constraining factor on development. The lack of transportation infrastructures and regulatory impediments are jointly impacting economic development by conferring higher transport costs, but also delays rendering supply chain management unreliable. A poor transport service level negatively affects the competitiveness of regions and their economic activities and thus have a negative impact on the regional added value, economic opportunities, and employment.

Outcome 3: Reduced road fatalities

Road crashes have been identified both globally and domestically as a socio-economic challenge. It is estimated the nationally 16 000 people die annually due to road crashes and thousands suffer varying degrees of injuries as a result thereof. This has dire consequences on society as it results in an increased burden on the social security and welfare system of a country, with an ever-increasing loss of skills and rising costs to the economy. Any initiatives, in this regard, will therefore, form part of government's efforts to ensuring a safer, better and secured life for all. With over two thirds of road crashes preceded by a violation of traffic laws, emphasis will also be in intensifying law enforcement and strengthening the arm of the law.

Outcome 4: Improved public private sector partnerships

In the Province, there is a recorded fewer number of contractors in the grades 7-9. In addition, there is generally a lack of technical capacity in public bodies to implement portfolio of their projects and programme. This endeavour, therefore, is aimed at building capacity amongst emerging contractors to execute the increasing amount of labour intensive work. Eventually, a larger pool of contractors for the delivery of State's programmes and projects should be created over the term.



Outcome 5: An effective and efficient public administration

The Eastern Cape Department of Transport desires to achieve high levels of effectiveness towards achieving the outcomes (outcome 1 to 4) that the department intends to produce. To achieve this outcome the Department will look at six areas that are necessary to create a healthy and high-performance environment. The Auditor General during its annual audits reports on the economic, efficient and effective utilisation of scarce resources as well as the effect on policy implementation. The results of the audit will determine the effectiveness of the Department towards achieving the desired outcomes that will impact on people's lives.

Progress towards the achievement of outcomes:

IMPACT STATEMENT A Safe and Reliable Transport System					
Outcome	Outcome Indicator	Baseline	Five Year Target	2020/21 Achievement	2021/22 Achievement
Improved transport system	No. of subsidised routes	2 020	2 236	2 187	2 201
Improved transport infrastructure	No. of km of gravel roads upgraded to surfaced standard	163	260	8	39
	No. of kilometres of gravel roads maintained	40 600	40 600	16 931.08	18 137.85
Reduced road fatalities ¹	Number of road fatalities reported	242	200	361	153
Improved public sector private sector participation	Number of jobs created	50 900	22 000	47 593	47 536
An effective and effective public administration	Department obtains a clean audit outcome	Qualified audit opinion	Clean Audit Outcome	Qualified	Qualified

The Departmental priorities over the next 5 years are to:

- Development and implementation of a Provincial Transport Master Plan (inclusive of Roads).
- Effective infrastructure delivery through exploration of alternative means of delivery.
- Implementation of the Road Safety Strategy.
- Revitalisation of provincially owned airports.
- Improve operational efficiencies in the Scholar Transport Programme.
- Improve operational efficiencies of Departmental Entities (GFMS and Mayibuye Transport Corporation)
- Reconfiguration of Public Transport Services.
- Development of SMME's.
- Creation of work opportunities for designated groups.

Progress towards achievement of Departmental Priorities:

MTSF Priority (2019 – 2024)	Departmental Priority	Project/ Initiative	Progress to Date (as at March 2022)
Priority 2-Economic	Improving operational	Unlocking opportunities of SMME's	The RT46 transversal contract for fueling and maintenance (First

¹ *Fatalities refer only to festive season and Easter.

MTSF Priority (2019 – 2024)	Departmental Priority	Project/ Initiative	Progress to Date (as at March 2022)
Transformation and Job Creation	efficiencies in Departmental Entities		National Bank) is currently an inhibiting factor in the development of SMME's due to contract initiation challenges, however engagements on collaborations between Automotive Industry Development Centre (AIDC) and the Department of Transport are continuing.
Priority 2- Economic Transformation and Job Creation	Improving operational efficiencies in Departmental Entities	Roll out of programme for the development and capacitation of SMME's	A gap analysis will be conducted to identify the SMME's in collaboration with the Automotive Industry Development Corporation (AIDC)
Priority 2- Economic Transformation and Job Creation	Operational efficiency improvement in the Scholar Transport Programme	Ferrying of 103 000 learners	Subsequent to the learner number increases (aligned to the demand of needy learners from DoE) in the 2020/21 financial year from savings realized after the National Lockdown, the Department has been ferrying 125 423 learners. The Department has not been unable to reduce the number back to the 103 000 as targeted in the reporting period. There was a need for thorough engagement with DoE in order to avoid disruptions to the school calendar and cause inconvenience to learners.
Priority 5 - Spatial development, human settlements and local government	Reconfiguration of public transport services	Routes and Kilometers subsidized	The Department is subsidizing three bus companies in the Province which is Algoa Bus Company, Africa Best 350 and Mayibuye Transport Corporation. During the year under review the following has been achieved: Routes subsidized; annual target of 2 275 and actual of 2 201. Kilometres subsidized; annual target of 16 438 625 and actual of 16 269 809.
Priority 5 - Spatial development, human settlements and local government	Reconfiguration of public transport services	Regularized Algoa contract	The Department has gone out on tender to procure services of a consultant to do route design and route survey in preparation for tender process to comply with NLTA Legislation. The tender was closed and evaluated, however the bidder prices were too high, resulting in Department not awarding the tender. The



MTSF Priority (2019 – 2024)	Departmental Priority	Project/ Initiative	Progress to Date (as at March 2022)
			tender was therefore cancelled. The Department in the 2022/23 financial will solicit the assistance of National Department of Transport to obtain approval to condone the irregular expenditure incurred and to deviate from normal tendering process and also extend the current exiting contracts.
Priority 5 - Spatial development, human settlements and local government	Reconfiguration of public transport services	Participate on Taxi Recapitalization programme	The Department is participating in the process of Taxi Recapitalization as it participates in the two Task Teams setup by National Department of Transport, as this is a National Project. The two Task Teams are for Transformation of Taxi Industry and this task team is looking at options of extending the subsidy to taxi industry. The second Task Team is looking at relief fund for Taxi Industry. There is only one committee that is sitting so far and this committee looks at relief fund. Provincial consultations by National on the new Subsidy Policy for Public Transport are underway.
Priority 5 - Spatial development, human settlements and local government	Revitalisation of provincially owned airports	Attract more airlines to use the Mthatha facility	The Department has signed Memorandum of Understanding with Eastern Cape Parks and Tourism Agency. This initiative will help to marketing of more airlines in Mthatha Airport. An additional airline did show interest in using the Mthatha Airport but due to Covid-19 the airline is concentrating on other routes first. The Department is also looking into the betterment of the airport through upgrading the facility by constructing the new fire station.
Priority 5 - Spatial development, human settlements and local government	Revitalisation of provincially owned airports	Construction of the new Fire station	The EC Department of Public Works are doing the Project management function as the custodian department. ECDPW did the appointment of all the professional engineers. The appointment of the contractor has also been finalized and the



MTSF Priority (2019 – 2024)	Departmental Priority	Project/ Initiative	Progress to Date (as at March 2022)
			contractor is in the process of establishing site.
Priority 5 - Spatial development, human settlements and local government	Revitalisation of provincially owned airports	Negotiations with SANDF on their proposals to use Bisho Facility	SANDF has approached the Department to allow them to use the Bisho Airport as a base Airport. (Including the terminal and the residential block). The Department and SANDF are still in the process of negotiating the terms and conditions of the SLA to finalise this arrangement.
Priority 5 - Spatial development, human settlements and local government	Revitalisation of provincially owned airports	Feasibility study on utilization of Bisho Airport as an air cargo facility.	The occupation of Bisho Airport by SANDF was recommended by EXCO. The Department had also drafted specification document for feasibility that must be conducted at Bisho Airport to explore possibilities of using the Airport as Cargo Airport and that GTAC has been approached to undertake the feasibility study. The feasibility of a cargo service at the Bisho will be beneficial to the Dimbaza corridor as this will expose the area to markets beyond the Provincial borders.
Priority 1 - A Capable, Ethical and Developmental State	Effective infrastructure delivery through exploration of alternative means of delivery	Establishment of Labour Intensive Construction Adjudication and Project Oversight Committee (LICAPOC)	LICAPOC has been established and a meeting was held to discuss the Terms of Reference and amendments adopted. The Committee is functioning.
Priority 6 - Social Cohesion and Safe Communities	Implementation of Road Safety Strategy	Rehabilitation and construction of Animal pounds in Cala and Khowa	The Project is currently in the planning stage. The SLA with the Sakhisizwe Municipality has been signed, however due to financial constraints, the Department is only able to construct the Cala Animal Pound in the 2022/23 financial year. The construction of the Khowa Animal Pound has been deferred to the 2023/24 financial year.
Priority 2- Economic Transformation and Job Creation	Development and implementation of a Provincial Transport Masterplan	Analyze and review Integrated Transport Master Plan: EC (EC: NATMAP2050)	The reviewed draft Integrated Transport Master Plan is available as planned in the 21/22 financial year. The Department is working towards the finalization of the document in the 2022/23 financial year.
Priority 2- Economic	Improved Public Transport System	Restoration of branch lines from Cookhouse to	The work has started with the restoration of Blaney Cookhouse Rail line and the project was



MTSF Priority (2019 – 2024)	Departmental Priority	Project/ Initiative	Progress to Date (as at March 2022)
Transformation and Job Creation		Blaney and East London to Mthatha	launch in November 2021 at East London Port by Transnet and the Premier of the Province. The East London Mthatha Rail Line, Transnet is busy with the assessment of that rail line and the progress is slow as some of the communities had built their houses next to the Rail Line. There is a consortium Sibhekuza that is interested on operating that line as soon as the assessment is done by Transnet. The Department however has also established a Rail Committee with provincial rail stakeholders as a platform to further realized the Provincial Freight Strategy.

4 INSTITUTIONAL PERFORMANCE INFORMATION BY PROGRAMMES

Programme 1:	Administration
Purpose of the programme	The Administration programme provides the Department with the overall management and administrative, strategic, financial and corporate support services in order to ensure that it delivers on its mandate in an integrated, efficient, effective, and sustainable manner.
Sub programmes	1.1 Office of the MEC 1.2 Management of the Department 1.3 Corporate Support 1.4 Departmental Strategy
Institutional Outcomes	OUTCOME 5: An effective and efficient public administration
Strategic Alignment to Departmental priorities aligned to 5 year Strategy	Development of SMME's - Through the SCM Unit, the Department targeted Local Economic Development empowered by regulations for Preferential Procurement.

Programme 2	Transport Infrastructure
Purpose of the programme	The main purpose of this programme is to promote accessibility and the safe, affordable movement of people, goods and services through the delivery and maintenance of transport infrastructure that is sustainable, integrated and environmentally sensitive, and which supports and facilitates social empowerment and economic growth.
Sub programmes	2.1 Programme Support Infrastructure 2.2 Infrastructure Planning 2.3 Infrastructure Design 2.4 Construction 2.5 Maintenance 2.5.1 Mechanical
Institutional Outcomes	OUTCOME 1: Improved Transport system OUTCOME 2: Improved provincial Transport infrastructure
Strategic Alignment to Departmental priorities aligned to 5 year Strategy	- Development and implementation of a Provincial Transport Master Plan (inclusive of Roads)



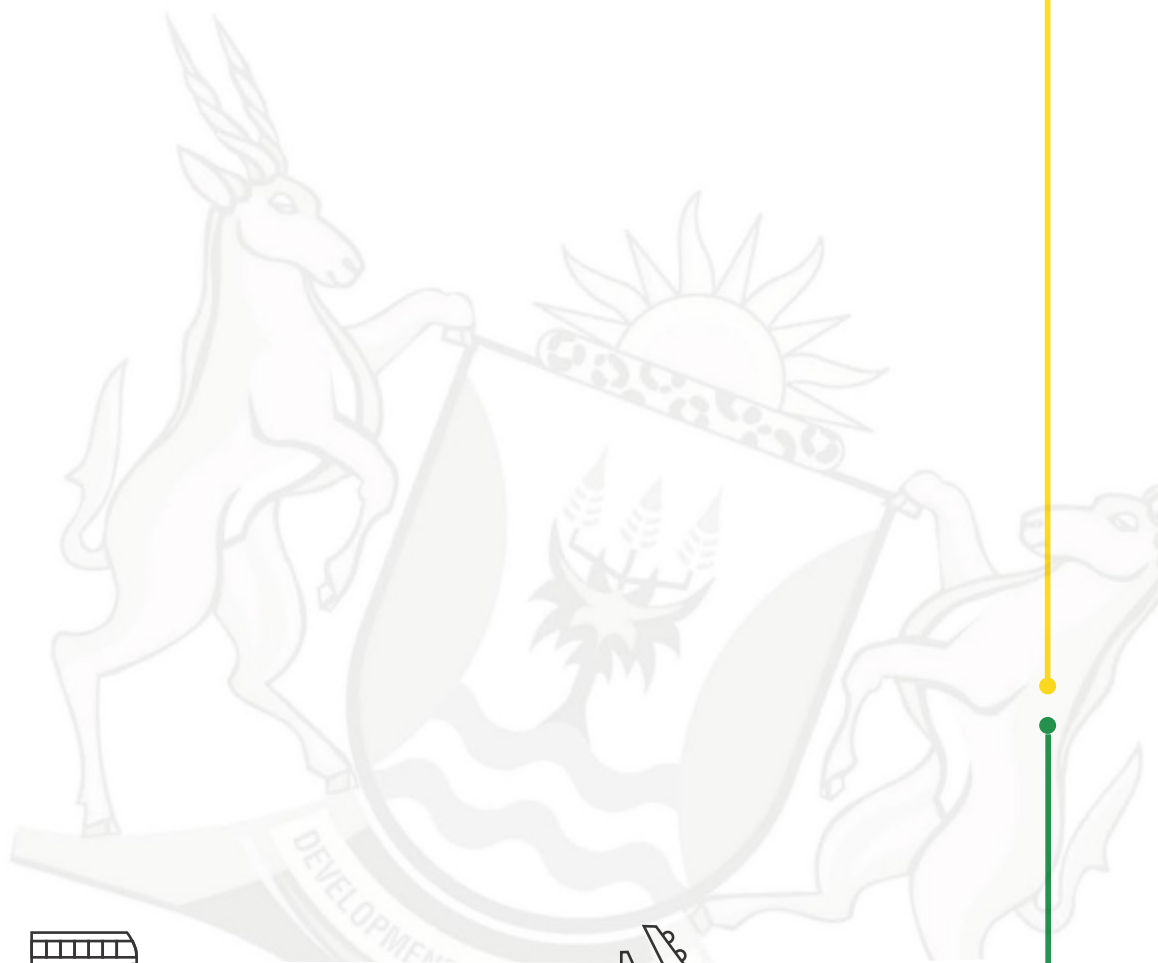
Programme 2	Transport Infrastructure
	<p>The Transport Infrastructure Planning Unit is custodian of the development and implementation of the Provincial Transport Masterplan.</p> <ul style="list-style-type: none"> - Effective infrastructure delivery through exploration of alternative means of delivery <p>Through integration with Innovation and Empowerment Transport Infrastructure continues to seek out explorative means for infrastructure delivery.</p>

Programme 3	Transport Operations
Purpose of the programme	The main objective of this programme is to plan, regulate and facilitate the provision of integrated land transport services through coordination and co-operation with national planning authorities, CBO's, NGO's and the private sector in order to enhance the mobility of all communities particularly those currently without or with limited access.
Sub programmes	3.1 Programme Support Operations 3.2 Public Transport Services 3.3 Transport Safety and Compliance 3.4 Transport Systems 3.5 Infrastructure Operations 3.6 Scholar Transport
Institutional Outcomes	OUTCOME 1: Improved Transport system OUTCOME 3: Reduced Road Fatalities
Strategic Alignment to Departmental priorities aligned to 5 year Strategy	<ul style="list-style-type: none"> - Implementation of the Road Safety Strategy The Department continues to promote and implement programmes aligned to the Decade of Action to promote and improve safety. - Revitalisation of provincially owned airports The Departments continues to ensure that the two provincially owned airports are compliant with SACAA and endeavours to attract more airlines. - Improve operational efficiencies in the Scholar Transport Programme - Reconfiguration of Public Transport Services

Programme 4	Transport Regulations
Purpose of the programme	The objective of the programme is to ensure the provision of a safe transport environment through the regulation of traffic on public roads, law enforcement and the registration and licensing of vehicles and drivers.
Sub programmes	4.1 Programme Support Regulation 4.2 Traffic Administration & Licensing 4.3 Operator License and Permits 4.4 Law Enforcement
Institutional Outcomes	OUTCOME 1: Improved Transport system OUTCOME 3: Reduced Roads fatalities
Strategic Alignment to Departmental priorities aligned to 5 year Strategy	<ul style="list-style-type: none"> - Implementation of the Road Safety Strategy Safety in road infrastructure is key priority through regulations and law enforcement.



Programme 5	Community Based Programmes
Purpose of the programme	The objective of the programme is to manage the implementation and strategies that lead to the development and empowerment of communities and contractors. This include the management and coordination of the Expanded Public Works Programme.
Sub programmes	5.1 Programme Support 5.2 Community Development 5.3 Innovation and Empowerment 5.4 EPWP Co-ordination and monitoring
Institutional Outcomes	OUTCOME 1: Improved Transport system OUTCOME 3: Reduced Road Fatalities OUTCOME 4: Improved public private participation OUTCOME 5: An efficient and effective public administration
Strategic Alignment to Departmental priorities aligned to 5 year Strategy	<ul style="list-style-type: none"> Creation of work opportunities for designated groups The Department continues to prioritise and expand work creation efforts through the use of labour intensive delivery methods in identified focus areas through the EPWP Programme.



4.1 Programme 1: Administration



Mr L M Sisilana
Deputy Director-General

The Administration programme provides the Department with the overall management and administrative, strategic, financial and corporate support services in order to ensure that it delivers on its mandate in an integrated, efficient, effective, and sustainable manner.

The programme is divided into four (4) sub-programmes as follows:

- 1.1. Office of the Member of the Executive Council** renders advisory, parliamentary, secretarial, administrative and office support services
- 1.2. Management of the Department** implements overall management and support of the Department.
- 1.3. Corporate Support** manages personnel, procurement, finance, administration and related support services.
- 1.4. Departmental Strategy** provides operational support in terms of strategic management, strategic planning, Monitoring and Evaluation, integrated planning and coordination across all spheres of government, departments and the private sector organisations including policy development and co-ordination.



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audit Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reasons for deviations
An efficient and effective public administration	Clean Governance through compliance and accountability	P1: Awareness Sessions Conducted	-	8	35	27	8	The awareness sessions comprise of interventions from Security Management and Risk Management. The variance is attributed to interventions that were not conducted by the Risk Management Unit.
		P2: Monitoring Reports on the Implementation of the Risk Register	-	3	4	4	-	The awareness sessions would have been combined with the Departmental Strategic Risk Assessment Sessions, as well as district risk assessments. These were deferred following the departure of the Deputy Director: Risk Management from the Departments employ, which created a leadership vacuum for an already constrained Risk Management Unit.
								n/a



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audit Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reasons for deviations
An efficient and effective public administration		P3: Number of Internal Audit Assignments Completed	-	-	10	10	-	n/a
	1.3 Corporate Support							
	A Skilled and Capable Professional Workforce	P4: Average number of days to fill a vacant funded post after advertisement	263 days	149 days	90 days	90 days	-	n/a
		P5: Number of Human Resource Development Initiatives implemented			5	4	1	The Department had engaged the Sakhisizwe LM as a prospective partner for the establishment of the Provincial Traffic College. During deliberations, it transpired that the Sakhisizwe Municipality was also engaging with Ikhalala College and the collaboration with Ikhalala to share the identified space was not feasible for the Department, thus, this was not achieved as the contract between the Sakhisizwe Municipality and the Department was not concluded due to



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audit Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reasons for deviations
		P6: Number of Organisational Development Initiatives			3	1	2	<p>disagreements on the terms & conditions of the MOU.</p> <p>Of the 3 planned OD initiatives to be implemented, the following areas of underperformance are pertaining to;</p> <p>The implementation of the new structure and to conduct an Organisational Functionality Assessment.</p> <p>Following the development of the structure a submission was made to the Office of the Premier and DPSA for concurrence, implementation of the structure is pending this confirmation.</p> <p>During detailed planning in preparation for the organisational functionality assessment and</p>



Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audit Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reasons for deviations
								definition of scope, the Department was made aware by the DPSA the entire offer assessment was under revision. The draft revised offer assessment showed that the Department lacked capacity to implement and was not wise to implement as the assessment was under revision.
		P7: Number of ICT Initiatives Implemented			4	4	-	n/a
	Efficient Management of Resources	P8: Average number of days for the payment of creditors			30 days	27.4	(2.6)	The Department has been able to pay its creditors within the prescribed 30days. This is attributed to the invoice monitoring tool that has been introduced which acts as an early warning signal for invoices that are nearing 30days with no payment. This has



Programme 1: Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audit Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reasons for deviations	
		P9: Actual % spent on budget allocated			100%	100%	-	assisted in yielding positive results for the Department.	n/a
		P10: Actual % of Revenue collected on budget amount			100%	90%	10%	<p>Notwithstanding the amount of revenue collected, the Department has experienced a number of administrative challenges throughout the financial year in collecting revenue as follows:</p> <ul style="list-style-type: none"> - The continuous extensions of amnesty from National Department of Transport. - Delays in transfers after change in bank details of the Department. - Some Municipalities are having financial constraints and have not been able to honour their payments to the Department. 	



Programme 1: Administration							
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audit Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022
	1.4 Departmental Strategy						
	Service Delivery Implementation Monitored	P11: Number of key Service Delivery Projects Monitored			3	2	1
							The planned Research project could not be conducted as the recruitment process to appoint the Research incumbent was delayed. This was delayed because the position had to be re-advised as a suitable candidate was not found in the 1 st round of recruitment. The Department has since recruited a Research incumbent to undertake this task.

Summary of Programme Performance

Of the planned 11 indicators to be implemented by the Programme, the Programme has managed to fully achieve 6 out of the 11 planned indicators, taking Programme performance to 55% in terms of full achievement.

5 out of the 11 planned indicators have been partially achieved (45%), where 3 indicators have a variance that is within a 30% threshold from full achievement and 2 indicators with a variance that is greater than 30% from full achievement.

None of the indicators have recorded zero achievement against the planned target.

Overall, the Programme has performed very well in the Digital Transformation space. Processes were instituted to ensure the Implementation of electronic systems (e-Leave, e-Recruitment and EDMS) to support the hybrid working arrangement due to Covid-19 in line with the 4th IR. The Programme has further ensured the Implementation of business intelligence which has played a pivotal role in the driving of the departmental digital transformation agenda. Also, taking into consideration the economic climate, the Programme has managed to collect 90% of the targeted revenue amounting to R659 321 million.

Strategies to overcome areas of underperformance:

P1: The Department has, through Provincial Treasury requested for the secondment of an official to the Risk and Ethics Management Unit. This is to address the capacity constraints experienced in the Unit. The Unit has further commenced with the preparations towards conducting Departmental Ethics Risk Assessment in the Districts as well.

P5: The Department is in the process of identifying an alternative venue to house the Provincial Traffic College. The venue will also need to have met the requirements as per the Road Traffic Management Corporation (RTMC) in order for the Department to continue with this strategy.

P6: The Department has earlier in the 2022/23 financial year received a letter of concurrence on the submitted structure from the Department of Public Service & Administration. The consultation process between the DPSA are underway and the Department is responding to the organogram queries raised by DPSA.

P10: The Department has written letters to the defaulting Municipalities and the South African Post Office (SAPO), indicating the amounts owed and requesting payment thereof. Furthermore, the Department has solicited the assistance of the Eastern Cape Department of Cooperative Governance and Traditional Affairs (ECCOGTA) to assist with the recovery of the arrear debts. The amnesty extensions are unfortunately not in the control of the Department and a dependency on National Government. The Department continues to communicate the change in bank details.

P11: The Department has in the 4th Quarter embarked on a recruitment process and recruited a Research incumbent that will be focusing on the Research Projects.

Changes to planned targets:

None

Linking Performance with budget

Sub-Programme	2021/22			2020/21		
	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
1 Office of the MEC	7 567	7 567	-	8 344	8 343	1
2 Management of the Department	34 149	34 149	-	32 248	31 310	938
3 Corporate Services	424 341	424 332	9	412 152	402 332	9 820
4 Departmental Strategy	17 021	16 994	27	10 121	9 686	435
TOTAL	483 078	483 042	36	462 865	451 671	11 194



4.2 Programme 2: Transport Infrastructure



Mr Z H Ngovela
Acting Deputy Director-General

The main purpose of this programme is to promote accessibility and the safe, affordable movement of people, goods and services through the delivery and maintenance of transport infrastructure that is sustainable, integrated and environmentally sensitive, and which supports and facilitates social empowerment and economic growth.

The **Programme is divided into six (5) sub-programmes as follows:**

2.1. **Programme Support** to provide overall management and support of the program.

2.2. **Infrastructure Planning** provides planning for all modes of transport including the movement of goods and passenger to integrate transport and spatial planning.

Provides for the planning and coordination towards the formulation of provincial policies and statutory plans.

Planning of integrated modal transport facilities and systems for all modes of transport including non-motorised transport.

To promote and improve safety on the transport infrastructure.

To facilitate the provision of road safety audits on all roads and transport infrastructure to ensure safe traffic and people movement.

The provision of data collection services; research to provide management information systems for the provincial road network. (e.g.: road condition, traffic counts and accident data).

2.3. **Infrastructure Design** to provide design, of road and transport infrastructure including all necessary support functions such as Environmental Impact Assessments, Traffic Impact Assessments, survey, expropriation, material investigations and testing.

2.4. **Construction** to develop new, re-construct, upgrade and rehabilitate road and transport infrastructure.

2.5. **Maintenance** to effectively maintain road and transport infrastructure

2.5.1 **Mechanical** facilitates the provision of an efficient plant fleet service in support of in-house construction and maintenance units.



Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual achievement 2021/2022	Reason for deviation
2.2 Infrastructure Planning								
Improved Transport System	Regulated Transport System	P12: Transport Regulations developed P13: Transport plans developed	- -	- 0	Needs Analysis Report 2 drafts (Transport Masterplan & PLTF)	Needs Analysis Report 2 drafts (Transport Masterplan & PLTF)	- -	n/a n/a
	Extent of condition of provincial roads assessed	P14: Number of kilometres of surfaced road visually assessed as per the applicable TMH manual P15: Number of kilometres of gravel road visually assessed as per the applicable TMH manual	0 0	0 0	3 959 36 642	0 0	3 959 36 642	The award for Road Asset Management Services has been protracted over the past 2 financial years due to procurement related challenges. As at the end of the financial year, the Department has not again been able to source these services because of non-responsiveness of bidders.
Improved provincial Transport infrastructure	Improve Road infrastructure safety	P16: Number of road safety audits conducted	3	3	5	4	1	The 1 road safety audit report was not conducted due to the physical class of road. The road that was planned for assessment was established to be unsurfaced/gravel at the time of conducting the assessments and as per the TMH Manual,

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual achievement 2021/2022	Reason for deviation
Improved provincial Transport infrastructure								unsurfaced/gravel roads are not audited.
	Classified Road infrastructure network	P17: All roads assigned to an authority	-	-	-	Indicator will be reported in the 22/23 financial year.		
	2.3 Infrastructure Design							
		P18: Number of designs for transport infrastructure	1	1	3	3	-	n/a
2.4 Construction								
	Construction of transport related facilities	P19: Number of kilometres of gravel roads upgraded to surfaced roads	13	8	56	39	17	The target of 56km is made up of 7 projects, where 5 achieved completion, remaining 2 achieved partial completion: - The Willowdale to Dwesa Nature Reserve Phase 2 Project was progressing faster than projected and envisaged to be completed before the due completion date. However due to several delays (ie. COVID Level 5 shutdown, community protests and rain delays), the Contractor was delayed by approximately 3 months. An approved



Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual achievement 2021/2022	Reason for deviation
Improved provincial Transport infrastructure		P20: Number of public transport facilities constructed	1	0	1	0	1	<p>extension of time to June 2023 was granted. The Project has surfaced 13km as at 31st March 2022 and is at 83% completion.</p> <p>The completion of the planned 2km for 2021/22 financial year for the R72 to Hamburg Project was delayed due to quarrying and crushing contract that was challenged in Court. The project has since prepared 4km for surfacing to resume works in April 2022.</p> <p>Funds have been shifted to the construction of Mthatha Traffic Station as this project has been deferred indefinitely due to a due to a disagreement between the Department and the Municipality on the scope of work for the project. The Municipality has further shown interest on a retail centre on the identified land, whilst the Departments funding was looking only at the construction of the public transport facility.</p>

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual achievement 2021/2022	Reason for deviation
		P21: Number of law enforcement facilities constructed	0	0	1	0	1	The target for this indicator was for the construction of the Mthatha Traffic Station. The procurement process for the appointment of a suitable contractor was started, however due to the non-responsiveness of bidders, the process was cancelled. The construction of the facility as planned did not commence. As a second attempt to procure, the Department was in the process of advertising for these services, however Circular 15 of 2021/22 (Validity of the Preferential Procurement Regulations of 2017) kicked in.
		2.5 Maintenance						
		P22: Number of square metres rehabilitated	0	0	257 400	127 449	129 951	The planned target of 257 400m ² is made up of m ² ressealed from the Butterworth to Centane and the Matatiele to Maluti Projects. The Butterworth to Centane Project has managed to achieve 92 169m ² , the underperformance is attributed to the significant delays caused by the contractors poor performance. The project also experienced work stoppages due to

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual achievement 2021/2022	Reason for deviation
								community protests which also slowed down progress on site.
								The Matatiele to Maluti Project has managed to achieve 35 280m ² . The Contractor poor performance has been the greatest contributor to the delays incurred in the project. Inclement weather conditions resulting from rain day delays have also contributed to the delays.
		P23: Number of square meters resealed	0	13 720	13 720	15 213	(1 493)	The Programme has over performed in this indicator as some of the activities within the Reseal projects were accelerated in order to expedite progress on site.
	Improved capacity, safety serviceability and riding quality of gravel roads improved	P24: Number of kilometres of gravel roads re-gravelled	1 283.27	1 174.17	645	1 149.6	(504.6)	The re-gravelling item is a maintenance activity that is necessitated by need and mainly caused by deterioration of road condition which is affected by, among others, traffic and weather conditions. Upon assessment, it was discovered that the condition of the roads had deteriorated to an extent that they require importing of suitable gravel material, as there was no gravel material left. Quantities of graveling were then increased, resulting in over-performance.



Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual achievement 2021/2022	Reason for deviation
		P25: Number of kilometres of gravel roads bladed	25 548.78	15 756.91	23 451	16 988.25	6 462.75	The province has been experiencing flooding since late 2021 which has resulted in roads being damaged beyond the blading need. Efforts have had to be redirected to bringing damaged roads to a trafficable state which caused underperformance on blading and performance redirected to re-gravelling and blacktop patching as a more sustainable means of routine maintenance.
		P26: Number of square metres of blacktop patching	48 080.64	60 948.40	54 236	105 814.54	(51 578.54)	Blacktop patching item is a maintenance activity that is carried out on paved network. It is necessitated by need and mainly caused by deterioration of road condition which is affected by among others, traffic and weather conditions. Majority of Provincial roads have reached their design life and require reconstruction or rehabilitation. Due to delayed reconstruction and rehabilitation, potholes easily develop when it rains. Huge quantities of pothole patching were realised in the fourth quarter after December/January heavy rains. Quantities were therefore increased as more roads required blacktop patching.



Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to Actual achievement 2021/2022	Reason for deviation
	Creation of capacity through the Transport Infrastructure Value Chain	P27: Number of opportunities created for the development of Contractors on the CIBD database	0	-	2	2	-	n/a
	Maintenance of transport related facilities	P28: Number of law enforcement facilities maintained	0	3	-	-	-	n/a
2.6 Mechanical								
		P29: Average % of uptime on fleet availability	64%	71%	75%	71%	4%	The Programme could not reach the target as a number of the plant/machinery of the Department has aged, therefore receptive to constant breakdowns and repairs. The delays in repairs by service providers has also contributed to the down time.

Summary of programme performance

Of the planned 16 indicators to be implemented by the Programme, the Programme has managed to fully achieve 7 out of the 16 planned indicators, taking Programme performance to 44% in terms of full achievement.

5 out of the 16 planned indicators have been partially achieved (31%), where 4 indicators have a variance that is within a 30% threshold from full achievement and 1 indicators with a variance that is greater than 30% from full achievement.

4 out of the 16 planned indicators have recorded zero achievement (25%) against the planned target.

Although the Department is enthusiastic about the fast-paced progress particularly on capital projects, climate change and contractor performance remains one of the Programmes greatest challenge in terms of achieving its targets. This is notably with respect to infrastructure performance indicators, particularly in the indicators pertaining to the "number of m² resealed" and "number of m² rehabilitated".

Key towards achievement are the interim reports towards the Integrated Transport Masterplan and Provincial Land Transport Framework which is works towards the development of a long term plan for the Department.

The construction sub-programme also obtained partial achievement against its target due to time delays in the completion of the SLA: Willowvale to Dwesa Nature Reserve Project, which has due to 21 rain delays days, COVID 19 Alert Level 5 Shutdown and 2 periods of strike action by communities delayed practical completion (approved in terms of GCC 2015). However overall the project is at 90% completion and surfaced 13km of the planned 15km with all layerworks up to basecourse level completed, 95% completion on two 1:100 year flood bridge has been achieved and 75% of surfacing has been completed until the 31st March 2022. The additional funding for the extension of time is obtained through the reprioritization of funding from projects that is progressing slower than expected or certain projects i.e. Upgrading DR08034 Clarkbury has been cancelled.

With respect to maintenance, the appointment of plant hire contractors in the Province has created efficiency gains for the routine maintenance of rural gravel roads. The programme posted under performance in blading as efforts were redirected to re-gravelling and blacktop patching as a more sustainable means of road maintenance. The Extended Public Works Programme has through the programmes implemented in this Programme again accomplished major successes in respect to job creation and empowerment (training) efforts in alignment to the Department's strategic alignment to "have developed and empowered communities and construction emerging contractors resulting in sustainable livelihoods and employment".

Strategies to overcome areas of under performance

P14 and P15: The Department has written to the national office i.e Department of Transport (SA), requesting assistance or collaboration in delivering this. In the Roads Construction and Maintenance Indaba held on the 24-25 February 2022, it was further confirmed that the national office will also seek assistance from the Council for Scientific and Industrial Research (CSIR) amongst others to assist provinces with roads-related data collection and asset management, which includes Road Asset Management System (RAMS).

P16: The construction of the public transport facility has been discontinued indefinitely. This is until such a period that the Department and the Municipality are able to find consensus on the scope of works to be implemented.

P17: The Department will continue participating in the discussions under the auspices of the Department of Transport (SA) towards finalization of this initiative. In the Roads Construction and Maintenance Indaba mentioned above held on 24-25 February 2022, it was further confirmed that the national office together with Province and Planning Authorities will continue with this initiative in the 2022/2023 financial year.

P19: The Department has appointed three full time Project Managers as part of the Construction Directorate in order to capacitate the Directorate. Projects will be allocated to the project managers for full time oversight and to proactively identify risks that might affect the successful completion of the project on time and within budget. Close monitoring of projected project progress against actual project progress will be done to ensure additional resources are employed by Contractors to accelerate progress in the event that projects lag behind.

P21: The Construction of the Mthatha Traffic Station will be implemented deferred for implementation to the 2022/23 financial year.

P22: The Department has to conduct more vigorous risk analysis, including physical verification of project completed, reporting terminated contractors for blacklisting, using bank rating as part of eligibility. Enhance project management.

P25: Due to the change in strategy in dealing with damaged roads, this indicator was not achieved. However the Programme endeavours to focus its In-house maintenance teams to implement the blading activities.

P29: The Department has adopted a reinforced approach of maintaining effective strategic planning processes and augmenting repairs operations to ensure that the periods of unavailability are reduced and downtime is expedited in the 2022/23 financial year. This will improve the experienced availability of plant, and as well as maintain an effective relationship between the existing plant profile and desired outputs in the following year. Furthermore, the Department has in place a rate based database with qualified service providers to assist with provision of parts and labour for maintenance, repair and overhaul of plant and vehicles by Franchise Holders and/or Original Equipment Manufacturers (OEMs). This option was solicited to assist in the curbing of long lead times for sourcing of service providers for repairs, thus leading to delays in repairs. The Department has also directed efforts to conducting conditions assessments on a quarterly basis as an early indicative for ageing plant.

Changes to planned targets

None



Linking performance with budget

Sub-Programme	2021/22			2020/21		
	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
1 Programme Support	6 719	6 719	-	402	280	122
2 Infrastructure Planning	20 023	20 022	1	18 271	17 528	743
3 Infrastructure Design	28 252	28 251	1	9 907	9 692	215
4 Construction	887 361	887 361	-	806 899	806 680	219
5 Maintenance	1 051 418	1 051 418	-	1 099 157	1 096 724	2 433
6 Mechanical	129 206	129 180	26	122 170	121 667	503
TOTAL	2 122 980	2 122 952	28	2 056 806	2 052 571	4 235



4.3 Programme 3: Transport Operations



Mr B Makambi
Acting Chief Director

The main objective of this programme is to plan, regulate and facilitate the provision of integrated land transport services through coordination and co-operation with national planning authorities, CBO's, NGO's and the private sector in order to enhance the mobility of all communities particularly those currently without or with limited access.

The programme is divided into six (6) sub-programmes as follows:

- 3.1. Programme Support** facilitates the overall management and support of the Programme.
- 3.2. Public Transport Services** facilitates the management of integrated land transport contracts to provide mobility to the commuters.
- 3.3. Transport Safety and Compliance** manages/co-ordinates and facilitates the transport safety and compliance in all modes with related legislation and policies through pro-active and re-active tactics and strategies.
This includes the monitoring of public transport operators in terms of national and provincial legislation to ensure safety of commuters.
This will include safety education, awareness, training and development of operators to enable them to provide the required level of service delivery.
- 3.4. Transport Systems** manages and operates public transport systems and the support services required such as; Mass movement systems, Intelligent traffic systems, Fare management systems, integrated ticketing system, electronic traffic signs etc
- 3.5. Infrastructure Operations** to manage transport terminals such as inter modal terminals, air passenger and freight terminals.
- 3.6. Scholar Transport assists** with the transportation of learners walking an excess of 5km to access schools in line with the National Draft Scholar Transport Policy



Programme 3: Transport Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reasons for deviation
Improved Transport system	Affordable and reliable transport system	P30: Number of routes subsidized	1 991	2 187	2 275	2 201	74	The industry has been impacted by a number of challenges that have contributed to the underperformance of this indicator which can be summarised as follows: Protest actions that were reported around Motherwell affected Algoa Bus Company. Protest actions that were reported around Joe Slovo affecting Algoa Bus Company. Protest actions reported in Queenstown affecting AB350.
3.2 Public Transport Services								



Programme 3: Transport Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reasons for deviation
Improved Transport system								<ul style="list-style-type: none"> - Cases of arson reported affecting AB350 operations. - Labour disputes in AB350. - Inaccessible roads particularly aggravated after flood damages. - Fleet unavailability due to breakdowns.
		P31: Number of kilometres Subsidized	10 535 000,03	14 452 741.94	16 438 625	16 269 809.57	168 815.43	As per the summary above, the detail below provides reasons for
		P32: Number of trips Subsidized	369 762	424 297	531 187	467 772	63 415	underperformance on both indicators: 1.AB350(PTY) LTD a. Unabated standing kilometres claimed which emanated from bad roads conditions, and which rendered a number of routes unpassable. b. Taxi blockages and arsons c. Application of penalties for offences related non-provision of



Programme 3: Transport Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reasons for deviation
								<p>services due to bus breakdowns.</p> <p>d. AB350 also did not operate due to protests in Queenstown therefore claiming standing trips.</p> <p>e. AB350 Bus drivers embarked on a strike due to non-payment of salaries.</p> <p>2. Mavibuye Transport Corporation:</p> <p>a. Standing kilometres claimed caused by bad road conditions and</p> <p>b. Inadequate technical skills of personnel to fix the buses when breakdowns.</p> <p>3. Algoa Bus Company</p> <p>a. Protest actions that were embarked on resulting in a standstill of operations by Algoa Bus Company in Mortherwell, therefore claiming standing kilometres. Furthermore</p> <p>b. Algoa Bus Company could not operate due to protests in Joe Slovo.</p>



Programme 3: Transport Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reasons for deviation
								c. During May, Algoa Bus Company lost 8 buses as a result of an act of an arson attack, therefore buses were unable to operate.
		P33: Number of empowerment initiatives	0	0	5	2	3	The performance for this indicator is dependent on the availability of the Taxi Industry and due to the following reasons, the Programme could not reach the planned targets: 1. Instability within Public Transport industry which prohibited capacitation activities. 2. Sudden changes within the Executive Structure of SANTACO.
3.3 Transport Safety and Compliance								
A safer transport system		P34: Number of Road Safety Awareness Programmes Conducted.	3	2	2	2	n/a	-
		P35: Assessments conducted to measure the level of road safety knowledge of EC	-	-	Indicator will be reported in the 2022/23 financial year			

Programme 3: Transport Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reasons for deviation
		citizens in identified HAZLOCs						
			3.4 Infrastructure Operations					
		P36: Number of assessments conducted in Bhisho Airport to ensure compliance with SACAA requirements.	16	10	16	16	n/a	-
		P37: Number of assessments conducted in Mthatha Airport to ensure compliance with SACAA requirements.	16	10	16	16	n/a	-
		P38: Number of maritime initiatives	-	0	2	0	2	The planned Maritime initiatives are made up of Maritime Awareness Programmes and the Resuscitation of the Maritime Resource Centre. Maritime Awareness Programme conducted with Primary Schools:



Programme 3: Transport Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reasons for deviation
								<p>The Department had planned to achieve this in the 3rd and 4th quarter of the financial year under review, however due to conflicts in the planning calendars of both Departments (DoT and DoE) there were other competing priorities because of the end and beginning of the academic year.</p> <p>Resuscitation of Maritime Resource Centre:</p> <p>The land acquisition process for the resuscitation of the Maritime Resource Centre with National DPWI took longer than anticipated as the initial site that was identified for this intervention had land claim. The second identified site for this intervention also has land claim issues. As a result this activity has been deferred for final</p>



Programme 3: Transport Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reasons for deviation
		P39: Number of rail initiatives	0	0	3	2	1	processing in the 2022/23 financial year. For the Department to participate in the rail safety initiatives as committed, Transnet was to resuscitate the Mthatha - Amabele railway line. This was not achieved due to budget constraints on the side of Transnet notwithstanding that the line has been awarded for operation.
Affordable and reliable transport system		3.5 Scholar Transport Services						
		P40: Number of learners transported.	85 747	124 036	103 000	125 423	(22 423)	Subsequent to the learner number increases (aligned to the demand of needy learners from DoE) in the 2020/21 financial year from savings realized after the National Lockdown, the Department was unable to reduce the number back to the 103 000 as targeted in the reporting period.
		P41: Number of schools benefitting from the Scholar Transport Scheme	757	1 034	800	1 020	(220)	There was a need for thorough engagement with DoE in order to avoid disruptions to the school



Programme 3: Transport Operations							
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022
		P42: Number of operators contracted	-	2 568	2 466	2 466	calendar and cause inconvenience to learners. n/a

Summary of programme performance

Of the planned 12 indicators to be implemented by the Programme, the Programme has managed to fully achieve 6 out of the 12 planned indicators, taking Programme performance to (50%) in terms of full achievement.

5 out of the 12 planned indicators have been partially achieved (42%), where 4 indicators have a variance that is within a 30% threshold from full achievement and 1 indicators with a variance that is greater than 30% from full achievement.

1 out of the 12 planned indicators have recorded 0 achievement (8%) against the planned target.

The Programme has in this financial year managed to provide subsidized public transport to commuters through the contracted bus services which are, Mayibuye Transport Corporation, Africa Best 350 and Algoa Bus Company covering 2275 routes.

In an ambit to curb the coronavirus in the public transport space, the Programme procured PPE's for public transport operators which covers 93 Taxi Association in all six districts, four bus companies which is Algoa Bus Company, Africa Best 350, Mayibuye Transport Corporation and Spectrum Alert in Gqeberha which operate IPTS. In an attempt to address the challenges of monitoring the accuracy of subsidy claims, the Programme is exploring a mechanism to enhance

The Programme facilitated the distribution of 1750 bicycles received from National Department of Transport as a donation to the deserving learners across the Province. The Programme also managed to develop terms of reference for procurement of a service provider to conduct route design and route survey. The Programme had put out a tender for procurement of the service provider.

The Mayibuye Transport Corporation has been operating in terms of the old Ciskeian Act which is not in line to the NLTA of 2009, and the Department is in the process of repealing the Act. The Programme drafted a policy document for the repeal of Mayibuye old Ciskeian Act. In an attempt to address the mainstreaming of the public transport industry to fully participate in the empowerment and harmonization of relations with the Department. The Department has provided financial support to SANTACO and ECSBOC.

The Programme conducted awareness programmes for road safety education and outreach programmes. Partner forged partnerships with RTMC for road safety programmes and Special Programme Unit for learner driver licenses.

In the Transport Operations space, the Department has regularly conducted assessments to ensure compliance in both Bhisho and Mthatha Airports in terms of the South Africa Civil Aviation Authority (SACAA). Furthermore, the Programme has appointed a service provider to conduct feasibility Study at the Bhisho Airport to explore options of utilizing the airport as a cargo facility .

As part of the work done by the Rail Committee Launched in this financial year by the Honourable Premier, the Blaney Cookhouse Line has since been awarded for operation which will commence in the 2022/23 financial year. In addition, PRASA will be improving on the Passenger Rail line from Motherwell to Port Elizabeth CBD, anticipated for August 2022.

The Port Festival was conducted towards Maritime Awareness Programmes for Primary Schools.

Strategies to overcome under performance

P30 to P32:

Inaccessible roads - The contracted service providers will send a monthly report on all the routes that are not trafficable, which is sent to Programme 2 for assistance. Community unrest (reported arson cases, community protest actions etc.) - The Programme will be developing a Conflict strategy, involving the relevant stakeholders such as Transport Regulations Unit of the Department, Public Transport Operators and SAPS etc.

Innovations in technology for improved monitoring – As pronounced in the Policy Speech, the Programme is in a process of developing a monitoring tool for all contracted subsidized services and is assisted by ICT Unit.

Compliance to National Regulations - The Programme will go out tender to procure a professional service provider to render services for Route design and route survey for Compliance with the NL TA.

P33: The Programme will revise their target setting strategy so that it is realistic with what is attainable considering the dependency on the stakeholders. The Programme will also develop a conflict resolution strategy that can be workshopped to its stakeholders.

P38: Embark on a formal relationship with DOE and collaborate planning with other Directorates/Units within the Department.

P39: The Department is in consultation with DPWI to resolve and iron out the land claim on the second site.

P41: Legal opinion is being sought on the implications of the contracts and the bid conditions.

P42: The Department has received a reduced number of learners to be ferried for 2022/23. Following the clarity that will be provided in the legal opinion it is expected that the number of operators will be reduced to coincide with the number of learners provided by Department of Education.

Changes to planned targets

None

Linking performance with budget

Sub-Programme	2021/22			2020/21		
	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
1 Programme Support	2 107	2 104	3	1 511	1 199	312
2 Public Transport Services	645 088	645 066	22	593 972	554 591	39 381
3 Transport Safety and Compliance	54 443	54 439	4	59 010	57 315	1 695
4 Infrastructure Operations	39 407	39 403	4	51 853	38 533	13 320
5 Scholar Transport	1 008 223	1 008 212	11	551 995	535 788	16 207
TOTAL	1 749 268	1 749 224	44	1 258 341	1 187 426	70 915



4.4 Programme 4: Transport Regulation



Mr M Mxi
Chief Director

The objective of the programme is to ensure the provision of a safe transport environment through the regulation of traffic on public roads, law enforcement and the registration and licensing of vehicles and drivers.

The Programme is divided into four (4) sub-programmes as follows:

4.1. Programme Support facilitates overall management and support of the Programme.

4.2. Transport Administration and Licensing to monitor and control the registration and licensing of all motor vehicles and to render services regarding the administration of applications in terms of the National Road Traffic Act, (Act 93 of 1996).

Implementation of laws and regulation relating to vehicle registration and licensing, vehicle fitness testing and driver fitness testing.

4.3. Operator License and Permits the management, approval and control of registering of transport operators and the issuing of all licences and permits required in terms of legislation.

The management and control of registering of transport operators and the issuing of all licenses and permits required in terms of legislation (setting of Provincial Regulatory Entity and support).

4.4. Law Enforcement maintains law and order on the roads through the enforcing of traffic laws and regulations.



Programme 4: Transport Regulations									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reason for deviation	
Improved Transport System	Regulated Transport System	P43: Number of compliance inspections conducted	226	124	123	139	(16)	With the increase of fraud and corruption cases in the DLTC's, RA's and VTS's, the Department has directed more effort and increased the number of compliance inspections conducted in these facilities.	
		P44: Number of licensing facilities established	-	4	4	0	4	The Programme has underperformed on this indicator. Following a thorough assessment of the works needed to be conducted in the Humansdorp and Mbizana facilities, it was since realised that the Department had limited resources to fully complete the project once started. To ensure full implementation with no delays, a decision	



Programme 4: Transport Regulations								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reason for deviation
								was taken to defer the project to the 22/23 financial year.
								Commencement of the Graaff Reinet and Sterkspruit facility was delayed as funds for implementation were reprioritised to fund pressing priorities within the Department.
4.3 Operator License and permits								
		P45: Number of Transport operators regulated	-	4 182	4 500	6 268	(1 768)	The number of Operator Licenses issued is dependent on the number of applications received from public transport operators.
4.4 Law Enforcement								
Reduced Road Fatalities	A Safer Transport system	P46: Systematic examination of motor vehicles	-	32 382	28 047	30 272	(2 225)	The over performance was due to intensified operations across the province during the Launch of Easter Arrive Alive programs taking place in the 4 th Quarter whereas Easter was in the 1 st



Programme 4: Transport Regulations							
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022
							Reason for deviation
		P47: Performance improvement initiatives	-	1	1	-	quarter of the new financial year.
						n/a	-

Summary of Programme performance

Of the planned 5 indicators to be implemented by the Programme, the Programme has managed to fully achieve 4 out of the 5 planned indicators, taking Programme performance to (80%) in terms of full achievement.

None of the indicators have been partially achieved (0%).

1 out of the 5 planned indicators have recorded 0 achievement (20%) against the planned target.

The Programme successfully managed to further pilot the online pre booking system on learner and driving licenses for the identified DLTCs (East London; Gonubie; Mdantsane; King Williams Town and Willsonia). A Registering Authority was successfully opened at the Queenstown and Straundale Provincial Traffic Station during the financial year.

Phase 1 AARTO Rollout commenced on the 1st July 2021, and is composed of the following:

- Training of Law Enforcement Officers for both the Province and the Municipal Issuing Authorities were conducted. Training of Back Office personnel (Supervisors, Data Capturers and Cashiers) and 6 Regions of SAPS also took place during the Financial year
- AARTO service outlet has been opened in the Nelson Mandela Bay Municipality, Bisho at TMS Office and Enoch Mgijima municipality in Queenstown. An AARTO Ambassador has been appointed and deployed by RTIA of which will be attached to the office of the AARTO Provincial coordinator to do the necessary awareness campaigns across the province.

The Province attained a 9% reduction in fatal crashes during the December/January 2021/22 Festive Season being the lowest Province in the country.

The Programme Appointed 30 New Provincial Inspectors to ensure maximum deployment and visibility of traffic officers on public roads. This has also enhanced the 24/2 shift system [24/7 pilot project].

The deployment of warrant busses contributed immensely in the collection of revenue in the Province. Increased Special Drunken Driving operations were successfully conducted throughout the Province despite COVID 19 challenges.

28 PRE Hearings were conducted during the period of review to adjudicate Operator Licenses to public transport operators and 2459 Abnormal Load Permits were issued.

Strategies to overcome under performance

P44: The Programme continues to work closely with Transport Infrastructure as subject matter expert regarding infrastructure projects.

Changes to planned targets

None

Linking performance with budget

Sub-Programme	2021/22			2020/21		
	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
1 Programme Support Regulation	2 834	2 832	2	3 107	2 769	338
2 Transport Admin and Licensing	11 866	11 864	2	13 215	12 164	1 051
3 Operator License and Permit	6 583	6 581	2	8 379	7 113	1 266
4 Law Enforcement	277 983	277 945	38	295 298	286 872	8 426
TOTAL	299 266	299 222	44	319 999	308 918	11 081

4.5 Programme 5: Community Based Programmes



Mr A Best
Chief Director

The objective of the programme is to manage the implementation and strategies that lead to the development and empowerment of communities and contractors. This include the management and coordination of the Expanded Public Works Programme.

The programme is divided into four (4) sub-programmes as follows:

- 5.1. Programme Support** facilitates the overall management and support of the Programme.
- 5.2. Community Development** facilitates programmes to bring about the development and empowerment of impoverished communities.
- 5.3. Innovation and Empowerment** facilitates programmes to develop contractor empowerment, development and new programmes and training. It also includes learnerships and NYS.
- 5.4. EPWP Co-ordination and Monitoring** facilitates the management and coordination of expenditure on the Expanded Public Works Programme.



Programme 5: Community Based Programmes							
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022
Reduced Road Fatalities	Interventions to reduce fatalities	P48: Number of interventions to reduce road fatalities	-	9	2 804	2 629	175
							From the 9 interventions, 1 intervention contributed to the underachievement of the indicator; underachievement is caused by the Pick-Up Point Monitors Project (initiated at the peak of Covid19) that was discontinued as the project was no longer justified after lockdown regulations had been reduced.
		P49: Number of work opportunities created through EPWP projects	-	45 215	36 756	44 152	(7 756)
5.3 Innovation and Empowerment							
							The Department had taken a resolution to exit beneficiaries over the age of 60 years. The overachievement is as a result of an extension granted to retain these contracts from the financial year due to further consultations that needed to be taken.



Programme 5: Community Based Programmes								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reason for deviation
	Empowerment of EPWP participants	P50: Number of beneficiary empowerment interventions	3	3	4	3	1	From the planned 4 interventions, 1 intervention contributed to the under achievement of the indicator; the Development of SMME's. The Department embarked on a process to develop and institutionalise the Contractor Development Policy which was finalised in the 4 th quarter of the financial year.
		P51: Number of initiatives to enhance partnerships	-	3	4	4	n/a	-
		5.4 EPWP Coordination and Monitoring						
	Work opportunities created and reported	P52: Number of jobs reported	-	47 593	40 560	47 536	(6 978)	Over achievement is due to the Roads projects that were not part of the target and were implemented this financial year.
		P53: Number of full time	21 475.9	14 872	16 929.2	19 045	(2 115.8)	Over achievement is due to the Roads projects that were not



Programme 5: Community Based Programmes								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reason for deviation
		equivalents (FTE's) created						part of the target and were implemented this financial year.
		P54: Number of youths employed (18-35)	9 875	7 829	22 303	7 198	15 105	Under achievement for youth is due to the fact responsiveness received from young people in EPWP projects.
		P55: Number of women employed	34 645	32 731	24 336	32 767	(8 431)	Over achievement in this sector is due to the fact that Women are always responsive in EPWP project.
		P56: Number of persons with disabilities employed	46	28	446	319	127	The current model for EPWP projects is labour intensive and has proven a challenge in the placement for persons living with disabilities.
Improved Transport system	Establishment of coordination of forums	P57: Number of forums coordinated	-	3	3	2	1	The Department embarked on a process to develop and institutionalise the coordination of Transport Forums. The Transport Forum

Programme 5: Community Based Programmes								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reason for deviation
An efficient and effective public administration	Impact assessment of programmes conducted	P58: Number of studies conducted on EPWP	-	-	2	1	1	Policy was finalised in the 4 th quarter of the financial year. The consultation process for the socialising the policy took longer than anticipated.
								The first study was focusing on 'Stakeholder Engagement Strategies in EPWP' and was concluded. The second study was on, 'Assessment of Labour intensive methods as an Alternative Option and a Viable contributor to job creation.' there was a delay in its conclusion. The Study is at Proposal Stage to be concluded in the following financial year.



Summary of Programme performance

Of the planned 11 indicators to be implemented by the Programme, the Programme has managed to fully achieve 5 out of the 11 planned indicators, taking Programme performance to (45%) in terms of full achievement.

6 out of the 11 planned indicators have been partially achieved (55%), where 3 indicators have a variance that is within a 30% threshold from full achievement and another 3 indicators with a variance that is greater than 30% from full achievement.

None of the 11 planned indicators have recorded 0 achievement (0%) against the planned target.

Through the EPWP, the Department was able to create and report 47 367 job opportunities with 18 683 full-time equivalents in 2021/22. These overachievements were due to additional transport infrastructure projects that were identified during the year. In terms of designated groups, the Department employed 7 198 youths, 32 684 women, and 315 individuals with disabilities across all its projects established to reduce road fatalities, maintain the roads and construct taxi ranks in various municipalities. Training and development 1 561 (participants) was done to contribute to beneficiary empowerment. These were in storm water drainage, installation of gabion baskets and roads maintenance. 400 NYS and 100 artisan youths were trained in diesel mechanic, electrician, plumbing, welding, masonry, brick paving, refrigeration, and office administration. The Department also partnered with the Construction Education & Training Authority (CETA) to train 1 333 youths in roads building and maintenance skills. 68 Artisan Learners went through a pre trade test assessment at the Department's Centre for Technical Development in Graaff Reinet and they performed very well.

Using labour intensive methods of construction ensuring more jobs are created and small to medium enterprises get opportunities, the department is concluding the public transport infrastructure facilities in Sakhisizwe Local Municipality and the upgrade of a Healdtown access road in Raymond Mhlaba Local Municipality.

Despite the various initiatives undertaken by the department, the implementation of the targets for the youth and persons with disabilities continues to be a challenge. To address this issue, the department conducted an evaluation study to help improve stakeholder engagement while introducing the exiting of individuals from their 60th birthday.

Through the Hlumisa Development Fund, the department was able to confirm 768 active beneficiaries and paid R 2,349,472.46 as at the end of 2021/22. Not all terminated participants were traced by the end of 2021/22 due to unavailability of beneficiaries to sign documents. In the case of some deceased beneficiaries, family feuds make it difficult for the processing of documents to be finalized.

The department developed and approved various policies to help stabilize the EPWP's governance in the implementation. These policies focus on EPWP, Contractor Development, and Transport Forums. The department is already planning the implementation of these policies. Community Based Programme forum, and the Data Quality forum are being held quarterly in order to ensure the quality of reporting and sharing of best practices.

The department developed and approved various policies to help stabilize the EPWP's governance in the implementation. These policies focus on EPWP, Contractor Development, and Transport Forums. The department is already planning the implementation of these policies. Community Based Programme forum, and the Data Quality forum are being held quarterly in order to ensure the quality of reporting and sharing of best practices.

Strategies to overcome under performance

P48: Targets have been revised to curb under-performance and also a new project will be implemented in the 2022/23 financial year to ensure that the Department continues to provide work opportunities to the disadvantaged communities of the Province.

P50: Implementation was dependent on the approval of the Contractor Development Policy which was only received towards the end of 2021/22.

P54: The Departmental projects targeting youth are being redesigned to make them more attractive and encourage responsiveness for this beneficiary group. In the 2022/23 financial year, the Department will be implementing new a new portfolio of programmes targeting 100% youth in line with the approved Policy. The initiatives will provide an opportunity for young people of the Province to gain skills in the road maintenance field whilst also ensuring that they gain income through participating in these programmes.

P56: The Department has already started engagements with organisations leading interests in people with disabilities to assist and collaborate in identifying projects and to also assist with the recruitment process.

P57: With the signing of the Transport Forum Policy, the Department is in the process of developing an Implementation plan on the roll out of the forum.

P58: This activity has been discontinued by the Programme and handed over to Programme 1 where a Researcher has been appointed.

Changes to planned targets

None



Linking performance with budget

Sub-Programme	2021/22			2020/21		
	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
1 Programme Support	2 182	2 181	1	3 402	2 387	1 015
2 Community Development	530 469	530 451	18	587 826	587 434	392
3 Innovation and Empowerment	44 657	44 656	1	39 489	37 628	1 861
4 EPWP Coordination and Monitoring	7 692	7 685	7	5 674	4 822	852
TOTAL	585 000	584 973	27	636 391	632 271	4 117

Summary of Departmental Performance

Of the planned 55 indicators implemented by the Department, the Department has managed to fully achieve 29 out of the 55 planned indicators, taking Departmental performance to (53%) in terms of full achievement.

20 out of the 55 planned indicators have been partially achieved (36%), where 13 indicators have a variance that is within a 30% threshold from full achievement and another 7 indicators with a variance that is greater than 30% from full achievement.

6 out of the 55 planned indicators have recorded 0 achievement (11%) against the planned target.

The 6 indicators that have recorded zero achievement against the planned target are the following:

- 2 Indicators are pertaining to the Roads Asset Management System (condition assessment of surfaced and gravel roads)
- Construction of the Mthatha Traffic Station
- Construction of the Mamela (Mthatha Taxi Rank)
- Establishment of licensing facilities in the Humansdorp, Mbizana, Sterkspruit and Graaff - Reinet areas.
- Maritime Initiatives pertaining to the resuscitation of the Maritime Resource Centre and Maritime Awareness Programmes in Primary Schools

4.6 Government Fleet Management Service

Purpose: Provide a reliable and cost-effective fleet and fleet management services for the government of the Eastern Cape.



Mr K Gazi
Head of Entity

Government Fleet Management Services has the following Business units:

- Fleet Development and Provisioning
- SMME and Fleet Maintenance
- Fleet Risk and Logistics Management
- Client Relations Management
- Corporate Support
- Financial Management
- Institutional Compliance and Assurance



Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reason for deviation
Client-centric, fit-for-purpose and responsive total fleet solution that enables mobility for service delivery	Leased vehicles for service delivery	P59: Percentage of leased vehicle availability	96% (780 739/ 814 550)	98% (823 595 / 844 580)	96%	-	96%	GFMS is unable to report as the new RT46 Contractor that was appointed by National Treasury from the 1 st April 2021 have not provided GFMS with the Flota (Transactional Report) and therefore continuous engagements together with deadlines are communicated however the status remains unchanged.
		P60: Percentage of leased vehicles that are compliant	70% (2 137/3047)	69% (2 174/ 3152)	90%	71% (2 301/3 227)	19%	Delay in delivery of vehicles and chip shortages due to the Covid 19 lockdown.
Good Governance	Demand Assessment	P61: Number of needs analysis conducted within the Province	-	0	1	0	1	Cash flow challenges at the beginning of the financial year impacted negatively on the vehicle procurement causing a delay in placing orders. The Tender was non responsive and will be re-advertised in the new financial year.
	Clean Governance through compliance and accountability	P62: Rating financial capability maturity index achieved	2.9	-	3	2.98	0.02	Revenue completeness in the annual financial statements is usually a challenge due to the manual system of reporting.

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual achievement 2021/2022	Reason for deviation
Empowerment of previously disadvantaged in the automotive sector	Empowerment of HDI's	P63: Percentage of maintenance spend allocated to HDI's.	-	49% (9 716/19 702)	50%	-	-	GFMS is unable to report as the new RT46 Contractor that was appointed by National Treasury from the 1 st April 2021 have not provided GFMS with HDI reports and therefore continuous engagements together with the deadlines are communicated, however remains unchanged.

Strategies to overcome areas of underperformance:

P59: Ongoing engagements with National Department of Transport pertaining unavailability of Flota reports.

P60: Continuous follow-up with OEMs on delivery of vehicles.

P61: The specification for the demand assessment will be amended and re-advertised.

P62: The entity will be procuring a fleet management information system in the new financial year.

P63: Ongoing engagements with National Department of Transport pertaining unavailability of HDI reports

Performance in relation to standardised outputs and output indicators for sectors with concurrent functions

The Transport Sector in the 2021/22 financial year was not customised. The National Department in this financial year finalised engagements towards the customisation of the Sector and implementation will resume in the 2022/23 financial year.

Reporting on the Institutional Response to COVID-19 Pandemic

Budget programme	Intervention	Geographic Location (Province/District/local municipality)	Number of beneficiaries	Disaggregation of beneficiaries	Total budget allocation per intervention R'000	Budget spent per intervention	Contribution to the output in the APP	Immediate outcomes
Programme 1	Psychosocial support services rendered by internal EAP's	Eastern Cape Department of Transport	10	Males - 9 Females - 1	R38 000	R27 275	Stress Management conducted	All employees supported on individual psycho-social wellness during COVID-19
	Workplace vaccination awareness drive	Eastern Cape Department of Transport	428	Males - 248 Females - 180	Nil	Nil	Number of employees vaccinated	
	COVID -19 Management in the workplace	Eastern Cape Department of Transport			Nil	Nil	Number of death Number of infected and the Number of recoveries	Data collection
	CONS:SUPP:MEDICAL	Eastern Cape Department of Transport	Staff complement- 2 477	Programmes Administration - 624 Community Based Programme - 85	101 950	R 751 500	Risk assessment conducted	COVID-19 infections curbed and environmental health hazards mitigated.

Budget programme	Intervention	Geographic Location (Province/District/ local municipality)	Number of beneficiaries	Disaggregation of beneficiaries	Total budget allocation per intervention R'000	Budget spent per intervention	Contribution to the output in the APP	Immediate outcomes
				Transport Infrastructure - 950 Transport Operations – 220 Transport Regulations - 598				
	CONS HOUS SUP: WASH / CLEAN DETE	Eastern Cape Department of Transport	Staff complement - 2 477	Programmes Administration - 624 Community Based Programme - 85 Transport Infrastructure - 950 Transport Operations – 220 Transport Regulations = 598	470 000	801 489	Risk assessment conducted	Decontamination of vehicles and office buildings
Programme 1	Conduct Occupational Health and Safety inspections at Head Office and in districts	Eastern Cape Department of Transport –In House Construction	5 In House Construction, 2 Traffic Station and 1 Roads at O. R. Tambo =8 sites.	O.R. Tambo and In House Construction	R50 000	70 253	Number of OHS inspections conducted	Identification and management of occupational risks and hazards in the workplace.

During the reporting period a departmental Business Continuity Plan has been developed to maximize efficiency and productivity so that business can continue to thrive in the midst of a disaster.

Issued circular that draws attention to DPSA Circular No. 05 of 2022 that communicates the adjusted alert level 1 revised regulations.

The aforementioned circular increases occupancy rate to 100% on a particular workday whilst stressing the importance of adhering to COVID-19 protocols.

All Programme Managers were requested to submit their return to work plans.

All Programme Managers were advised to alert all employees with comorbidities that have been approved to work from home to re-apply with all necessary medical evidence and a set date was the 04 March 2022.

The Employee Health and Wellness were advised by OTP to make use Eastern Cape AIDS Council partners on the return of employees to afford employees a chance to be vaccinated.

DPSA approved reduction of isolation period from 10 to 7 days as the symptomatic employees can be easily detected by the health workers.

These are the steps taken to approach the return to work plan:

- Conduct Health Risk Assessment: Individual assessment- pregnancy, age, health condition and gender.
- Work place assessment: social distance feasibility, tasks and involvement with public contact, hygiene measures and PPE, work travel.
- COVID-19 Risk Assessment Template: sent to all
- Symptom screenings: conduct daily screenings at all entrances of buildings.
- Develop and circulate circulars: to communicate and monitor new developments on directives and regulations in different levels.
- Encourage sick employees to stay at home: all managers and supervisors must management leave in their respective components.
- If an employee gets sick at work: transport arrangements should be made and 7 days' isolation period when tested COVID-19 positive, communicate with close contacts.
- Mental Health issues: during isolation, psychosocial support is given, stigma, to those tested positive.
- Caring responsibility: internal arrangements should be made for someone to do the work during the 7 days.
- Decontamination and disinfection of buildings and vehicles when a positive case have been reported within 72 hrs.

Strictly safety protocols were put in place and adhering to the revised Alert level 1 Regulations:

- The wearing of a mask is mandatory
- The department must adopt to measures that promote physical distancing of employees,
- Enabling employees to work from home or minimizing the need for employees to be at work,
- The provisioning of adequate office space,
- Special measures for employees with comorbidities and

- Special measures for employees above the age of 60 who at high risk of complications or death if they are infected with COVID 19 and adherence to health protocols.
- ECDOT have a reviewed HIV/AIDS and TB Management policy which clearly stipulates the confidentiality clause for all employees who disclose their status.
- It is evident that during COVID 19, mental health has taken its toll due to fear, stress and anxiety caused by the pandemic, hence counselling services become a priority demand for psychosocial support.
- COVID-19 Management reports are submitted on weekly basis to OTP and reported on quarterly basis to OTP and DPSA.
- During the reporting period the department is seating at 18 deaths from COVID-19 since it started.
- COVID-19 management reports are submitted on weekly basis to OTP and reported on quarterly basis to OTP and DPSA.
- During the reporting period the department is seating at 18 deaths, 346 recoveries and a total number of 363 infections and zero active cases in the end of 4th quarter.
- Workplace vaccination program results are as follows:
 1. Total of males vaccinated = 248
 2. Total females vaccinated = 180
 3. Total vaccination given = 428
 4. Total % of employees vaccinated = 17,0%
- ECDOT bereavement policy is utilised for all employees who succumbed to death whilst employed as a way of revitalising the care and support that employer shows when an official's family is in distress or confronted by adversities of life due to deaths of beloved.
- Safety, Health, Environment, Risk and Quality (SHERQ) Assistant Director, conducted Occupational Health and Safety (OHS) inspections to identify health hazards and sort control measures as such.

Personal Protective Procurement Distribution (COVID -19)

- All employees have adequate Personal Protective Equipment in terms of COVID - 19 regulations.
- COVID - 9 awareness training sessions conducted for all employees



CHALLENGES

- The impact of HIV/AIDS as one of the comorbidities during COVID-19 in the workplace may be one of the adversities that the employer has to be faced with.
- In the event within the workplace where employees are infected, had never disclosed their status and are not adhering to treatment, the impact will be experienced in many areas such as:
- As the infected employees become ill during COVID-19 especially, they will take additional sick leave, which may constitute to the non-specified diseases because they never disclosed their HIV status, so that they can adhere to their treatment and also observe the health protocols during COVID-19.
- This disrupts the operations of the organization and waiting for recruitment processes that may also that may also delay pending to stakeholders involved it's a crisis on its own.
- Increase in deaths during COVID-19 lead to increased absenteeism, as employees attend funerals for family members, friends and colleagues.
- Districts don't have budget access for emergency response for decontamination and disinfection of buildings and vehicles

REMEDIAL ACTIONS

- Recruiting HIV/AIDS Coordinator at an Assistant Director Level, and training of Peer Educators at Head Office and filling of vacant funded posts in all districts for EHW.
- The EHW unit must encourage employees on HCT and TB screening for early detection and treatment adherence
- All Roads employees need to undergo medical surveillances in order to identify employees with commodities and those who are not fit to work and interventions /advise as such.
- The department should introduce e-recruitment and digital platforms to mitigate the scourge COVID -19 pandemic
- Introduction of 24/7 counselling services as a mitigating factor to alleviate the anxiety and depression due to COVID-19 pandemic.
- Decentralization of COVID-19 budget to the districts for decontamination and disinfection of buildings and vehicles.



5 TRANSFER PAYMENTS

Transfer payments made to public entities

Name of Public Entity	Key outputs of the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Mayibuye Transport Corporation	Provision of public transport services	145,190	145,190	<ul style="list-style-type: none"> • 1,528,110 kilometres subsidized • Average of 65 routes subsidized • 32 697 trips subsidized

Transfer payments to all organisations other than public entities

The table below reflects the transfer payments made for the period 1 April 2021 to 31 March 2022

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Algoa Bus Company Pty. Ltd	Private company that receive financial support from the Department	Provision of public Transport services	Yes	269 613	269 613	-
Africa Best AB350			Yes	201 361	201 361	
ECSBOC Bus Operators			Yes	1 755	1 755	
Provincial DA Taxi Council (SANTACO)	Body that represent the Taxi industry in the Province	Professionalization of Taxi Industry	Yes	3 567	3 567	-

The table below reflects the transfer payments made for the period 1 April 2021 to 31 March 2022

Name of Transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
n/a				



6 CONDITIONAL GRANTS

Conditional grants and earmarked funds paid

Not Applicable

Conditional grants and earmarked funds received

Conditional Grant 1: PTOG

Department who transferred the grant	National Treasury
Purpose of the grant	Financial assistance toward an efficient, safe ,reliable and affordable Public Transport System
Expected outputs of the grant	<ul style="list-style-type: none"> - 2 275 routes subsidized - 16 438 625 kilometres subsidized - 531 187 trips subsidised
Actual outputs achieved	<ul style="list-style-type: none"> - 2 201 routes subsidized - 16 269 809.57 kilometers subsidized - 467 772 trips subsidised
Amount per amended DORA	-
Amount received (R'000)	269,613
Reasons if amount as per DORA not received	n/a
Amount spent by the Department	269,613
Reasons for the funds unspent by the Department	n/a
Reasons for deviation on performance	Some of the routes could not be accessed due to community protests, bus driver strikes, bus arson attacks/taxi blockages, bad road conditions – thus having an effect on routes, kilometres and trips subsidized.
Measures taken to improve performance	An assessment on bad roads has been conducted to ascertain impassable roads so as to deploy infrastructure maintenance services to ensure roads are trafficable. Monitoring tool for all contracted subsidized services is in the process of being developed. Road design and route survey services will be procured to ensure compliance with NTLA.
Monitoring mechanism by the receiving Department	<ul style="list-style-type: none"> • Monthly meetings to verify claims for operations • Submission of reports on monthly basis to National Department of Transport • Department conduct sport checks on operations



Conditional Grant 2: EPWP

Department who transferred the grant	National Department of Public Works
Purpose of the grant	To incentivise provincial departments to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines:
Expected outputs of the grant	<ul style="list-style-type: none"> - 40 560 of jobs reported - 16 929.2 full time equivalent created - 22 303 youth employed - 24 336 women employed - 446 persons with disabilities
Actual outputs achieved	<ul style="list-style-type: none"> - 47 536 jobs reported - 19 045 full time equivalent created - 7 198 youth employed - 32 767 women employed - 319 persons with disabilities
Amount per amended DORA	-
Amount received (R'000)	73,580
Reasons if amount as per DORA not received	n/a
Amount spent by the Department	73,580
Reasons for deviation on performance	The Youth is less responsive in the Youth Programmes implemented by EPWP. EPWP projects are not conducive to persons living with disabilities
Measures taken to improve performance	A provincial youth brigade Programme has been introduced to attract more youth within the Programme. Conversations have already begun with organisations leading interests in people with disabilities to assist and collaborate in identifying projects and to also assist with the recruitment process.
Monitoring mechanism by the receiving department	Monthly and quarterly reports submitted to Provincial Treasury.

Conditional Grant 3: PRMG

Department who transferred the grant	National Department of Transport
Purpose of the grant	To ensure efficient investment in provincial roads to implement the Road Infrastructure Strategic Framework For South Africa (RISFSA) in line with the S'hamba Sonke Road Programme and other related road infrastructure asset management programmes and Creation of job opportunities.
Expected outputs of the grant	<ul style="list-style-type: none"> - 257 400 square metres rehabilitated - 13 720 square meters resealed - 645 kilometres of gravel roads re-gravelled - 23 451 kilometres of gravel roads bladed - 54 236 square metres of blacktop patching
Actual outputs achieved	<ul style="list-style-type: none"> - 47 536 beneficiaries employed and receive income through EPWP - 127 449 square metres rehabilitated - 15 213 square meters resealed - 1 149.6 kilometres of gravel roads re-gravelled - 16 988.25 kilometres of gravel roads bladed - 105 814.54 square metres of blacktop patching



Amount per amended DORA	n/a
Amount received (R'000)	1 677 797
Reasons if amount as per DORA not received	All funds transferred
Amount spent by the Department	1 677 797
Reasons for deviation on performance	Efforts have had to be redirected to a more sustainable means of routine maintenance (regravelling and blacktop patching) to ensure roads are in a more trafficable due to the floodings in the Province. The Programme redirected efforts to re-gravelling and blacktop patching.
Measures taken to improve performance	The Programme endeavours to redirecting efforts from the inhouse maintenance teams to deal with the blading activities.
Monitoring mechanism by the receiving department	Approved quarterly reports and monthly budget signed off sheet submitted to National department of Transport

7 DONOR FUNDS

Donor Fund TETA

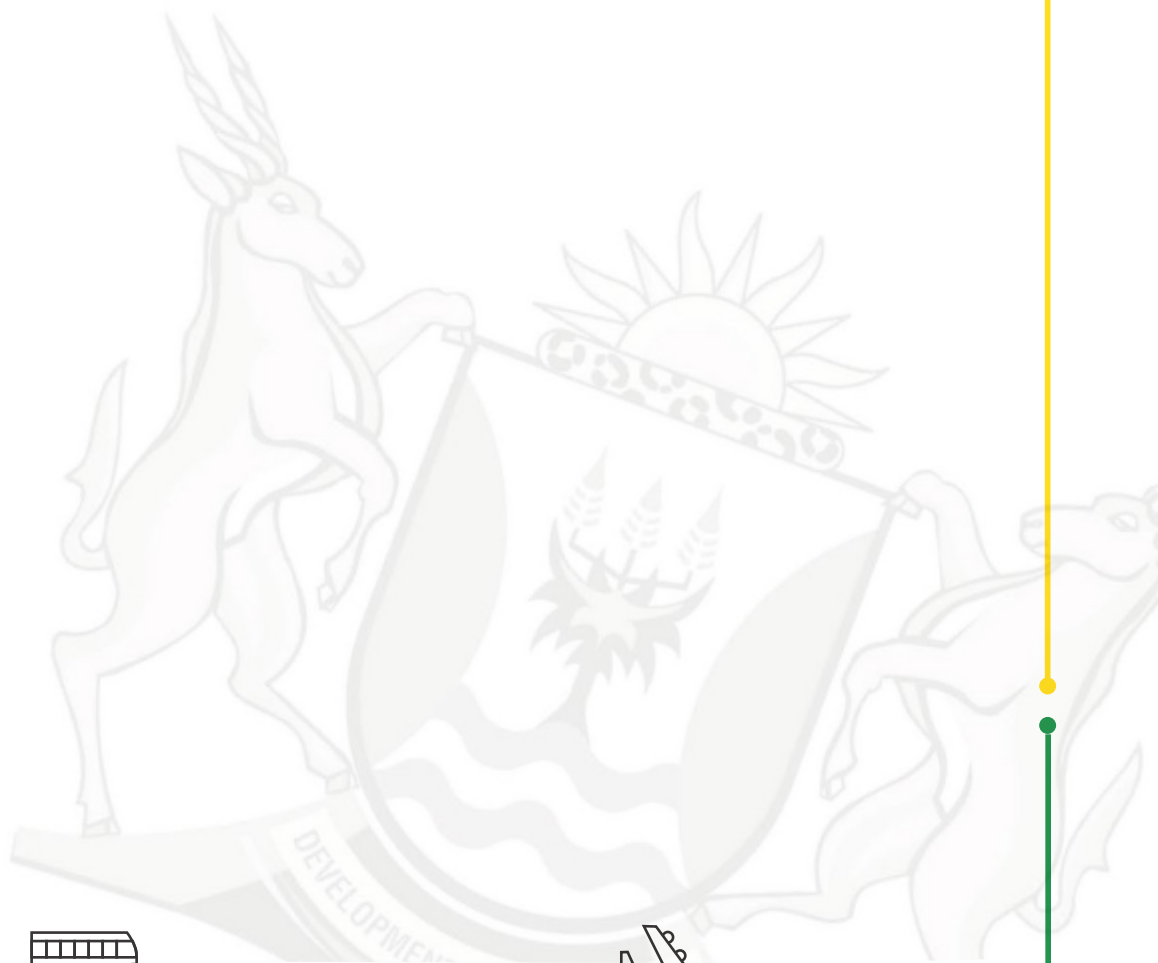
Full amount of the funding	741m roll over 20/21
Period of the commitment	-
Purpose of the funding	Training and Development
Expected outputs	Training
Actual outputs achieved	Training and Development of Traffic Officers
Amount received (R'000)	n/a
Amount spent by the department (R'000)	450
Reasons for funds unspent	The service has been rendered towards the Department has not received the invoice, the payment will be effected in the next financial year
Monitoring mechanisms by the donor	Quarterly reports are submitted to TETA



8 CAPITAL INVESTMENT

Capital investment, maintenance and asset management plan

Infrastructure projects	2021/2022			2020/2021		
	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	4,213	4,212	1	2,000	1 954	46
Existing infrastructure assets	2 172 119	2 172 119	0	2 198 703	2 178 761	19 942
- Upgrades and additions	870 442	870 441	1	759 878	756 364	2 904
- Rehabilitation, renovations and refurbishments	0	0	0			
- Maintenance and repairs	1,301,678	1,301,678	0	1 438 825	1 422 397	16 428
Infrastructure transfer	-	--	-	-	-	-
- Current	1 301 678	1 301 678		1 438 825	1 422 397	16 428
- Capital	874 653	874 653		761 878	758 318	3 560
Total	2,176,333	2 176 331	2	2 200 703	2 180 715	19 988





PART C

Governance

1. INTRODUCTION

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

2. RISK MANAGEMENT

The Department does have both the Policy and Strategy for Risk Management. The Department does also have the Risk Management Implementation Plan to guide in the implementation of the Risk Management Policy and Strategy. Among other governance structures within the Department the Risk Management Unit continues to play a pivotal role in entrenching the principles which are meant to prevent any adverse impact which might have a detrimental effect on achieving the set goals. The Risk Management Unit is able to achieve this relying on the provisions contained in the main two documents stated above, i.e. Departmental Risk Management Policy and Risk Management Strategy.

The Risk and Integrity Unit is entrusted amongst other responsibilities, that of conducting regular risk assessments and tracking progress on the implementation of the mitigation interventions using the reports submitted by the respective Programme Managers during the Quarterly Ethics and Risk Management Committee Meetings.

The Department does have Risk Management Committee, referred to as Ethics and Risk Management Committee (ERMC). The Department does have a Risk Management Committee chairperson appointed by the Accounting Officer for the period of three (3) years. Ethics and Risk Management Committee Members are made up of all Senior Officials from each Programme. The Ethics and Risk Management Committee for the year under review managed to convene all of its meetings.

ERMC Chairperson forms part of the invitees to the Departmental Audit Committee Meeting to reflect and report on the work done by the ERMC. The recent Audit Report from Internal Audit does raise a number of findings and concerns on the effectiveness of the Departmental commitment especially on short-fall on resources allocation to this critical strategic unit. This has in many instances a negative impact in the overall Departmental governance commitment

3. FRAUD AND CORRUPTION

The Departmental Fraud Prevention Plan is included in all efforts of curbing fraud and corruption; it is used as a guiding document as it is formulated using the Provincial Fraud Prevention Strategy. This is an area which as a Department have invested much on it, through collaborations with other governance unit in the Department efforts and plans are in place to address the discrepancy. Most of these incidents are picked up by the internal control measures in place, officials do report these incidents through the platforms we continuously engage on, i.e. Awareness sessions, Assessments, etc. In an event an incident of a potential fraud and corruption an investigation is conducted. Depending on the outcome of the investigation, if the allegations are true disciplinary processes are followed.

4. MINIMISING CONFLICT OF INTEREST

On a continuous basis the Department endeavors to uphold the guiding principles of ensuring that the conflict of interest is avoided through the declaration of interest during the bidding process. Further to this DPSA compels all designated employees every end of each financial year to disclose their registrable financial disclosures using the e-Disclosure System. In an event an incident of a potential conflict of interest an investigation is conducted. Depending on the outcome of the investigation, if the allegations are true disciplinary processes are followed. To keep track of the reported incidents or allegations of conflict of interest a register is continuously updated and reported to Provincial Treasury's Norms and Standards Unit on a quarterly basis.



5. CODE OF CONDUCT

OUR COMMITMENT TO THE PUBLIC SERVICE CODE OF CONDUCT

Our Relationship with the legislature and executive

As employees of the Department of Transport we diligently affirm our commitment to:

- Be faithful to the Republic and honour the constitution
- Put the public interest first
- Loyally execute the policies of the Government
- Strive to be faithful to statutory requirements and instructions
- Co-operate with public institutions in promoting public interest

Our Relationship with the public

As employees of the Department of Transport we diligently affirm our commitments to:

- Promote the unity and well-being of the South African Nation
- Be unbiased and impartial
- Be polite, helpful and reasonably accessible and maintain high service standards
- Have regard for the circumstances and concerns of the public
- The development and upliftment of all South Africans
- Not unfairly discriminate against any member of the public
- Not abuse our positions as Public Servants
- Respect and protect every person's dignity and rights
- Recognise the public's right to information except where protected by law

Our Relationship with Our Colleagues

- As employees of the Department of Transport we diligently affirm our commitments to:
- Co-operate fully with other colleagues to advance the public interest
- Execute all reasonable instructions by the person's officially assigned to give such
- Refrain from favouring friends and family and not abuse our authority nor be unduly influenced
- Use the appropriate channels to air any grievances or make direct representations
- Committed to development, motivation and utilisation of our staff and promote sound labour relations
- Deal fairly, professionally and equitably with colleagues
- Refrain from party political activities in the workplace

Performance of our Duties

As employees of the Department of Transport we diligently affirm our commitments to:

- Strive to achieve objectives of our Department cost effectively and in the public interest
- Be creative in thought in the execution of our duties
- Be punctual in the execution of our duties
- Professionally and committed in our duties
- Not engage in any action or transaction in conflict with the execution of our duties
- Recuse ourselves from any official action or decision making and self-development throughout our careers
- Be honest and accountable when dealing with public funds
- Promote sound, efficient, effective, transparent and accountable administration
- Report, fraud, corruption, nepotism and maladministration
- Give honest and impartial advice
- Honour confidentiality

Our Personal Conduct and Private Interest



- Dress and behave in a manner that enhances the public service during official duties
- Act responsibly in the use of alcohol or intoxicating substances
- Not use our position to obtain gifts or benefits for ourselves or accept such that can be construed as bribes
- Not disclose official information for personal gain or the gain of others
- Not without prior approval undertake remunerative work outside official duties or use official equipment for such work.

If the employee do not abide with this code, he/she shall be guilty of misconduct in terms of Section 20(t) of the Public Service Act, 1994. The employee may be subjected to a disciplinary hearing and given a sanction such as final written warning, demotion, and suspension without pay and or dismissal.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

This is extensively dealt with under the Employee Wellness Programme in Part D: Human Resource Management and also under Part B: Performance Information – COVID 19 reporting.

7. PORTFOLIO COMMITTEE

The Portfolio Committee exercises oversight over the service delivery performance of departments.

Provide commentary on the following:

- The dates of the meeting

DATE	ACTIVITY CONSIDERED
20 April 2021 and 6 th May 2021	Budget Vote 10
1 st June 2021	Public Participation Joe Gqabi District
16 th November 2021	Annual and Financial Oversight Reports
25 th November 2021	
14 th and 15 th December 2021	Public Participation OR Tambo District

- Matters raised by the Portfolio Committee and how has the department addressed these matters



Matters arising from Budget Vote Discussions

FINDING	RECOMMENDATIONS	RESPONSES
PROGRAMME 1 : ADMINISTRATION		
The Department has not yet finalized the organizational structure despite having a shortage of employees with technical skills and the delay impacts negatively on the service delivery.	The Department must fast-track the implementation of the organizational structure to be able to recruit employees with technical skills.	The Revised Organogram has since been submitted to DPSA through OTP processes undergoing scrutiny once done they will provide feedback either as a concurrence for approval by Executive Authority and implementation. The Committee will be advised of the progress thereof.
PROGRAMME 2 : TRANSPORT INFRASTRUCTURE		
The Roads Maintenance Programme experiences a consistent decrease of the budget even though the roads of the Province are in very poor condition.	The Department must submit to the Committee reasons as to why the budget of roads maintenance keeps on decreasing every financial year meanwhile the road conditions are bad.	Maintenance of Provincial roads is funded through Provincial Roads Maintenance Grant (PRMG). Province receives around R1.5 billion per annum and this is shared between Maintenance, construction and Expanded Public Works Programme (EPWP). PRMG is managed and gets allocated by National Department of Transport. It is meant to supplement equitable share and Provincial Treasuries are expected to match or surpass PRMG allocation but this is not the case in the Eastern Cape Province unlike other Provinces like KZN which is seven times the allocation. The financial situation in 2020/21 was further exacerbated by detection of Covid-19, this resulted in some budgeted being diverted towards mitigating covid-19.
Provincial roads that link to small towns and the airports of the Province are in a very bad state. On most of the roads, there are potholes and markings are not visible due to non-maintenance.	The Department must provide the Committee with a plan on how it will work with Municipalities to improve the conditions of the roads.	Major maintenance or construction activities such as re-gravelling, reseals and upgrades are communicated with the Municipalities. Department has just awarded framework contracts for a three-year period and these comprise of all maintenance activities. These frameworks are appointed in all local municipalities and the process to appoint is underway for areas where Department could not appoint/award due to criteria not being met. These contracts will improve turnaround time on works maintenance packages that get required from time to time including ancillary works like road markings.
The Department spent R250 000 in the previous financial year for feasibility study conducted on the	The Committee must be provided with a final report on a feasibility study conducted on the	Due to the outbreak of the novel coronavirus (COVID-19) early in the year 2020, this was deferred to 2021/22.

FINDING	RECOMMENDATIONS	RESPONSES
Roads Map Book planned to talk to Roads Masterplan, however, there is no final report presented to the Committee on the outcome of the study.	Roads Map Book planned to talk to Roads Masterplan at a cost of R250 000 in the previous financial year.	In this regard, the review and update of the Master Plan has been commissioned (incl. the Mapbook) and the outcomes should be completed in the first quarter of the year 2022.
The Department has not set aside any budget to renovate workers' camps that do not meet health and safety standards which were reported in the previous financial year and this compromises the dignity of workers.	The Department together with Public Works Department must prioritize the renovations of the workers' camps that do not meet health and safety standards as reported by the Committee during site visits conducted in 2019.	Department has established a task team to deal with road camps conditions and recommended ways in which camps conditions can be improved. There are already short term plans in place, prefabricated houses have been organized and will be distributed to some depots. 24 Prefabs have been sourced and awaiting distribution by the task team. As a long term plan, Department will identify strategic sites that can be upgraded, and this will be in line with the Departmental strategy – to ensure optimal utilization of upgraded sites.
The roads that have been newly constructed do not accommodate cyclists, motorbikes and pedestrian walkways.	The Department must in future ensure that the newly constructed roads will accommodate cyclists, motorbikes, and pedestrian walkways.	Department has included non-motorized transport in all the projects that are currently constructed however such facilities are in areas where there are settlements and schools.
The communities express their frustrations of non-service delivery by burning and damaging tarred roads. The Department does not have a plan in place to prevent communities from destroying roads.	The Department together with Municipalities must consider developing legislation that will prevent the destruction of the road infrastructure by communities when they embark on protests. The Department must also add another component of educating communities about the negative impact of road infrastructure destruction.	Department will look for ways of addressing this matter. As a start, we are resuscitating Transport Forums and this will be the platform that will be used to communicate roads related and common challenges between the department and Local Municipalities. Department takes note of the advice from the Committee to educate communities about negative impact of road destruction, this will be an added scope of our road safety programme. This matter is also being consulted with the Legal Services of the Department to cater for aspects that might be legal in nature.
PROGRAMME 3 : TRANSPORT OPERATIONS		
Although Algoa Bus receives funding from the Department, it is refusing to account to the Department for the funds received.	The Department must ensure that Algoa Bus Company accounts for the funds received from the Department. The Department must in this regard provide the Committee with a report.	Algoa Bus Company accounts to the Department through monthly contract meetings to verify the subsidy claims. Furthermore, the company submits monthly statistical reports which amongst others, highlights sector key performance indicators, outputs to the Department and later to the National

FINDING	RECOMMENDATIONS	RESPONSES
		<p>Department of Transport in line with the Division of Revenue (DORA) Framework.</p> <p>Algoa Bus Company also submits financial statements. During the Audit of 2019/20 the Auditors requested information from Algoa Bus Company regarding the following:</p> <p>a) the sale of the company and the offer made by the three Directors</p> <p>b) the financial standing of the Company before the sale</p> <p>c) when was the sale advertised.</p> <p>Algoa Bus Company refused to respond to the Auditor General who requested information. They responded through their lawyers stating confidentiality of the transaction.</p> <p>The mandate of Rail Infrastructure rests with TRANSNET. The Department had established Rail Committee to lobby for the revival of Rail Infrastructure in the Province.</p> <p>TRANSNET had revived the rail line from Blarney to Cookhouse and they are currently looking at the line from East London to Mthatha and busy negotiating with the communities that had built their houses close to the Rail Line.</p> <p>PRASA is also looking to revive some lines within the Province. The Provincial Department is playing a coordinating role for the Rail Initiatives to be implemented.</p> <p>The Department is busy looking at the framework for the bus manufacturers to accommodate people living with disabilities. Also the Department will engage the state owned entity, Mayibuye Transport Corporation on the procurement and supply of public transport system that caters for people with disabilities.</p> <p>The Department is to engage Department of Education regarding the allocated numbers of learners that are qualifying for scholar transport.</p>
The budget of the Department does not prioritize the revival of the rail the infrastructure of the Province to develop the economy.	The rail infrastructure in the Province should be prioritized with the aim of developing the economy and also reducing heavy-duty trucks and passengers from the roads	
The state-owned bus companies do not have transport which is specially designed to accommodate commuters living with disabilities and learners at special schools such as St Patrick's Special School in Ginsberg which have learners with mobility problems.	The improved transport system must be designed such that it caters for Commuters living with disabilities.	
There is no proactive approach in addressing the challenges experienced by the Department of being unable to transport all the deserving learners to and from schools.	The Department must communicate with communities upfront regarding challenges of budgetary constraints for scholar transport and	

FINDING	RECOMMENDATIONS	RESPONSES
	not wait for them to protests demanding scholar transport.	Transport Department receives numbers from Department of Education and the budget is communicated upfront to the Department of Education. Department of Education is responsible for informing the communities upfront as the learners are of the Department of Education.
The Committee noted with concern the unabated attacks of hitchhikers by taxi operators who force them to use their taxis instead of hitchhiking.	The Department must engage all the relevant stakeholders with a view to resolve the hostility displayed by taxi operators towards travelers on the hiking spots in the Province.	Department is engaging Taxi Industry regarding their behavior and law enforcement agencies are also involved to protect the hitch hikers and this is ongoing. The department is engaging Taxi Industry through SANTACO. The Municipalities are to be engaged as well in order for them to develop by-laws in order to discourage this behavior. On the other hand, the department is issuing operating permits to the public transport operators and they have to operate based on those conditions.
There is no provision made by the Department with regards to the construction of bus shelters for communities at the bus stop almost on all the gravel roads in the Province to protect commuters against extreme weather conditions.	The Department must consider providing bus shelters on the gravel roads in the Province.	The department is to engage its infrastructure unit to prioritize the bus shelter and it will depend on the availability of budget.
PROGRAMME 4 : TRANSPORT REGULATION		
The Operational Plan 2021/22 shows that the Department is monitoring Compliance Inspection on 123 facilities like Driver Licensing Testing Centre (DLTCs) and Vehicle Testing Station (VTSs) for R1,833m in 2019/20 and R1 370m in 2020/21, however it is not mentioned what kind of support has been given to these facilities.	The Department must provide the Committee with a report on the kind of support that has been given to the facilities.	(a) The Department is giving support to the Municipalities as follows: 1. Registering authorities and driving licenses testing Centers getting free face value documents. In other words, the Department procure these face value documents on their behalf. 2. The Department is maintaining Natis system of all Public Vehicle testing stations and registering authorities. 3. Department is ensuring all these offices comply with the National Road Traffic Act 93/1996. The Department provide assistance with human Resource when there is a need. The Budgeted amount for 2019/20 is R1,833M The Allocation breakdown of the budget is as Follows:

FINDING	RECOMMENDATIONS	RESPONSES
		<p>Government Printing – R 677 000 For the procurement of Face value documents for Municipalities.</p> <p>Travelling Expenses – R 801 000 which include Accommodation – for compliance inspections at DLTC's, RA's and VT's's,</p> <p>S&T – for officials conducting Compliance inspections at DLTC's, RA's and VT's's.</p> <p>KM OWN TRANSPORT – of own Transport for officials conducting Compliance Inspections at DLTC's, RA's and VT's's.</p> <p>Venues and Facilities R355 for meeting with the relevant stakeholders to conduct awareness</p> <p>The Budgeted amount for 2020/21 was R1,370M</p> <p>The allocation Breakdown is as follows:</p> <p>Government Printing ---R664 for the procurement of Face value documents for Municipalities.</p> <p>Travelling Expenses R290</p> <p>Accommodation – for compliance inspections at DLTC's, RA's and VT's's,</p> <p>S&T – for officials conducting Compliance inspections at DLTC's, RA's and VT's's.</p> <p>KM Own Transport – of own Transport for officials conducting Compliance Inspections at DLTC's, RA's and VT's's.</p> <p>Venues and Facilities R416 for meeting with the relevant stakeholders to conduct awareness</p> <p>b) It is correct that the 24/7 shift system is not yet realized.</p> <p>The reason for none implementation of the 24/7 shift system is that, there were engagements with Road Traffic Management and other provinces. The provinces had to engage Provincially with Labour formations to resolve some of the issues before the implementation hence the 24/7 shift system hence the implementation of 24/7 flexi shift system (24/2) as a transition towards achieving 24/7 system.</p> <p>The Department had to also consult with Provincial Treasury as this requires funding on compensation of employees.</p>
<p>The Department is unable to implement the 24/7 shift that has been planned in the previous years, instead it has implemented a 24/2 shift targeting Thursdays and Fridays whilst the critical period of lawlessness on the roads happens over the weekends.</p>	<p>The Department must provide the Committee with reasons as to why 24/7 shift is not implemented as planned in the previous years.</p>	

FINDING	RECOMMENDATIONS	RESPONSES
		<p>A concept document has been presented to Treasury for approval. Once it is approved it will then be taken to EXCO for approval. The document is attached as annexure B for ease of reference. Consultations had already been done with labour formations towards the implementation of 24/7 shift system.</p> <p>The 24/2 covers critical hours at night and Early morning with the shift commencing at 14h00-22h00 and the last shift commencing at 22h00-06h00.</p> <p>This also covers weekends from 14h00- 22h00 and 22h00 -06h00.</p> <p>The Department will continue with monitoring of the weighbridges and when defects are detected, they will be repaired to ensure effectiveness and efficiency.</p>
<p>The Department does not focus on the improvement of the weighbridges as sometimes are reported to be not fully operational as a result heavy-duty vehicles are not weighed frequently.</p>	<p>The Department must ensure that weighbridges are working effectively and efficiently at all times to reduce overloaded heavy-duty vehicles that are damaging the roads.</p>	
PROGRAMME 5 : COMMUNITY BASED PROGRAMME		
<p>Although the Department has appointed Road Rangers to keep stray animals away from the roads, they are not visible at all, animals are roaming on the roads day and night and causing fatal accidents. The Department seemed to be lacking a monitoring system for Road Rangers.</p>	<p>The Committee must be provided with a plan on how the Department will improve the monitoring system for Road Rangers.</p>	<p>In strengthening monitoring of Road Rangers, the Department will be:</p> <ol style="list-style-type: none"> 1. Increasing the monitoring visits – planned and random unplanned visits in order to ensure the adherence to expectations. This will be done by the Provincial and District Offices. 2. Finalizing the process of recruitment for more EPWP monitoring and reporting practitioners. The process is in the shortlisting stages, with appointments expected in August 2021, to assume duties on 1 October 2021. 3. Bringing the Department's law enforcement to support the monitoring on the roads. 4. Integrating the programme as part of the programmes that are monitored in partnership with the communities, through the Local Transport Forums. 5. A more sustainable longer term plan includes the calculation and submission of a concept to provide the road rangers with electronic devices that can be allocated to the community then used by the road ranger on site to communicate with the

FINDING	RECOMMENDATIONS	RESPONSES
		community and the department. This will be explored from the 2023/24 financial year planning processes Currently, the Department has no provision for night time (after 16h30) Road Rangers but engagements with Law Enforcement Agencies will explore the best way of dealing with this matter including the option of providing overtime remuneration.
GOVERNMENT FLEET MANAGEMENT SERVICES		
The Entity struggles to carry out its operations due to the Provincial Treasury who took funds from the entity that were set aside for the procurement of the fleet.	The Portfolio Committee must engage the PC Chairpersons on Education, Health, Treasury Departments, and Office of the Premier together with MECs and HODs of the Department concerned with the delay in payment of dues to DOT. The Committee will also engage Treasury regarding the funds taken by Treasury from the Entity resulting in difficulty to operate smoothly.	The Entity appreciates the recommendation by the House.
The entity still experiences challenges with regard to user Departments that do not pay their dues on time especially Education and Health Departments which owe the entity over R400m.	The Portfolio Committee must engage the PC Chairpersons on Education, Health, Treasury Departments, and Office of the Premier together with MECs and HODs of the Department concerned with the delay in payment of dues to DOT. The Committee will also engage Treasury regarding the funds taken by Treasury from the Entity resulting in difficulty to operate smoothly.	The Entity appreciates the recommendation by the House.
MAYIBUYE TRANSPORT CORPORATION		
It is noted that the Corporation is experiencing difficulties in terms of revenue collection during this time of Covid19 and therefore its future operation is not certain as it lacks diversity.	The Corporation must employ new operational strategies to be sustainable, competitive, and efficient. For example, one of the strategies is to buy small busses with the assistance of the Department.	a) The entity is undergoing a process of restructuring. The outcome of this process will lead to the development of new operational strategies to ensure operational efficiencies and sustainability.

FINDING	RECOMMENDATIONS	RESPONSES
		<p>The pandemic is projected to be eventually eradicated and therefore the current situation is not permanent, although it might have permanent changes to how things are done. The Corporation is developing strategies that will ensure efficiencies, sustainability and improvement in its competitive advantage.</p> <p>With the support of the Department of Transport the entity has been able to deliver on its mandate over the years and there are lessons learnt on how we can improve the services we deliver.</p> <p>The Corporation has with the assistance of the Department of Transport procured a cashless revenue collection system that will ensure that there is a reduced potential for loss of revenue.</p>
The Committee noted with concern the high amount of fees paid to the board members for special meetings.	Mayibuye Transport must as much as possible limit the number of special meetings convened to reduce board members' fees.	<p>b) The Board was appointed to an entity that was riddled with a lot of challenges. This necessitated a lot of special meetings and interactions at various levels within the entity. This was necessary for the Board to get a firm grasp of the challenges that were facing the entity so as to provide sustainable solutions.</p> <p>The Board has reduced the number of special meetings convened and held. Meetings are held as per the approved Board calendar, which aligns to the Board Fees Budget. As and when an urgent matter arises outside the scope of the planned calendar, a Board teleconference is utilized to deliberate on these matters.</p>

Matters arising from Annual Oversight Report

FINDING	RECOMMENDATIONS	RESPONSES
Programme 1: Administration		
<p>a) The Department received a Qualified Audit Opinion with matters of emphasis on non-compliance with legislation and internal control deficiencies.</p> <p>The Department had received an Unqualified Audit Opinion in 2018/19 and 2017/18. The Committee is concerned that the Department is not improving to a better audit opinion instead it is regressing.</p>	<p>a) The Department must strengthen its internal financial controls and ensure that appropriate monitoring and review mechanisms are in place to prevent further occurrence of irregularities.</p>	<p>The Department acknowledges the concern from the Committee. Management have taken a collaborative approach in reaching an amicable solution to the stagnation primarily eminent in the Scholar Transport Programme. Currently the Department has established work streams to address the risk areas at Scholar Transport. The Work streams will concentrate on governance matters, technological advancements (automation), compliance and document management.</p> <p>The finalisation of the Work Streams will result in Audit improvements in Scholar where there was a material finding</p> <p>Strengthening contracts management; SCM compliance and internal control unit</p> <p>Due to inadequate capacity in the contracts management unit, not all contracts will be reviewed within the current year to confirm compliance with legal prescripts. The department has initiated the reviews starting with Scholar Transport, AB350 Contract, Algoa Bus Company Contracts and SLA's with municipalities due to their allocated budget, risk exposure and the impact they have on the previous audit outcomes.</p> <p>Continuous formal and informal training and development will be conducted to empower personnel on SCM prescripts.</p> <p>The Department has developed a Circular that outlines the process to be taken when submitting an invoice up to payment stage. This will assist in averting the delay in payment of invoices within 30 days.</p> <p>Furthermore, the Department has introduced the invoice tracking tool to assist in monitoring the invoices that are submitted to the</p>



FINDING	RECOMMENDATIONS	RESPONSES
		<p>department in order to detect delays in the process before the invoice reaches 30 days.</p> <p>In addition to the above, letters will be written to the Responsibility Managers through Programme Managers to account for the invoices that are not paid within 30 days in a particular month.</p> <p>The Payables are reported monthly to the In Year Monitoring meetings for Management to take action.</p> <p>The department is currently reviewing its policies and procedures to address systematic weaknesses.</p>
(b) The Department underspent in almost all the programmes by R101,545m in the financial year under review and R94,155m in 2019/20.	<p>b) The R101,545m that was not spent is a lot of money considering services that could have been rendered to the Province therefore the Department must submit to the Committee a clear strategy on how it will improve its spending pattern to improve service delivery.</p>	<p>The under spending over the years emanated from delays in the filling of posts and the implementation of infrastructure projects as a result of procurement delays, community protests and poor accessibility to borrow pits and other unforeseen circumstances eg. appointed companies declining the offer, some undergoing the liquidation process</p> <p>To address these shortcomings the department has adopted the following strategies:</p> <p>Compensation of Employees</p> <p>The post planned for the upcoming financial year will be advertised and the recruitment process finalized in the year preceding the new financial year.</p> <p>The replacement period for posts vacated will be limited to two months before the post is filled, The recruitment project plan will be developed with timelines for each deliverable/milestone and monitored weekly.</p> <p>Infrastructure Projects</p> <p>The department will advertise all the new projects after the tabling of the Budget in February 2022 in preparation for implementation in the second quarter of the new financial year.</p>

FINDING	RECOMMENDATIONS	RESPONSES
		<p>The development of Terms of Reference will be completed by March 2022.</p> <p>For the upcoming year, 2022/23 the department has awarded framework contracts for period of 36 months as follows;</p> <ul style="list-style-type: none"> • Reseal and rehabilitation contracts • Routine road maintenance contracts • Surfacing contracts for projects done by in-house units. • Bridge maintenance, bridge construction and minor structures contracts. <p>These projects are ready for implementation in the next 36 months contracted in the current financial year.</p> <p>The following key projects are currently on tender stage and will be awarded this current financial year;</p> <ul style="list-style-type: none"> • Five re-gravelling and hydraulic structures contracts. • Two road upgrade projects currently on tender stages. <p>The borrow pit identification will be included in the planning stages for each prioritized project in consultation with communities and local municipalities.</p> <p>The bi weekly and quarterly expenditure reviews will be strengthened monitor the implementation of projects and programmes of the department.</p> <p>The recommendation is noted however the Department does not have a record of the finding.</p>
(c) The Auditor-General could not audit COVID-19 Personal Protective Equipment (PPEs) that amounts to R11,2 million due to lack of appropriate audit evidence hence the A-G referred supply chain management irregularities for forensic investigations to be conducted.	c) The Department must submit to the Committee the reasons as to why appropriate audit evidence was not submitted to Auditor-General and reasons for not instituting disciplinary action against officials who contravened laws and regulations of supply chain management to avoid future occurrence of misconduct.	



FINDING	RECOMMENDATIONS	RESPONSES
(d) The Department incurred irregular expenditure in the amount of R313.8 million and did not provide any evidence of investigation of the irregular expenditure and consequence management.	d) The Department must provide the Committee with a report on the investigation of the fruitless and wasteful expenditure, action taken against those responsible and must provide the Committee with a plan on how it intends to prevent fruitless expenditure going forward.	The Department has provided a detailed report to Portfolio Committee on investigations conducted on fruitless and wasteful/irregular expenditure and how it intends to prevent fruitless expenditure going forward.
(e) The Department incurred fruitless and wasteful expenditure of R509 million due to interest charged for late payment of suppliers and R6,5m for payment made based on inaccurate records resulting in overpayments.	e) The Department must provide the Committee with a report on the investigation of the fruitless and wasteful expenditure, action taken against those responsible and must provide the Committee with a plan on how it intends to prevent fruitless expenditure going forward.	<p>During the year ending March 2021 the department has introduced the following mechanisms to prevent fruitless and wasteful expenditure:</p> <ul style="list-style-type: none"> The Fruitless and Wasteful Expenditure disclosed in the AFS is a result of the MI raised in 2019/20 for the Fire Truck that was not delivered as well as the R509 000 for interest charged by GFMS for late payment of invoices which were due to inadequate budget. Other old cases of fruitless and wasteful expenditure are historical cases inherited by the department of transport from the DPW in 2018. A court ruling was awarded when the function was already with DOT thus resulting in F&WE due to interest charged by the contractor. The funding model adopted by the department includes budgeting for contractual obligations. The approach will ensure suppliers are paid in terms of TR 8.1.1 & TR 8.3.2 The General Conditions of the Contract are going to be enhanced through Contracts Management. Posts have been advertised to capacitate Contracts Management and Compliance Management to be able to manage over R1.5 billion worth of commitments.
(f) There is no correlation between the Department's expenditure and its performance as there is high expenditure than the activities achieved in 2020/21 financial year.	f) The Department must submit a report outlining linkage in budget expenditure and the targets achieved.	The Department has prepared a detailed report outlining linkage on budget expenditure and performance e for the consideration of the committee.
(g) PCMT granted the Department only 63 posts out of 298 that were initially approved and the Provincial Treasury took back the money budgeted	g) The MEC must engage the Office of the Premier and the Provincial Treasury and request funds to be made available for all the	The department developed a project plan for all the post that were approved by PCMT for filling within 90 days required. Some of the posts were re-advertised as there are were no suitable

FINDING	RECOMMENDATIONS	RESPONSES
for the posts even though the Department has a gross shortage of technical skilled personnel and a high rate of unemployment in the Province.	posts that were approved by PCMT. Secondly, both offices must urgently approve the organogram of the Department which is long overdue.	candidates found during the recruitment process. The department is ensuring that posts are filled within the shorter period of time and communicating with the panels and Program Managers of the responsible posts regarding the seating's. There are ongoing weekly update session convened wherein HRM appraises the Departmental Executive on progress made to date. The organisational structure is under consultation with the DPSA.
(h) It is disappointing to hear that the finalization of the organogram remains unresolved. The Department is not in the position to get the organogram	h) The MEC must engage the Office of the Premier and the Provincial Treasury and request funds to be made available for all the posts that were approved by PCMT. Secondly, both offices must urgently approve the organogram of the Department, which is long overdue.	The organisational structure is under consultation with the DPSA. 1st submission was in July 2021. In September 2021 DPSA responded with exceptions. In November 2021 DOT responded to all exceptions.
(i) The Department has been advised by the Office of the Premier not to pay monies due to Mfundisi & others, and Tshayana & others even though the Department was ready to process the payments.	i) The Department must update the Committee on the engagements of the Office of the Premier, Department of Public Service and Administration and the Provincial Treasury on the payment of Mfundisi and others and Tshayana.	The affected traffic officers have taken the issue of the payment of Tshayana and others to court. OTP is still awaiting movement from DPSA. The department is awaiting OTP to provide an update and guidance in this regard. The department will update the committee once it receives feedback from OTP.
(j) The Department does not take into consideration employment equity as it is not mentioned in all the programmes in the recruitment process.	j) The Department must work towards achieving reasonable progress on the employment equity as per the requirement of the law.	The department has developed an Employment Equity Plan. The decision was taken that each recruitment submission must make mention of the EE Plan as proof that it was discussed during recruitment processes. HRM is working close with the SPU unit in relation to the advertising of positions within disability institutions. A Comparative Analysis of Department's Employment Equity statistics has been submitted to the committee for consideration.
Programme 2: Transport Infrastructure		
(a) The Department is experiencing delays in implementing some projects due to demands made by some communities to be compensated for the use of borrow pits.	a) The Department must consider budgeting for payment of the borrow pits used in communities to ensure the smooth running of the projects.	The Department acknowledges the committee recommendation. It is pertinent to highlight the limitation in considering the proposed approach is funding of Roads maintenance activities is primarily from PRMG, which applies strict grant conditions that

FINDING	RECOMMENDATIONS	RESPONSES
		<p>do not support transactions as in the recommendation. In addition, the DME approves Borrow Pit licenses for hard rock mining usually procured for Capital projects. Maintenance projects use Borrow pit material largely for re-gravelling which is a different form, and which is not considered for licensing by the DME.</p> <p>Notwithstanding this, the Department is engaging relevant Departments such as COGTA, DEDEAT and DME in order to facilitate consultations that will lead to common understanding of land issues. This will be facilitated through the relevant IGR processes to get common understanding on how to mitigate this issue in future.</p>
The Department is faced with the challenge of the withdrawal of service providers as a result the implementation of major capital projects are delayed.	b) The Department must investigate the causes of the withdrawal of services providers and also strengthen the capacity of the supply chain management.	<p>The Department acknowledges that it has supply chain constraints, however, this issue is not relating to supply chain challenges of the Department. From the research gathered from failed projects managed by the Department, it is noticeable that Service providers are affected by a lack of business management acumen and discipline in financial management</p> <p>The Department has recently adopted an enterprise development policy. The Department will consider the scope of the interventions within the policy to create an enabling environment for local contractors to be supported to reach the higher levels of the CIDB grades, as well as capacitating them to create management efficiencies in their entities in the interest of supporting the capacity building imperatives of the Department's Service Delivery mandate. The Department will within this scope engage state owned agencies to provide support through training and mentorship to improve the business management acumen of companies appointed to deliver service delivery initiatives.</p>
(b) The Department does not evaluate the work of Small, Medium and Micro Enterprises (SMMEs) to ensure value for money.	c) The Department must monitor and evaluate the work done by SMMEs to ensure that the expected results are achieved.	<p>The current monitoring tool for Emerging contractors considers expenditure and work done by SMMEs. The report is endorsed by the main contractor during site meetings. The Department acknowledges the inputs from the Committee, and will enhance monitoring mechanisms through Community Based Programmes,</p>

FINDING	RECOMMENDATIONS	RESPONSES
(c) Workers are still not provided with decent campsites by the Department as there is no progress made since the Portfolio Committee visits in 2019.	d) Transport together with Public Works Departments must urgently provide workers with decent campsites that meet health and safety standards.	to evaluate the expected results through the Total Quality Management processes being developed internally to improve Organizational Performance Management. The Department has finalized preliminary assessments for camp site renovations. A preliminary budget of R10m has been set aside for the repairs and renovations. To date, the Department has managed to secure water tanks to be installed in camps with no running water. The project plan for renovations will be developed, and reporting for this work will be incorporated in the oversight report to be provided to the Oversight Bodies of the Department.
Programme 3: Transport Operations		
(a) Algoa Bus still refuses to be accountable to the Department instead the company demanded payments for services which were not rendered.	a) The Department has requested the intervention of the Portfolio Committee to do oversight in the two companies.	Algoa Bus Company is subjected to the claims meeting every month with the department and they comply to the operational regulations as per the contract conditions. On the 26 March 2020 the country was placed on level 5 hard lockdown by the President and only specific operations were allowed and in our case was the transportation of essential service workers and the pensioners on SASSA days. Two bus operators agreed to help the department during SASSA days namely, Mayibuye Transport Corporation and Africa Best 350 (AB350). Algoa Bus Company had stated that they are not going to operate and they had written a letter to the Accounting Officer stating that they are closing down. The Accounting Officer agreed that they can shut down for a period of 7 days as per the contract and beyond the 7 days it will be the discretion of the Accounting Officer. Algoa Bus Company submitted a claim beyond the 7 days and demanding payment and it was refused. The company then proceeded with the Court Action against the department and the department was ready for that and the day was set for the Court Case but Algoa Bus Company withdrew the case.

FINDING	RECOMMENDATIONS	RESPONSES
(b) A dispute exists between Africa Best company (AB350) and the Department about the bailout the company is demanding from the Department for the settlement of Scania debt.	b) The Department has requested the intervention of the Portfolio Committee to do oversight in the two companies.	Scania Finance Company had concluded a deal with AB350 regarding the purchase of the busses which are contracted by the department to provide subsidized services to Alfred Nzo, OR Tambo, Amathole, Chris Hani, and part of Joe Gqabi Districts. AB350 did not honour the agreement which resulted in Scania Finance demanding that the department pay the monthly claim for AB350 directly to them and AB350 had not given consent to that demand. The department refused successfully because AB350 did not consent to that arrangement.
(c) There are still learners who deserve to be transported, however, the Department does not have enough budget for scholar transport.	c) The Department must plead with the Provincial Treasury to provide funding for scholar transport to retain the current number of learners which is 124 036 that is being ferried. And also, the Department must prioritise the development of an automated system for scholar transport which will make it easier to monitor service providers.	A database of 103 000 learners to be ferried within the scope of the Scholar Transport Programme has been received from the Department of Education. Notwithstanding, the Department still has financial constraints in meeting the payment obligations of operators in the current financial year. A submission to treasury to reprioritize budget from other programmes has been made, and the Department still awaits feedback from the Treasury in this regard. A roundtable discussion regarding scholar transport governance will be coordinated in the month of February 2022 The department has engaged State Information Technology Agency (SITA) for the development of scholar transport automated system.
(d) The Committee appreciates the progress made by the Department to revitalise the cargo railway. However, the Committee noted the poor state of the railway network in the Province for both passenger and cargo trains.	d) The Department must engage Transnet and PRASA and thereafter provide the Committee with a Masterplan for railway network across the Province especially routes connecting Metropolitan and the District Municipalities.	The department has established Provincial Rail Committee that includes Transnet, PRASA, National Department of Transport, ECDC, Eastern Cape Chamber of Business, Municipalities, DEDEAT. Work has commenced with the restoration of Blaney Cookhouse Rail line and the project was launch in November 2021 at East London Port by Transnet and the Premier of the Province. The East London Mthatha Rail Line, Transnet is busy with the assessment of that rail line and the progress is slow as some of the communities had built their houses next to the Rail Line.

FINDING	RECOMMENDATIONS	RESPONSES
		<p>There is a consortium Sibhekuzza that is interested on operating that line as soon as the assessment is done by Transnet.</p> <p>The Department will align the Transport Masterplan with the requirements of the committee.</p>
Programme 4: Transport Regulations		
a) Taxi operators lodged a complaint to the Committee that the seating capacity of the bus companies is not monitored by Traffic Officers whereas taxi drivers are fined for carrying full capacity even though all passengers are wearing masks as per the requirement.	a) The Department must set up a task team and investigate the matter of the seating capacity of buses and taxis and provide the Committee with a written report.	Regulation of the sitting capacity is based on the Disaster Management Act and is enforced in line with government gazette No 45253 of 30 September 2021. Regulation 76(3)(a)&(b) state that, Long distance Buses & Minibuses (200 km and above) must not carry more than 70% of their loading capacity. Traffic officers enforce the above regulation impartially. Considering that the sitting capacity of public transport vehicles is regulated in the Disaster Management Act as a result of Covid -19 Pandemic, there is therefore no need for composition of the Task Team.
b) The Department has issued too many Abnormal Load Permits in the year under review although most of the weighbridges in the Province are not fully operational. This can lead to non-payment of heavy-duty vehicle loads which are damaging the roads.	b) The Department must consider building more weighbridges in the Province and ensure that the existing ones are maintained and fully operational in order to generate revenue.	There are plans to upgrade the existing weighbridges to keep up with the latest developments. The department is exploring means to increase the number of weighbridges in the province subject to the availability of funds.
c) Traffic Officers who work the night shift are living in fear because of fire-arms which are in their possession as there are no security precautions in place.	c) The Department must come up with a clear plan on how it will provide security to Traffic officers who work the night shift to lay their fears.	The Department issues firearms to all Traffic officers who meet the firearm control Act conditions to enable traffic officers to protect themselves against danger or attack. Firearms issued to traffic officers are meant to enhance the safety and security of traffic officers during the execution of their functions. The department also provide all Traffic officers with mobile phones with unlimited minutes of calls between official mobile phones. We have also installed PTT App on the traffic officers' phones to augment the communication scope and make communication more prompt by simply pressing a button (Push To Talk) app. In addition, Supervisors were instructed to inform SAPS of their night shift deployments so that backup is provided promptly when the



FINDING	RECOMMENDATIONS	RESPONSES
d) It came to the attention of the Committee that there is tension between OR Tambo District Traffic officers and the Department which is caused by some disagreements on certain issues and this can lead to the collapse of the unit.	d) The intervention of the Portfolio Committee has been requested by the Department to resolve the dispute that exists between the Officers and Department to build the relationship moving forward for the smooth running of the organisation.	need arises. Males are partnered with females during deployment particularly at night to ensure maximum safety. The Standing Committee attended the matter in OR Tambo, Mthatha on 14 December 2021. Clarity regarding the origin of the flexi shifts (24/2 shift system) was provided to the Committee by Traffic Law enforcement Management. It was then resolved that the Chairperson of the Committee will engage with the Head of Department and the MEC regarding way forward on this matter, while the status quo on the implementation of the flexi shifts (24/2 shift system) remains in force.
Programme 5: Community Based Transportation		
a) There are Humisa Development Fund beneficiaries who have not received their monies due to unavailability of funds.	a) The Department must mobilise funds as a matter of urgency and pay the exited and deceased beneficiaries their monies due to them and submit to the Committee all the names of the fund members.	All the names of the beneficiaries were provided. The department is still busy with the verification claimants. Upon completion of the verification aspect of funding will be considered. This process will be completed in the last quarter of the financial year. Payments will be done in the first quarter of the next financial year.
b) The programme is faced with a challenge of youth who resign from work very early due to the small monthly stipend they receive from the Department which is below the poverty line.	b) The Programme must increase the stipend received by their EPWP workers in order to attract young people in the employment of the Department.	The recommendation of the committee is noted. The Department will consider developing a framework looking at alternatives to supplement the need for improvement of stipends. There are planned engagements with SETAs in order to receive more funding so as to release funds committed in development programmes and use them to support the stipends and also in other new projects that could be created.
Government Fleet Management Services Trading Entity		
a) The Entity received an Unqualified Audit Opinion for the year under review with findings.	a) The Entity must ensure that it implements all the recommendations made by Auditor General to obtain a clean audit.	The entity has developed an Audit Intervention Plan that it is implementing to improve on its audit findings for the upcoming Auditor General Audit of 2021/22 financial year. The implementation of an integrated financial information system will go a long way to improve the audit outcomes in a sustainable manner and the user requirement specification has been concluded with the State Information Technology Agency to

FINDING	RECOMMENDATIONS	RESPONSES
<p>b) The Entity is forced to surrender to the Provincial Treasury any funds it generates as a result of its operations in a financial year and this works against the Entity to become self-sufficient.</p> <p>c) There is a long outstanding debt owed by Education and Health Departments and this hampers the performance of the Entity.</p>	<p>b) The MEC must engage the Provincial Treasury on the need for the Entity to retain the generated funds to enable the entity to be self-funding and sustainable.</p> <p>c) The Portfolio Committee must engage the PC Chairpersons on Education, Health, Treasury Departments and Office of the Premier together with MECs and HODs of the Department concerned on the delay in payment of dues to DOT.</p>	<p>procure the system and it is anticipated that the procurement process will be finalized in the 2022/23 financial year.</p> <p>The MEC will engage her political counterpart for both departments to work out a mechanism to ensure the long-term sustainability of the Entity.</p> <p>The recommendation is noted.</p>
Mayibuye Transport Corporation (MTC)		
a) The Entity received an Unqualified Audit Opinion for the year under review with no matters of emphasis.	a) The Entity must ensure that it implements all the recommendations made by Auditor-General to obtain a clean audit.	The Corporation has developed an Audit Improvement Plan that is aimed at addressing the finding. The plan has gone through an internal audit process to ensure that the planned action by management will be effective in addressing the items raised by the Auditor General. It was found to be effective and the implementation thereof is monitored by the Board Audit and Risk Committee.
b) The Entity is struggling to generate revenue on its own, it survives on grants.	b) The Corporation must employ new operational strategies to be sustainable, competitive and efficient.	The Corporation through the Department of Transport has appointed GTAC to develop a cost-effective organisational structure. This project is nearing its conclusion and it is planned that implementation will commence by the 1st of April 2022. The Corporation has appointed a Bus Industry Technical Specialist to support the Corporation in the development of a comprehensive plan for the sustainability.
c) Since the appointment of the new Chief Executive Officer, the Board had marked improvement on the direction and operations of the Corporation.	c) The Board must continue to exert its positive influence over the Corporation.	The Board continues to ensure that there sound Governance of the Corporation and has ensured the appointment of Chief Executive Officer effective from the 17th of June 2021 to ensure that there is stability and good Administrative leadership to take the Corporation into the future.

Financial Oversight Report

FINDING	RECOMMENDATIONS	RESPONSES
PROGRAMME 1: ADMINISTRATION		
(a) The Department did not achieve the 90-day target to fill vacant posts due to e-recruitment glitches and there were no other measures that have been implemented to ensure vacancies are filled on time and on the prescribed period.	The Department must advertise and fill in vacant posts as soon as they are available within their target period of 90 days to reduce the high rate of unemployment in the Province.	<p>The Department acknowledges the feedback from the committee and recommendation. The Department indeed struggled to meet the 90-days recruitment lead times in the reporting period due to the following reasons:-</p> <ul style="list-style-type: none"> - Committee coordination constrained by competing departmental commitments; - Suitability of candidates for advertised posts, leading to re-advertisement; - Poor articulation of application of recruitment processes; <p>To remediate these challenges, the department has opted for other recruitment strategies including headhunting. Notwithstanding these alternatives, some of the posts will have to go through re-advertisement.</p> <p>To improve efficiency of the recruitment lead-times, the following was undertaken: -</p> <ul style="list-style-type: none"> - The Department's HRM Unit has developed a project plan with set timeframes to conclude the shortlisting and interviews for recruitment processes in a seamless manner. - Panelists were capacitated on recruitment processes to avoid future incidents of poor articulation and application of recruitment processes.
(b) An amount of R57.8 million was not paid to 1335 service providers within the prescribed period of 30 days. This will result in fruitless and wasteful expenditure as a result of the payment of interest.	(b) Department must at all times ensure compliance with Treasury Regulation 8.2.3 on payment of service providers. The Department must further provide the Committee with the disciplinary action taken against those responsible and submit to the Committee a plan on how it intends to prevent fruitless and wasteful expenditure being incurred going forward.	<p>The Department continuously strives to adhere to the Treasury Regulation 8.2.3 on payment of Service Providers. In efforts to improve this situation, a Circular that outlines the process to be taken when submitting an invoice up to payment stage was developed and issued. As at time of writing, the Department managed to pay creditors within the prescribed 30-days. This will assist in averting the delay in payment of invoices within 30 days. Programme Managers have been given the responsibility to issue letters to Responsibility Managers to account for the invoices that are not paid within 30 days of any particular month.</p>



FINDING	RECOMMENDATIONS	RESPONSES
<p>(c) The Department has a serious shortage of skilled employees in critical positions even though it spends millions of Rands awarding bursaries to students every year.</p>	<p>(c) The Department must prioritize and give bursaries only to courses that offer the needed skills in the Department and there must be conditions attached to the contracts that say the students will work for the Department after studies for a longer period.</p>	<p>In order to prevent fruitless and wasteful expenditure bring incurred, introduced an invoice-tracking tool to provide Management information Services and allow effective management of compliance to this regulation. The system allows monitoring of invoices that are submitted to the department, and detects delays in the process before the invoice reaches 30 days. Reporting and monitoring of Payables is done monthly through the In Year Monitoring meetings for Management to take action.</p> <p>The HRD Strategy, vision 2030 and the National Skills Development Strategy III mandates the government to fund bursaries for internal and external candidates and also emphasizes that Departments should continually invest in uplifting skills that are relevant to the core functions of that department for the improvement of gaps in scarce and critical skills and for improved productivity/ service delivery. The Department has put aside funding for bursaries and award qualification that are in line with the department's core function and</p> <p>During the last academic year, the department prioritized finding for 170 students following the below criteria:</p> <ul style="list-style-type: none"> • External Bursaries in Maritime Engineering; Transport Economics; Pilot Studies; • Internal Bursaries for Career Advancement related qualifications; Core related qualifications i.e. Engineering, Transportation, Aviation and Maritime. <p>For this academic year the department has issued an advertisement that closed on the 28 January 2022 for internal and external bursaries with the following criteria :-</p> <ul style="list-style-type: none"> • External Bursaries in Maritime Engineering, Civil Engineering, Road Traffic Engineering, Mechanical Engineering, Aeronautical Studies, Aviation Maintenance; • Internal Bursaries in ICT Studies, Public Administration, Transport Economics <p>Each bursary holder enters into a bursary contract where under they are obliged to serve the department for a period equivalent</p>

FINDING	RECOMMENDATIONS	RESPONSES
PROGRAMME 2: TRANSPORT INFRASTRUCTURE		
(a) In this programme only infrastructure Design is at 50 % spending all other sub- programmes have less than 50 % expenditure meanwhile Eastern Cape roads are in bad conditions.	The Department must submit to the Committee reasons for the underspending of the budget meanwhile, the roads conditions are bad and reasons for not prioritizing Coffee Bay road.	<p>to the years of study of the received bursary. Departmental officials are also encouraged to focus on qualifications and skills that are needed to enhance job effectiveness, aligned to their career path development, and eventually will boost departmental performance outputs.</p> <p>The limitations in the organization is the direct competitive advantage that private sector has in the industry which affects skills retention. The Department is considering a skills retention strategy in order to promote professionalization, and create capable Human Capital since the Department will be constrained from a legal perspective in being able to extend the number of years an incumbent serves the organization after the completion of their studies.</p> <p>The Transport Infrastructure programme receives funding through 2 funding sources; Equitable Share allocation from Provincial Treasury, and Provincial Roads Maintenance Grant administered by the National Department of Transport. Noteworthy, is the fact that the Grant cannot be allocated to any other areas of the organization, and only 25% of this grant can be used for rehabilitation of roads, which is insufficient in relation to the maintenance backlog. Also, the National Department of Transport emphasizes that Provinces should allocate rand-for-rand against the Grant in their portion of Equitable Share. The Current Grant allocation for this year is R625' 381' 812 and Equitable Share Allocation (R498 000) is R624'883'812 short of matching the rand-for-rand allocation from National DOT.</p> <p>Infrastructure Design accounts for 1% of the Service Delivery Budget in Transport Infrastructure (R13'939'000) whereas Roads Maintenance currently accounts for 18% of the current balance (R231'876'812 allocated from PRMG) and Construction for 64%</p>

FINDING	RECOMMENDATIONS	RESPONSES
		<p>of the budget (R393'505'000 allocated from PRMG for heavy rehabilitations, and R436'386'161 allocated from Equitable Share for New Upgrades and Additions). As at the end of the 3rd Quarter, Transport Infrastructure has spent 76% of it's Service Delivery aligned budget (Spent R904'453'511.28 from R1'195'273'638 allocated). Design has sustained their expenditure trend, and to date have spent 92% of their budget. The unit continues to add value in other processes, supporting the Transport Infrastructure value chain with the In-house.</p> <p>The Department concedes that the expenditure allocated to Transport Infrastructure was sitting at 43% expenditure by the end of the second quarter. Performance of the Roads Maintenance sub-programme, was constrained by the progress in the sourcing of framework contracts to deliver on work in its plans.</p> <p>To date there has been significant progress in this regard as some of these contracts are being awarded. As at the end of the 3rd Quarter, the cumulative performance target of 567km and annual target is 645km have been exceeded as the Department has managed to re-gravel 859 km as at the end of the 3rd quarter. The department also managed to blade 12 232km against the 17 823km cumulative target since priority was given to re-gravelling to improve serve delivery standards and improve road lifespan. The Department will continue to make use of the plant hire framework agreements to drive the improvement of service delivery standards in rural gravel roads. The Department has managed to patch 41 687m² of surfaced roads as at the end of the 3rd quarter against the cumulative target of 37 442m² and the annual target of 54 236m².</p> <p>The Department acknowledges the concerns of the Department. The issues pertaining to the road are conceded, and as such, the Department had identified the road as one of the candidate projects put forward for the Presidential stimulus fund which has since been discontinued.</p>
(b) The road to Coffee Bay is in a very bad condition as it is not prioritized by the Department although Coffee Bay is known as the tourist attraction destination	The Department must submit to the Committee reasons for the underspending of the budget meanwhile, the roads conditions are bad and reasons for not prioritizing Coffee Bay road.	

FINDING	RECOMMENDATIONS	RESPONSES
which has the potential of boosting the economy of that region.		<p>The Coffee Bay Road was not prioritized as a Capital project in the 2021/22 financial year, however routine maintenance of this road was planned with a budget of R1.8m which was later augmented in the November adjustment period (an additional R2.5m was allocated to the Coffee Bay Road and maintenance work is currently being carried out). The reprioritization of design and Construction budget will be a challenge/ limitation in this financial year.</p> <p>However, alternatively, in-house capacity is being leveraged to ensure completion of mandatory processes before assuming work; the department conducted the necessary investigations and is in the process of appointing a service provider to prepare rehabilitation designs. This is done so that designs are readily available in the event that funds for implementation of rehabilitation work become available.</p>
(c) The Department has outsourced its responsibilities to the Consultants whereas there are full-time employees to perform the task.	(c) The Department must provide the Committee with a report, which clearly indicates the duration of time to be spent by Consultants, specify timeframes to find suitably skilled personnel and also a plan to capacitate internal personnel who lack technical skills in the Department.	<p>The Engineering sector is complex, and in order to ensure compliance with ECSA regulations, the Department leverages on the use of consultants as a Risk-sharing strategy for capital work which cannot be undertaken by full-time staff. The Department however continues to use its current capacity to partake in value adding processes of the Engineering Service offering, primarily in construction monitoring and supervision in line with the 50/50 strategy. The design team has matured considerably, and is able to manage in-house design projects with peer-to-peer mentoring and supervision from Professional Technical Support in the Department. The Department has also partnered with ECSA in driving a professional accreditation programme in the Department for staff as a retention strategy for Civil Engineering and Mechanical Engineering staff who have a considerable amount of experience allowing to achieve accreditation.</p> <p>The committee is implored to consider the risk exposure to the Department and Provincial Government as a whole if all functions</p>

FINDING	RECOMMENDATIONS	RESPONSES
		<p>of the Engineering profession would be in-sourced, and the amount of claims in the Department of Health is a case in point to this fact. The residual risk in having the Department carry indemnity costs for Capital and Maintenance related work, particularly with the capacity and skills constraints it has is not a feasible or viable option for the full insourcing of Engineering Services in the short-run, and feasibility of this in the medium term is still being analyzed.</p> <p>The compensation structures for the profession also disadvantages government. The Department is not able to afford the costs related to internalizing these functions since it is impractical currently to match the market related costs of professionals in the industry. Symptomatically, this is the same issue that has been constrained attracting suitable candidates in the recruitment process earlier alluded to.</p> <p>Lastly, the economic spin-off for outsourcing work is that these companies are able to contribute to the provincial or national economy. The way to leverage more economic growth for the province is to ensure that more professionals are encouraged to respond to the locality needs of the province by investing in local operations and building their capacity from Eastern Cape locals versus farming in resources to the province from other locations.</p> <p>The department is currently evaluating its use of consultants and will table a comprehensive report on the matter to the committee at the end of the 2021/22 Financial year.</p> <p>The Department has engaged Coega Development Corporation and collaborating with the SOE on the exercise. A concise report considering the extent of paved roads in the Province and the Lifespan of each is under scrutiny by both teams. A final session to agree on the cost drivers and overall cost of maintenance will be held in preparation for the report submission to the Portfolio</p>
(d) The Portfolio Committee and the Department convened a boseraad in May 2021 regarding the Road Transport Network Masterplan and the backlog of road infrastructure in the Province. It was agreed that the Department will refine the costs of infrastructure however, the	(d) The Department must as a matter of urgency submit to the Committee a progress report concerning the costs of the infrastructure for the Committee to be able to lobby support from the leadership of the Province.	

FINDING	RECOMMENDATIONS	RESPONSES
Department has not yet submitted the same to the Committee.		Committee. The Masterplan will consider these inputs and will be available at the end of the financial year.
PROGRAMME 3: TRANSPORT OPERATIONS		
(a) The Department is reluctant to resuscitate passenger rail network in the Province due to threats made by taxi industry operators. The Committee notes threats imposed by the taxi industry when it comes to the programmes of the government intending to introduce other modes of transport such as trains, buses, or any initiative for communities.	The Department must engage with the taxi industry and all relevant stakeholders on the resuscitation of the passenger rail network, benefits thereof and the implications of the threats on development in the Province. Further, the Department must ensure that Law enforcement acts on any threats or acts of sabotage must do their work in dealing with all the threats and acts of sabotage directed at stifling the development of other modes of transport.	The mandate for Rail Resuscitation in the Province rest with Transnet and PRASA. The Department had established the Rail Committee to lobby Transnet and PRASA to resuscitated rail network. To date the as Blarney Cookhouse line had been launch by Transnet and the Premier of the Province towards the end of 2021 at East London Port. The Rail Committee, which includes stakeholders from Transnet, PRASA, Municipalities ECDC, Eastern Cape Chamber of Business and National Department of Transport, have convened two meetings already and in the last meeting, a presentation was made by PRASA with all the plans and the investment that they are planning for the Province. However, Transnet is to make their presentation in Quarter 4 around February 2022. (Refer to attached PRASA presentation.)
(b) There was intimidation of burning AB350 buses by taxi operators hence the target of 75 kilometres could not be achieved.	The Department must furnish the Committee with a detailed report on the incident of burning AB350 buses and action taken against the perpetrators.	Eleven (11) AB350 buses were burnt by unknown perpetrators and AB350 had opened a case about the burning of their busses and they are following up the matter with the law enforcement agencies.
(c) The Programme is faced with the challenge of insufficient funds to implement. An automated scholar transport system as the project needs +- R34m.	The Department must budget for an automated scholar transport system in the next financial year to curb corruption in the system.	The process of procuring of an automated scholar transport system has started. An instruction letter is already with SITA. A R30m which is an estimated value of the system has been budgeted for in 2022/23 financial year
PROGRAMME 4: TRANSPORT REGULATIONS		
(a) The Department over- issued operator licenses for public transport not being mindful of the fact that the operators are fighting over the routes as the industry is saturated.	The Department must have talks with Municipalities regarding the issuing of operator licences as this creates infighting over routes in the taxi industry.	The finding is true, however there is a lack of capacity from Municipalities in dealing with Public Transport related issues, and unfortunately the NLTA gives powers to the National Minister and planning authorities (Local Municipalities) with regards to moratorium.

FINDING	RECOMMENDATIONS	RESPONSES
		<p>All applications are referred to Municipalities for comments and if no objections are received, the PRE must issue or grant the operating licenses. The Department will however conduct capacity building workshops in all six district municipalities.</p> <p>Each district will be expected to bring along all local municipalities. These workshops will be conducted before the financial year end.</p> <p>The Standing Committee attended the matter in OR Tambo, Mthatha on 14 December 2021. Clarify regarding the origin of 24/7 shift system was provided to the Committee by Traffic Law enforcement Management.</p> <p>It was then resolved that the Chairperson of the Committee will engage with the Head of Department and the MEC regarding way forward on this matter, while the status quo on the implementation of the 24/2 shift system remains in force.</p>
PROGRAMME 5: COMMUNITY BASED TRANSPORTATION		
<p>(b) It came to the attention of the Committee that there is tension between OR Tambo District Traffic officers and the Department which is caused by some disagreements on certain issues and this can lead to the collapse of the unit.</p>	<p>The intervention of the Portfolio Committee has been requested by the Department to resolve the dispute that exists between the Officers and Department to build the relationship moving forward for the smooth running of the organisation.</p>	<p>The programme targets by mid-term were expected to be at 50% in line with the revised directive of the province. However, some categories of EPWP projects had members exit the programme due to age, with the intention of attracting young people. The recruitment process was delayed due to the implementation of adjusted levels of lockdown.</p> <p>The programme arranged a meeting with external stakeholders to discuss a way forward to get the assistance in terms of attracting categories such as youth and persons with disabilities. Due to other pressing matters and priorities, funds for projects and recruitment process had not started and had to be redirected to other departmental obligations.</p> <p>The recruitment process is being initiated now to end in March 2022 for youth and persons with disabilities to begin work on 1 April 2022</p>
<p>(a) It is disappointing to note that the Programme spending is at 45% meaning that the target set for creating work opportunities is not achieved even though the programme is entrusted with job opportunities for EPWP workers.</p>	<p>The Programme must closely monitor its expenditure and ensure that the planned targets are achieved to avoid over/under-expenditure. The Committee must be provided with the recovery plan.</p>	

FINDING	RECOMMENDATIONS	RESPONSES
(b) Community Development sub-programme shows projected overspending of R30,939 million yet the current expenditure is at 45 % instead of 50 %.	The Department must furnish the Committee with reasons for the projected overspending of R30,939m.	<p>The department set the original targets for spending but later received a provincial directive that required spending to be at 25% per quarter. The department could not revise projections until the adjusted estimates, reflecting overspending against the original targets even though the spending was still within the 50% target by 2nd quarter.</p> <p>Community Based Programme also had to implement a recovery plan which included paying the stipend of EPWP participants in the last run of the very month of work, which reflected as if it is an overspending while it would continue to show a different picture from October 2021 onwards.</p>
GOVERNMENT FLEET MANAGEMENT SERVICES TRADING ENTITY		
(a) The Entity is experiencing delays in ordering 30 additional vehicles due to non-payment of debt by some user Departments.	The MECs and the HODs of the user Departments concerned must prioritize the payments of leased vehicles or else the Entity will have to consider withdrawing its services to these particular Departments.	<p>The Head of Entity together with the Chief Financial Officer of the Department of Health and Deputy Director General of Provincial Treasury including other officials from all the three departments met on the 10th of December 2021 to try and address the challenge and agreed on the following:</p> <ol style="list-style-type: none"> 1. The department has committed to paying the Entity from available funds starting from 1 April 2022 2. The Entity has agreed to monitor its own cash-flow requirements and if there is risk of not being able to meet its operational requirements will inform DOH before stopping the supply of fuel to its white fleet to ensure availability of funds. <p>Both departments to explore mechanisms the DOH can save on its bill for the new financial year to reduce the risk exposure caused by DOH on the Fleet Entity model for the province.</p>
GENERAL FINDING		
(b) There is a trend of underspending in almost all the programmes meanwhile service delivery is lacking in the Province	The Department must provide the Committee with a recovery plan to avoid underspending going forward.	Recovery plans have been submitted to Provincial Treasury and OTP.

8. SCOPA RESOLUTIONS

No.	Subject	Details	Response by the department	Resolved (Yes/No)
1	The Department's audit outcome has stagnated and remained a qualified audit opinion for a period of 3 years.	The Accounting officer must ensure that there is a conducive environment by tightening internal controls. AIP of the Department must address the gaps and risks in the processes that are put in place. Consequence management must be implemented for non-compliance.	The recommendations by the Committee is noted. The Audit Intervention plan session were conducted throughout the financial year to monitor progress. Sessions were also held with programmes that had potential risk areas to ensure that the focus was not only on the issues raised by the Auditors In addition, operational risk assessment was also performed to assess the root causes and the effectiveness of the current controls Lastly a combined assurance framework has been approved to strengthen internal controls and encourage collaboration of efforts between governance units within the department (i.e., risk management, departmental strategy, internal control, internal audit, etc.)	No
2	Effective steps were not taken to prevent fruitless and wasteful expenditure, as required by section 38(1) (c) (ii) of the PFMA and treasury regulation 9.1.1. Amounting to R11, 6 million (2020: R6, 5 million) and the full extent of the fruitless and wasteful expenditure could not be quantified by the auditors.	The Accounting Officer must take proactive steps to prevent fruitless and wasteful expenditure as required by section 38 (1) (a) of the PFMA. The Department must investigate and recover all the monies lost from the liable officials, consequence management must be implemented to those who have been found to be liable and proof to that effect must be provided within 30 days of adoption of this report.	Letters have been written to Programme managers wherein invoices exceeded 30-day period.	Yes
3	The Department was unable to detect and quantify overpayments for scholar transport contractors	Department must fast-track the implementation of automation with regards to scholar transport payments and eradicate use of manual system as it has	Budget has been approved and allocated for the automation of Learner Management Solution.	No

No.	Subject	Details	Response by the department	Resolved (Yes/No)
	which is a loss that has not been recouped back.	proved to be too risky. Progress report must be provided to the Committee. In addition, there must be recoupment of the losses from overpayments that were done	Request for the proposal has been approved and an order has been issued Kick off meeting – 27/05/2022 System to go live from December 2022 and will be ready for the new tender starting in 2023	
4	The Department incurred irregular expenditure of R302, 3 million as it did not comply with the National Land Transport Act 5 of 2009 and did not follow proper contract management processes. In addition, the irregular expenditure closing balance includes an amount of 2,5 billion relating to prior years	<p>The Accounting Officer must implement effective measures to curb occurrence of irregular expenditure in future. A report on the analysis of irregular expenditure amounting to R302,3 million must be provided in the following manner for each transaction:</p> <ul style="list-style-type: none"> What steps and how soon did it take to act or investigate after it was identified? Was there consequence management implemented? Please provide evidence of sanctions awarded. What are the timelines for completion and clearing of irregular expenditure? 	<p>A request to condone the expenditure in relation to the contravention of the NLTA was approved by the Accounting Office, and submitted to National Treasury through National Department of Transport</p> <p>A response was received from National Treasury on the 16 May 2022 citing that the procuring Institutions in the Provinces that incurred the irregular expenditures must request condonation of irregular expenditure from their Provincial Treasuries as outlined in Irregular Expenditure Framework</p> <p>Written warning was issued to the official in relation to payments made on an expired contract</p>	Yes

Resolution No.	Subject	Details	Responses by the department	Resolved (Yes/No)
5	The Committee is not satisfied with responses provided by the Department with regards to addressing fruitless and wasteful expenditure, irregular expenditure and intends making a follow up and further engagements with the Department	Accounting Officer must provide supplementary information with regard to steps that were taken to address fruitless and wasteful, irregular expenditure, the Department will further be called to account to the Committee and a day will be confirmed,	Supplementary information has been provided. In addition, the Department has introduced the Pre-Audit Function to prevent the incurrance of Irregular Expenditure, Fruitless and wasteful expenditure and has been effective from the 18 May 2022,	Yes
6	Supply Chain Management of the Department still has serious deficiencies and problems, there is inadequate implementation of processes that are in place to prevent non-compliance with laws and SCM regulations.	The Department must strengthen the gaps in the Supply Chain policies, and constant capacitation of officials in Supply Chain Management is key to alleviate deficiencies.	Recommendations are noted. The department in its effort to capacitate staff conducted trainings and workshops.	Yes
	There has been little or no improvement in the internal controls of the Department as there are still glaring deficiencies hence the stagnation in the audit outcome.	The Department must take the counsel and advice of the Internal Audit and Audit Committee in coming up with changes to be made to the control environment.	The Department will take the advice and counsel of the Audit Committee and Internal Audit when coming up with changes to be made to the control environment.	Yes
7	The Department has been lacking proper reviewing of information before it is reported in the financial statements, repeat and new findings were identified during the audit of financial statements in the year under review. This is in contravention with section 40 (1) (a) and (b) of the PFMA.	The Chief Financial Officer of the Department must ensure adequate review of information reported for financial statements. Further controls must be put in place to ensure the accuracy, completeness and validity of information recorded to the financials in line with the requirements of section 40(1) (a) and (b) of the PFMA.	Recommendations are noted. The AFS plan is being developed to accommodate the review process. A project plan was developed detailing a process towards collation of information from relevant units. Letter were issued to relevant programmes to ensure accountability.	Yes



9. PRIOR MODIFICATION TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it rose	Progress made in clearing resolving the matter
The department calculated amounts paid to transporters based on inaccurate records	31 March 2019	As part of the intervention to address the matter the kilometer verification exercise was conducted, and the database was updated from October 2019
The department calculated amounts paid to transporters based on inaccurate records	31 March 2020	A service provider was appointed to conduct full investigation of the over and under payments to enable the Department to establish the variance in terms of monies owed and monies overpaid to Scholar Transport service providers. The matter remains unresolved and subsequently 2021 Audit Report was modified in relation to this matter
The department calculated amounts paid to transporters based on inaccurate records	31 March 2021	A service provider was appointed to conduct full investigation of the over and under payments to enable the Department to establish the variance in terms of monies owed and monies overpaid to Scholar Transport service providers. The matter remains unresolved and subsequently 2021 Audit Report was modified in relation to this matter.

10. INTERNAL CONTROL UNIT

Discuss the work performed by internal control unit during the year.

- Inspected departmental vouchers to identify Irregular, Fruitless and wasteful expenditure as per National Treasury guidelines, followed up on identified irregularities and entered the expenditure in the register
- Maintained Irregular, Fruitless and Wasteful Expenditure registers and reported to the Accounting Officer and Provincial Treasury monthly
- Developed and monitored an Audit Intervention Plan and submitted the plan to Provincial Treasury monthly
- Investigated lost departmental assets and forwarded recommendations to the Accounting Officer
- The advisory committee for the assessment of irregular, fruitless and wasteful expenditure assisted internal control unit in facilitating the process of clearing the books of the department in respect of irregular expenditure. Investigations were conducted wherein recommendation were made to the accounting officer
- Requests to condone investigated cases were submitted the condoning authority for consideration.



11. INTERNAL AUDIT AND AUDIT COMMITTEE

We present our report for the financial year ended 31 March 2022.

Key Activities

The IAA managed to complete the following assignments during the year as per its approved Internal Audit Plan. These assignments include both assurance reviews and consulting reviews:

- Draft Annual Financial Statements
- Evaluation of the Draft Annual Report
- Internal quality assurance review
- Scholar Transport: Overs and unders'
- Scholar Transport: Contracting and payments process
- Interim financial statements
- Performance Information for Quarters 1, 2 and 3
- Supply Chain Management
- Integrated Audit Intervention Plan (AIP) review and follow up
- Risk Management Process
- ICT review

Internal Audit Objectives

The purpose of the IAA is to provide independent, objective assurance and consulting services designed to add value and to continuously improve the department's operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, governance and control processes. The IAA has complied with its responsibilities by adopting a formal internal audit charter that regulates its purpose, authority and responsibility; and by adhering to the standards and guidance set by the Institute of Internal Auditors as required by Treasury Regulation 3.2.5 and 3.2.6 respectively.

Audit Committee Objectives

The Audit Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 3.1. 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.

Audit Committee Members and Attendance

The Audit Committee consists of the members listed below and meets at least four times per annum as per its approved terms of reference. During the 2021/22 financial year eight (8) meetings were held. The members and their attendance of the meetings held are as follows:



Name of Member	Qualifications	Internal Or External	Date Appointed	Contract end Date	No. Of Quarterly Meetings Attended	No. Of Special Meetings Attended
Mr. C. Sparg	1. Bachelor of Commerce 2. CTA 3. CA(SA) 4. Membership in Institute of Directors(SA)	External (Chairperson)	01 April 2017	31 March 2020 (subsequently re-appointed with an end date of 30 June 2021)	2	2
Ms. W. Dukuza	1. B.Proc Degree 2. Admission exams as an attorney 3. Labour Relations Management	External (member)	01 April 2019	31 March 2020 (subsequently re-appointed with an end date of 30 June 2021)	2	2
Mrs. F Mushohwe	1. Bachelor of Commerce 2. CTA 3. CA(SA) 4. CIMA 5. Masters in Business Administration.	External (Chairperson)	26 May 2021	25 May 2024	4	5
Mr. G Rich	1. Master's in Business Administration 2. National Diploma Public Relations 3. B. Tech in Business Administration	External (member)	26 May 2021	25 May 2024	4	5
Mr. Ngqwala	1. Bachelor of Commerce 2. BCompt. Hons 3. Intergovernmental Fiscal Relationship Course Management Skills Course	External (member)	26 May 2021	25 May 2024	4	5
Mr. S Nyenyiso	1. B. Tech Internal Auditing 2. MPhil in Internal Auditing 3. CIA(SA) 4. CCSA(SA) 5. Certified Fraud Examiner 6. Certified Internal Quality Assessor	External (member)	26 May 2021	25 May 2024	4	5

It should be noted that an Audit Committee was not in place for the following period relating to the 2021/22 financial year:

- 1 April 2021 to 25 May 2021 – due to delays in the recruitment process.



12. Audit Committee Report

We present our report for the financial year ended 31 March 2022.

Audit Committee purpose

The purpose of the Audit Committee is to provide an oversight function thereby assisting the Department in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of financial reports and statements. These tasks are conducted in line with all applicable legal requirements and accounting standards as prescribed in the Public Finance Management Act No 1 of 1999 as amended (PFMA). The operations of the Committee are governed by an Audit Committee Charter, which provides clear guidelines with regard to, amongst others, membership, authority and responsibilities.

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 3.1. 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.

Evaluation of Internal Controls

The Committee directs, monitors and evaluates the activities of the Internal Audit Function. Through the Internal Audit Function, the Committee is able to report on the effectiveness of the internal control systems and to assess whether the Internal Audit Function is fulfilling its role effectively and efficiently. In the conduct of its duties, the Committee has inter alia, reviewed the following:

- The effectiveness of the internal control systems.
- The operational risk areas covered in the scope of internal and external audits.
- Any accounting and auditing concerns identified as a result of internal and external audits.
- Compliance with legal, accounting and regulatory frameworks.
- Content and quality of the interim financial reports and performance reports prepared and issued by the Department during the year under review
- The activities of the Internal Audit Function, including its annual work plan, coordination with external auditors, the reports of significant investigations and the response of management to specific recommendations.
- Where relevant, the independence and objectivity of external auditors.

From the analysis of the various reports of the Internal Auditors and Auditor-General South Africa, it was noted that matters were reported indicating deficiencies in the system of internal control or deviations therefrom. Accordingly, the committee can report that the system of internal control was not entirely effective for the year under review.

There is a need for improvement in the internal controls and in the adherence to internal controls in certain areas. The areas of specific concern, amongst others include; repeat findings from both the external and the internal auditors and the slow implementation of recommendations by these assurance providers. Scholar transport remains a significant issue as shown by internal audit reports which revealed significant control weaknesses. Significant control weaknesses as well were identified in Supply Chain Management processes. The Audit Committee is committed to assisting the department to improve their internal controls, together with the Internal Audit unit.



Evaluation of Financial Statements and Annual Performance Report

The Audit Committee has:

- Reviewed and discussed the unaudited annual financial statements to be included in the annual report with management;
- Reviewed and discussed the unaudited information on pre-determined objectives to be included in the annual report with management;
- Reviewed for changes in accounting policies and practices;
- Reviewed the Department's compliance with legal and regulatory provisions;
- Reviewed explanations for significant fluctuations compared to previous year;
- Reviewed explanations for variances between the financial statements and budgeted amounts;
- Reviewed any new or proposed legislation that may have an impact on policies, the financial statements and disclosure therein;
- Enquired from management as to the adequacy, reliability and completeness of supporting information as supporting these financial statements;
- The unaudited annual financial statements and performance report were not completed with sufficient time to enable an adequate review by Internal Audit and the Audit Committee. As a result, management was advised that the financial statements and performance report may not be free from material misstatements.

They were some challenges relating to the review of the unaudited annual financial statements and unaudited information on predetermined objectives, the Committee, however, resolved that they be recommended for submission to the Auditor-General South Africa for auditing.

Internal Audit

The Internal Audit Activity (IAA) was able to complete the approved Internal Audit Plan for the 2021/22 financial year and address the identified risks appropriately.

As was the case in the prior financial year, the unit is operating with three key vacancies, namely that of a Deputy Director, an Internal Auditor and an administrative assistant. This impacts the number of planned and ad-hoc assignments the IAA is able undertake without compromising quality. This is of concern especially since the internal audit unit frequently gets requested to perform specific ad-hoc audits by management.

ICT Governance

The Committee Reviewed quarterly reports prepared by the ICT unit. The committee noted the significant improvement made by the Department. There is however, areas needing improvement especially in security.


Auditor-General South Africa (AGSA)

The Audit Committee met with the AGSA in order to discuss the Audit Strategy on the 12th of May 2022. Further meetings between the committee and AGSA were held in July 2022 to discuss the draft(s) as well as the final management report and audit report. The Committee does concur with and accept the opinion of the AGSA on the financial statements of the Department for the year ended 31 March 2022. The Committee has once again taken note of the concerns of the Auditor-General and accepts that there is further room for improvement in the accounting function and elements of the internal control environment. The committee is further concerned with the consistent qualified opinion with findings from AGSA together with some Material Irregularities (MIs) identified. As in previous years, the Committee will ensure that the internal audit plan addresses these issues and will monitor the implementation of the recommendations of the Auditor-General's Report. The committee is further concerned with the consistent qualified opinion with findings from AGSA together with some Material Irregularities (MIs) identified.



Appreciation

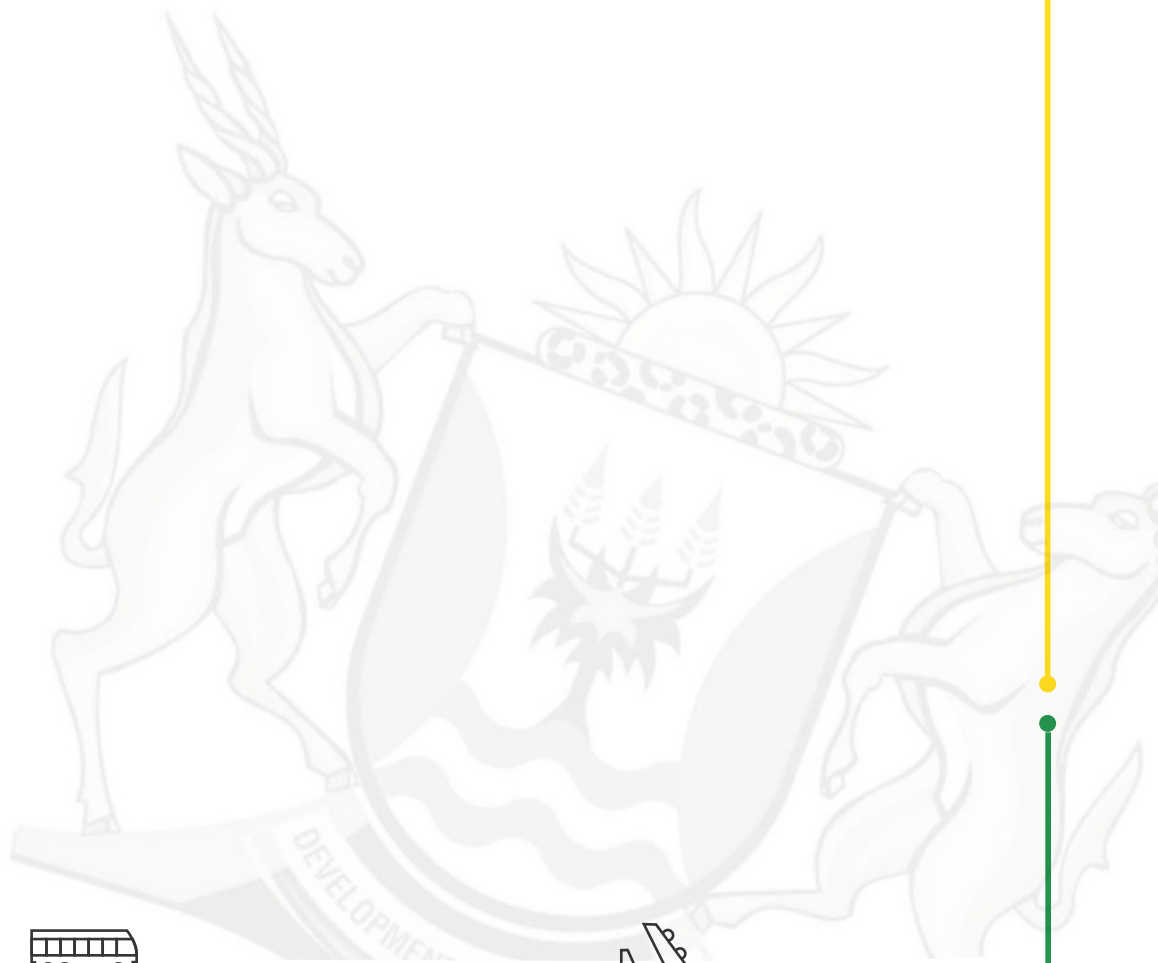
The Committee expresses its sincere appreciation to the Honourable MEC, Accounting Officer, Management, Internal Audit, Provincial Treasury and the AGSA for their co-operation and support during the current financial year.



Ms F Mushohwe

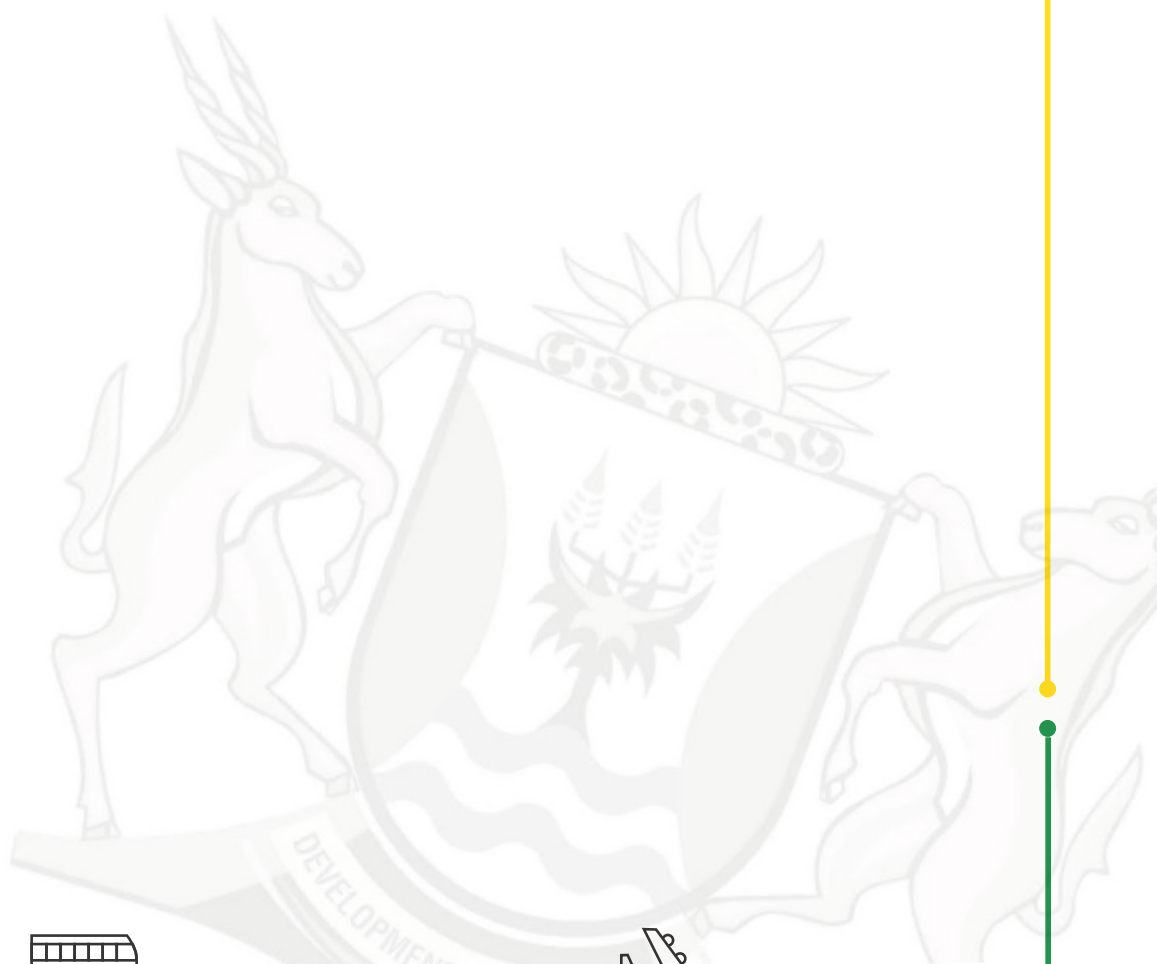
Chairperson of the Audit Committee

Date: 31 August 2022



13. B-BBEE Compliance Performance Information

Has the department applied any relevant Code of Good Practice (B-BBEE Certificate level 1-8) with regards to the following:		
Criteria	Response Yes/No	Discussion (Include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	Not applicable
Developing and implementing a preferential procurement policy?	Yes	The overall BBBEE level is considered when applying sourcing strategies
Determining qualification criteria for the sale of state-owned enterprises?	No	The disposal of state assets will be done through public auction
Developing criteria for entering into partnerships with the private sector?	No	Not applicable
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	Not applicable





PART D

Human Resource Management

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

Currently the relevant Human Resources policies are in place to ensure implementation of priorities in line with DPSA guidelines. In addition, the department have developed relevant checklists in various processes to serve as guide and assist the department in mitigating the risks. The number of posts filled as of 31 March 2022 were 2 530, vacant and funded were 206 and the vacancy rate is 8.14%. During the reporting period the Department, has registered an increase and has 20.27% youth employed on permanent basis against the target of 35% which is still a challenge as according to the National Development Plan. Employees living with disabilities are sitting at 0.94% and woman in Senior Management positions are at 44%, which also reflects a slight increase relative to the previous financial year.

The status of human resources in the department

The department had registered 318 positive cases and 18 fatalities due to COVID 19. Psychosocial support was given to all employees at Head Office and in the districts during COVID-19 and beyond.

Highlight achievements and challenges faced by the department, as well as future human resource plans /goals. Challenges faced by the department was staff burnout and anxiety caused by COVID 19 that resulted to aggression, poor performance and absenteeism hence the procurement of 24/7 counselling services.

The Department to maintain sound labour relations and to ensure that employees are treated fairly following the proper disciplinary measures.

Highlight achievements and challenges faced by the Department, as well as future resource plans/goals

The revival of the Management Labour Forum sittings and conducting of awareness sessions for the newly appointed officials in the department are the highlights of the unit for the previous financial year. The establishment of the e- leave system and automated pay- slip services to employees through the emails have contributed towards the ICT Strategy driven by the Department. HRM upgraded the Road workers from level 2 to 3 as per the DPSA resolution and paid the outstanding amounts for the employees. The OSD for technicians and Artisans was implemented and paid. New service provider for Health Risk Manager was appointed namely Alexander Forbes for the management of sick leave. The development of the business continuity plan before and after COVID 19. All grievances were resolved within 30 days and misconduct cases were finalized within 90 days, HR Plan and Employment Equity Plan were developed and submitted to the relevant departments.

Challenges

With the implementation of the e-Recruitment system, the system is experiencing major malfunctions during load shedding as network is down, other citizens without smart phones are unable to access the system, and post COVID stress related complications are noticed to most staff in the department

HRM has strengthened the controls to avoid audit findings by issuing attendance registers and encourage staff to sign daily, and requested all officials above the age of 55 to indicate as to when they will exit the system for financial planning purposes to pay the GEFP on time to avoid interest on outstanding invoices.



3. HUMAN RESOURCES OVERSIGHT STATISTICS

The information provided in this section is for Eastern Cape Department of Transport inclusive of its Government Fleet Management Trading Entity.

3.1 Personnel related expenditure

Table 3.1.1 Personnel expenditure by Programme for the period 1 April 2021 and 31 March 2022

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)
Administration	483 042	264 619	0	0	54,8	420
Transport Infrastructure	2 122 951	315 947	0	0	8,7	99
Transport Operations	1 749 224	100 296	0	0	14,9	330
Transport Regulation	299 222	266 354	0	0	5,7	452
Community Based Programme	584 973	50 837	0	0	89	418
Total	5 239 412	998 053	0	0	19	337

Table 3.1.2 Personnel costs by salary band for the period 1 April 2021 and 31 March 2022

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	12 716,00	23 100,00	231,00	55
Skilled (level 3-5)	226 745,00	90 800,00	908,00	250
Highly skilled production (levels 6-8)	493 101,00	117 200,00	1 172,00	421
Highly skilled supervision (levels 9-12)	254 231,00	33 900,00	339,00	750
Senior and Top management (levels 13-16)	45 537,00	4 100,00	41,00	1 111
Contract (Levels 1-2)	141,00	100,00	1,00	141
Contract (Levels 3-5)	665,00	300,00	3,00	222
Contract (Levels 6-8)	1 883,00	300,00	3,00	628
Contract (Levels 9-12)	6 942,00	1 200,00	12,00	579
Contract (Levels 13-16)	4 611,00	200,00	2,00	2 306
Contract Other	5 243,00	100,00	1,00	5 243
Abnormal Appointment	8 510,00	43 085,00	430,85	20
Total	1 060 325,00	9 044,70	3 143,85	11 723



Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2021 and 31 March 2022

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
Administration	253 890	79,80	1 051	0,30	9 633	3,00	16 506	5,20
Transport Infrastructure	43 600	82,60	0,00	0,00	990	1,90	2 188	4,10
Transport Operation	250 303	73,50	261	0,10	15 278	4,50	20 282	6,00
Transport Regulation	81 623	79,00	1 721	1,70	2 782	2,70	4 983	4,80
Community Based Programme	189 344	69,70	24 619	9,10	9 820	3,60	20 070	7,40
Total	818 760	75,40	27 652	2,50	38 503	3,50	64 028	5,90

Table 3.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by salary band for the period 1 April 2021 and 31 March 2022

Salary band	Salaries		Overtime		Homeowners 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 (level 1-2)	8 907	69,80	14,00	0,10	1 162	9,10	1 634	12,80
Skilled (level 3-5)	170 231	71,30	1 199	0,50	14 143	5,90	18 401	7,70
Highly skilled production (levels 6-8)	363 248	72,90	24 601	4,90	18 099	3,60	35 292	7,10
Highly skilled supervision (levels 9-12)	209 033	79,80	1 623	0,60	4 410	1,70	8 312	3,20
Senior management (level 13-16)	40 294	86,20	0,00	0,00	671	1,40	343	0,70
Contract (Levels 1-2)	127	90,10	0,00	0,00	0,00	0,00	0,00	0,00
Contract (Levels 3-5)	609	91,60	4,00	0,60	0,00	0,00	0,00	0,00
Contract (Levels 6-8)	1 721,00	91,40	0,00	0,00	16,00	0,80	48,00	2,50
Contract (Levels 9-12)	6 752,00	96,40	5,00	0,10	0,00	0,00	0,00	0,00
Contract (Levels 13-16)	4 375,00	93,30	0,00	0,00	0,00	0,00	0,00	0,00
Contract Other	5 036,00	95,50	207,00	3,90	0,00	0,00	0,00	0,00
Abnormal Appointment	8 428,00	99,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	818 760	75,40	27 652	2,50	38 503	3,50	64 028	5,90



3.2 Employment and Vacancies

Table 3.2.1 Employment and vacancies by Programme as on 31 March 2022

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	686	630	8,20	41
Community Based Programme	89	85	4,50	40
Transport Infrastructure	1007	956	5,10	343
Transport Operations	251	222	11,60	15
Transport Regulation	704	637	9,50	3
Total	2 738	2 530	7,6%	440

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2022

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
01 Lower Skilled (Levels 1-2), Permanent	321	310	3,4	78
02 Skilled (Levels 3-5), Permanent	700	669	4,4	234
03 Highly Skilled Production (Levels 6-8), Permanent	1 288	1 171	9,1	83
04 Highly Skilled Supervision (Levels 9-12), Permanent	377	338	10,3	42
05 Senior Management (Levels >= 13), Permanent	52	42	19,2	3
TOTAL	2 738	2 530	7,6%	440

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2022

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related, Permanent	257	227	11,7	35
Air Traffic Controllers, Permanent	3	3	0	0
Aircraft Pilots & Related Associate Professionals, Permanent	1	1	0	0
All Artisans In The Building Metal Machinery Etc., Permanent	72	66	8,3	12
Appraisers-Valuers And Related Professionals, Permanent	1	1	0	1
Architects Town And Traffic Planners, Permanent	1	1	0	0
Artisan Project And Related Superintendents, Permanent	4	4	0	0
Auxiliary And Related Workers, Permanent	12	11	8,3	8
Boiler And Related Operators, Permanent	2	2	0	0



Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Bus And Heavy Vehicle Drivers, Permanent	113	112	0,9	29
Cartographic Surveying And Related Technicians, Permanent	9	9	0	5
Civil Engineering Technicians, Permanent	1	1	0	0
Cleaners In Offices Workshops Hospitals Etc., Permanent	74	73	1,4	9
Client Inform Clerks(Switchb Recept Inform Clerks), Permanent	13	12	7,7	0
Community Development Workers, Permanent	2	1	50	1
Computer Programmers., Permanent	2	2	0	0
Computer System Designers And Analysts., Permanent	1	1	0	0
Earth Moving And Related Plant Operators, Permanent	20	20	0	1
Engineering Sciences Related, Permanent	62	59	4,8	12
Engineers And Related Professionals, Permanent	27	13	51,9	2
Finance And Economics Related, Permanent	21	18	14,3	0
Financial And Related Professionals, Permanent	11	10	9,1	0
Financial Clerks And Credit Controllers, Permanent	138	122	11,6	5
Fire Fighting And Related Workers, Permanent	23	23	0	0
Food Services Aids And Waiters, Permanent	2	2	0	0
Head Of Department/Chief Executive Officer, Permanent	1	1	0	0
Human Resources & Organisat Developm & Relate Prof, Permanent	19	18	5,3	2
Human Resources Clerks, Permanent	107	96	10,3	6
Human Resources Related, Permanent	32	28	12,5	5
Information Technology Related, Permanent	2	2	0	0
Language Practitioners Interpreters & Other Commun, Permanent	1	1	0	0
Legal Related, Permanent	2	2	0	0
Library Mail And Related Clerks, Permanent	52	49	5,8	5
Life Sciences Related, Permanent	1	1	0	0
Light Vehicle Drivers, Permanent	35	34	2,9	9
Logistical Support Personnel, Permanent	11	11	0	3
Material-Recording And Transport Clerks, Permanent	146	135	7,5	25
Messengers Porters And Deliverers, Permanent	2	2	0	0
Motor Vehicle Drivers, Permanent	6	6	0	1



Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Other Administrat & Related Clerks And Organisers, Permanent	192	175	8,9	25
Other Administrat & Related Clerks And Organisers, Temporary	1	1	0	0
Other Administrative Policy And Related Officers, Permanent	24	24	0	6
Other Information Technology Personnel., Permanent	22	22	0	1
Other Occupations, Permanent	2	2	0	0
Production Advisers : Factories, Permanent	32	32	0	2
Quantity Surveyors & Rela Prof Not Class Elsewhere, Permanent	2	2	0	0
Regulatory Inspectors, Permanent	547	495	9,5	1
Risk Management And Security Services, Permanent	5	5	0	2
Road Superintendents, Permanent	15	15	0	4
Road Workers, Permanent	425	406	4,5	193
Secretaries & Other Keyboard Operating Clerks, Permanent	102	98	3,9	13
Security Guards, Permanent	3	3	0	3
Security Officers, Permanent	2	2	0	0
Senior Managers, Permanent	41	33	19,5	3
Social Work And Related Professionals, Permanent	1	1	0	0
Trade Labourers, Permanent	32	32	0	11
Trade/Industry Advisers & Other Related Profession, Permanent	1	1	0	0
Total	2 738	2530	7,6	440

3.3 Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 2022

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	1	1	0,0%	0	0,0%
Salary Level 15	1	1	100,0%	0	0,0%
Salary Level 14	10	6	60,0%	4	40,0%
Salary Level 13	39	34	87,2%	5	12,8%
Total	51	42	82,4%	9	17,6%



Table 3.3.2 SMS post information as on 30 September 2021

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	1	1	100%	0	0%
Salary Level 15	3	2	90%	1	10%
Salary Level 14	8	5	50%	3	50%
Salary Level 13	39	33	81%	6	21%
Total	51	41	80,4%	10	19,6%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2021 and 31 March 2022

SMS Level	Advertising	Filling of posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	1	0	1
Salary Level 15	0	0	0
Salary Level 14	1	1	1
Salary Level 13	7	2	5
Total	9	3	7

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 2021 and 31 March 2022

Reasons for vacancies not advertised within six months
Posts were advertised within 6 months of becoming vacant but suitable candidates were found and as results posts needed to be re-advertised.

Reasons for vacancies not filled within six months
No suitable candidate found

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 2021 and 31 March 2022

Reasons for vacancies not advertised within six months
N/A

Reasons for vacancies not filled within six months
No disciplinary steps taken. The post advertised within the prescribed timeframes but could not be filled due to reasons cited in 3.3.4
N/A



3.4 Job Evaluation

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2021 and 31 March 2022

Salary band	Number of posts approved on 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)	197	197	100%	163	82%	0	0%
Skilled (Levels 3-5)	600	600	100%	0	0%	142	23%
Highly skilled production (Levels 6-8)	2 043	1 833	89%	0	0%	0	0%
Highly skilled supervision (Levels 9-12)	420	393	93%	0	0%	0	0%
Senior Management Service Band A	47	47	100%	0	0%	0	0%
Senior Management Service Band B	14	14	100%	0	0%	0	0%
Senior Management Service Band C	2	2	100%	0	0%	0	0%
Senior Management Service Band D	1	1	100%	0	0%	0	0%
Total	3324	3087	93%	163	5%	0	0%
Lower Skilled (Levels 1-2)	197	197	100%	163	82%	0	0%
Skilled (Levels 3-5)	600	600	100%	0	0%	142	23%
Highly skilled production (Levels 6-8)	2 043	1 833	89%	0	0%	0	0%
Highly skilled supervision (Levels 9-12)	420	393	93%	0	0%	0	0%
Senior Management Service Band A	47	47	100%	0	0%	0	0%
Senior Management Service Band B	14	14	100%	0	0%	0	0%



Salary band	Number of posts approved on establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Senior Management Service Band C	2	2	100%	0	0%	0	0%
Senior Management Service Band D	1	1	100%	0	0%	0	0%
Total	3 324	3 087	93%	163	5%	0	0%

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2021 and 31 March 2022

Gender	African	Asian	Coloured	White	Total
Female	20	0	0	0	20
Male	138	0	5	0	143
Total	158	0	5	0	163
Employees with a disability	0				

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2022 and 31 March 2022

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Driver Operator	24	3	4	Post downgraded after jDPSA lower level posts job evaluation results implemented.
Principal Driver Operator	71	3	5	Post downgraded after jDPSA lower level posts job evaluation results implemented.
Data Capturer	27	4	5	Post downgraded after jDPSA lower level posts job evaluation results implemented.
Principal Road Works Forman	7	5	7	Post downgraded after jDPSA lower level posts job evaluation results implemented.
Senior Road Works Forman	13	5	6	Post downgraded after jDPSA lower level posts job evaluation results implemented.
Total number of employees whose salaries exceeded the level determined by job evaluation				142
Percentage of total employed				4%



Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2021 and 31 March 2022

Gender	African	Asian	Coloured	White	Total
Female	17	0	10	0	27
Male	104	0	11	0	115
Total	121	0	21	0	142
Employees with a disability	0	0	0	0	0

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
--	------

3.5 Employment Changes

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2021 and 31 March 2022

Salary band	Number of employees at beginning of period-1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	68	4	0	0
Skilled (Levels3-5)	872	97	51	5,8
Highly skilled production (Levels 6-8)	1128	103	76	6,7
Highly skilled supervision (Levels 9-12) Permanent	315	21	25	7,9
Highly skilled supervision (Levels 9-12) Temporary	1	0	0	0
Senior Management Service Bands A	27	3	0	0
Senior Management Service Bands B	5	0	0	0
Senior Management Service Bands C	1	0	0	0
Senior Management Service Bands D	1	0	0	0
Other permanent	129	0	128	99,2
Contract (Levels 1-2) Permanent	1	0	0	0
Contract (Levels 3-5) Permanent	5	2	3	60
Contract (Levels 6-8) Permanent	7	2	6	85,7
Contract (Levels 9-12) Permanent	12	9	9	75
Contract Band A Permanent	2	1	2	100
Total	2 575	242	300	11,7



Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2021 and 31 March 2022

Critical occupation	Number of employees at beginning of period-April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related Permanent	221	20	26	11,8
Air Traffic Controllers Permanent	3	0	0	0
Aircraft Pilots & Related Associate Professionals Permanent	1	0	0	0
All Artisans In The Building Metal Machinery Etc. Permanent	63	5	2	3,2
Appraisers-Valuers And Related Professionals Permanent	1	0	0	0
Architects Town And Traffic Planners Permanent	2	0	1	50
Artisan Project And Related Superintendents Permanent	3	2	1	33,3
Auxiliary And Related Workers Permanent	10	1	0	0
Boiler And Related Operators Permanent	3	0	0	0
Building And Other Property Caretakers Permanent	1	0	1	100
Bus And Heavy Vehicle Drivers Permanent	115	7	12	10,4
Cartographic Surveying And Related Technicians Permanent	9	0	0	0
Civil Engineering Technicians Permanent	1	0	0	0
Cleaners In Offices Workshops Hospitals Etc. Permanent	72	4	1	1,4
Client Inform Clerks(Switchb Recept Inform Clerks) Permanent	12	0	0	0
Community Development Workers Permanent	1	0	0	0
Computer Programmers. Permanent	3	1	0	0
Computer System Designers And Analysts. Permanent	1	0	0	0
Earth Moving And Related Plant Operators Permanent	21	0	1	4,8
Engineering Sciences Related Permanent	56	8	3	5,4
Engineers And Related Professionals Permanent	12	3	2	16,7
Finance And Economics Related Permanent	16	1	0	0
Financial And Related Professionals Permanent	8	0	0	0
Financial Clerks And Credit Controllers Permanent	121	16	12	9,9
Fire Fighting And Related Workers Permanent	23	0	0	0
Food Services Aids And Waiters Permanent	2	0	0	0
Head Of Department/Chief Executive Officer Permanent	1	0	0	0
Human Resources & Organisat Developm & Relate Prof Permanent	19	0	1	5,3
Human Resources Clerks Permanent	97	5	7	7,2
Human Resources Related Permanent	28	3	5	17,9



Critical occupation	Number of employees at beginning of period-April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Information Technology Related Permanent	2	0	0	0
Language Practitioners Interpreters & Other Commun Permanent	1	0	0	0
Legal Related Permanent	2	0	0	0
Library Mail And Related Clerks Permanent	50	5	3	6
Life Sciences Related Permanent	0	1	0	0
Light Vehicle Drivers Permanent	34	5	5	14,7
Logistical Support Personnel Permanent	10	0	1	10
Material-Recording And Transport Clerks Permanent	119	25	6	5
Messengers Porters And Deliverers Permanent	2	0	0	0
Motor Vehicle Drivers Permanent	5	2	1	20
Other Administrat & Related Clerks And Organisers Permanent	268	37	139	51,9
Other Administrat & Related Clerks And Organisers Temporary	1	0	0	0
Other Administrative Policy And Related Officers Permanent	26	0	2	7,7
Other Information Technology Personnel. Permanent	19	5	1	5,3
Other Occupations Permanent	2	0	0	0
Production Advisers : Factories Permanent	31	3	3	9,7
Quantity Surveyors & Rela Prof Not Class Elsewhere Permanent	0	2	0	0
Regulatory Inspectors Permanent	489	31	24	4,9
Risk Management And Security Services Permanent	4	1	0	0
Road Superintendents Permanent	17	0	1	5,9
Road Workers Permanent	420	16	32	7,6
Secretaries & Other Keyboard Operating Clerks Permanent	77	29	6	7,8
Security Guards Permanent	3	0	0	0
Security Officers Permanent	2	0	0	0
Senior Managers Permanent	31	3	1	3,2
Social Work And Related Professionals Permanent	1	0	0	0
Trade Labourers Permanent	33	0	0	0
Trade/Industry Advisers & Other Related Profession Permanent	0	1	0	0
TOTAL	2575	242	300	11,7



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 2021 and 31 March 2022

Termination Type	Number	% of Total Resignations
Death, Permanent	19	6,3%
Resignation, Permanent	53	17,7%
Expiry of contract, Permanent	125	41,7%
Discharged due to ill health, Permanent	1	0,3%
Dismissal-misconduct, Permanent	15	5,0%
Retirement, Permanent	86	28,7%
Other, Permanent	1	0,3%
Total	300	100,0%
Total number of employees who left as a % of total employment	300	77,9%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2021 and 31 March 2022

Occupation	Employees 1 April 2021	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	221	19	8,6	224	101,4
Air Traffic Controllers	3	0	0	3	100
Aircraft Pilots & Related Associate Professionals	1	0	0	1	100
All Artisans In The Building Metal Machinery Etc.	63	1	1,6	66	104,8
Appraisers-Valuers And Related Professionals	1	0	0	1	100
Architects Town And Traffic Planners	2	0	0	1	50
Artisan Project And Related Superintendents	3	0	0	2	66,7
Auxiliary And Related Workers	10	0	0	11	110
Boiler And Related Operators	3	0	0	2	66,7
Building And Other Property Caretakers	1	0	0	1	100
Bus And Heavy Vehicle Drivers	115	1	0,9	113	98,3
Cartographic Surveying And Related Technicians	9	0	0	9	100
Civil Engineering Technicians	1	0	0	2	200
Cleaners In Offices Workshops Hospitals Etc.	72	0	0	71	98,6
Client Inform Clerks(Switchb Recept Inform Clerks)	12	1	8,3	12	100
Community Development Workers	1	0	0	1	100
Computer Programmers.	3	0	0	2	66,7



Occupation	Employees 1 April 2021	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
Computer System Designers And Analysts.	1	0	0	1	100
Earth Moving And Related Plant Operators	21	0	0	20	95,2
Engineering Sciences Related	56	2	3,6	55	98,2
Engineers And Related Professionals	12	0	0	13	108,3
Finance And Economics Related	16	2	12,5	18	112,5
Financial And Related Professionals	8	2	25	9	112,5
Financial Clerks And Credit Controllers	121	5	4,1	116	95,9
Fire Fighting And Related Workers	23	0	0	23	100
Food Services Aids And Waiters	2	0	0	2	100
Head Of Department/Chief Executive Officer	1	0	0	1	100
Human Resources & Organisat Developm & Relate Prof	19	1	5,3	19	100
Human Resources Clerks	97	11	11,3	98	101
Human Resources Related	28	2	7,1	27	96,4
Information Technology Related	2	0	0	2	100
Language Practitioners Interpreters & Other Commun	1	0	0	1	100
Legal Related	2	0	0	2	100
Library Mail And Related Clerks	50	0	0	50	100
Life Sciences Related	0	0	0	1	0
Light Vehicle Drivers	34	0	0	36	105,9
Logistical Support Personnel	10	0	0	11	110
Material-Recording And Transport Clerks	119	9	7,6	134	112,6
Messengers Porters And Deliverers	2	0	0	2	100
Motor Vehicle Drivers	5	0	0	6	120
Other Administrat & Related Clerks And Organisers	269	9	3,3	148	55



Occupation	Employees 1 April 2021	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
Other Administrative Policy And Related Officers	26	0	0	25	96,2
Other Information Technology Personnel.	19	1	5,3	18	94,7
Other Occupations	2	0	0	1	50
Production Advisers : Factories	31	1	3,2	34	109,7
Quantity Surveyors & Rela Prof Not Class Elsewhere	0	0	0	1	0
Regulatory Inspectors	489	43	8,8	477	97,5
Risk Management And Security Services	4	0	0	5	125
Road Superintendents	17	0	0	16	94,1
Road Workers	420	7	1,7	398	94,8
Secretaries & Other Keyboard Operating Clerks	77	1	1,3	88	114,3
Security Guards	3	0	0	3	100
Security Officers	2	0	0	2	100
Senior Managers	31	2	6,5	43	138,7
Social Work And Related Professionals	1	0	0	1	100
Trade Labourers	33	0	0	32	97
Trade/Industry Advisers & Other Related Profession	0	0	0	1	0
TOTAL	2 575	120	4,7	2 462	95,6

Table 3.5.5 Promotions by salary band for the period 1 April 2021 and 31 March 2022

Salary Band	Employees 1 April 2021	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)	68	0	0	62	91,2
Skilled (Levels 3-5)	872	6	0,7	883	101,3
Highly skilled production (Levels 6-8)	1128	75	6,6	1115	98,8
Highly skilled supervision (Levels 9-12)	315	34	10,8	332	105,4
Highly skilled supervision (Levels 9-12) temporary	1	0	0	1	100
Senior Management (Level 13-16)	34	5	14,7	51	150



Salary Band	Employees 1 April 2021	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
Other, permanent	129	0	0	0	0
10 Contract (Levels 1-2), Permanent	1	0	0	1	100
11 Contract (Levels 3-5), Permanent	5	0	0	2	40
12 Contract (Levels 6-8), Permanent	7	0	0	3	42,9
13 Contract (Levels 9-12), Permanent	12	0	0	10	83,3
14 Contract (Levels 13-16), Permanent	3	0	0	2	66,7
Total	2 575	120	4,7	2 462	95,6

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 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior officials and managers	16	1	0	2	15	0	1	0	35
Professionals	87	6	0	5	84	0	0	1	183
Technicians and associate prof	117	7	0	1	149	7	0	4	285
Clerks	188	7	2	7	450	16	2	16	688
Service And Sales Workers	280	62	0	9	159	19	1	1	531
Craft And Related Trades Workers	99	4	0	8	6	0	0	0	117
Plant And Machine Operators And Assemblers	167	2	0	0	4	1	0	0	174
Labourers and related	362	5	0	1	145	2	0	0	515
unknown	0	0	0	0	2	0	0	0	2
Total	1 316	94	2	33	1 014	45	4	22	2 530
Employees with disabilities	14	0	0	1	8	0	0	1	24



Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	1	0	0	0	2
Senior Management	18	1	0	3	16	0	1	0	39
Professionally qualified and experienced specialists and mid-management	164	8	0	8	148	7	0	3	338
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	486	73	2	21	519	31	3	18	1153
Unskilled and defined decision making	616	11	0	1	275	4	0	1	908
Top Management	18	0	0	0	46	2	0	0	66
Total	1 316	94	2	33	1 014	45	4	22	2 530

Table 3.6.3 Recruitment for the period 1 April 2021 to 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	1	0	0	0	2	0	0	0	3
Professionally qualified and experienced specialists and mid-management	12	0	0	0	9	0	0	0	21
Skilled technical and academically qualified workers, junior management, supervisors,	39	5	0	0	56	3	0	0	103



Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
foreman and superintendents									
Semi-skilled and discretionary decision making	43	0	0	0	54	0	0	0	97
Unskilled and defined decision making	3	0	0	0	1	0	0	0	4
Contract (senior management)	0	0	0	0	1	0	0	0	1
Contract (professionally qualified)	7	1	0	0	0	1	0	0	9
Contract (skilled technical)	1	0	0	0	1	0	0	0	2
Contract (semi skilled)	1	0	0	0	1	0	0	0	2
Total	107	6	0	0	125	4	0	0	242
Employees with disabilities	14	0	0	1	8	0	0	1	24

Table 3.6.4 Promotions for the period 1 April 2021 to 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	1	0	0	0	0	0	0	0	1
Senior Management, Permanent	24	2	0	4	24	0	1	0	55
Professionally qualified and experienced specialists and mid-management, Permanent	178	10	0	9	159	7	0	3	366
Professionally qualified and experienced specialists and mid-management, Temporary	1	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior	499	74	2	21	542	30	3	19	1190



Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
management, supervisors, foremen, Permanent									
Semi-skilled and discretionary decision making, Permanent	610	11	0	1	262	4	0	1	889
Unskilled and defined decision making, Permanent	15	0	0	0	45	2	0	0	62
Contract (Top Management), Permanent	1	0	0	0	0	0	0	0	1
Contract (Senior Management), Permanent	0	0	0	0	1	0	0	0	1
Contract (Professionally qualified), Permanent	6	1	0	0	2	1	0	0	10
Contract (Skilled technical), Permanent	1	0	0	0	2	0	0	0	3
Contract (Semi-skilled), Permanent	2	0	0	0	0	0	0	0	2
Contract (Unskilled), Permanent	0	0	0	0	1	0	0	0	1
Total	1 338	98	2	35	1 038	44	4	23	2 582
Employees with disabilities	18	0	0	1	9	0	0	1	29

Table 3.6.5 Terminations for the period 1 April 2021 to 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Professionally qualified and experienced specialists and mid-management, Permanent	13	1	0	1	9	0	0	1	25
Skilled technical and academically qualified workers, junior	41	2	0	0	32	0	0	1	76



Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
management, supervisors, foremen, Permanent									
Semi-skilled and discretionary decision making, Permanent	47	0	0	0	4	0	0	0	51
Not Available, Permanent	37	3	0	0	85	3	0	0	128
Contract (Senior Management), Permanent	2	0	0	0	0	0	0	0	2
Contract (Professionally qualified), Permanent	4	1	0	0	4	0	0	0	9
Contract (Skilled technical), Permanent	3	0	0	0	3	0	0	0	6
Contract (Semi-skilled), Permanent	0	0	0	0	3	0	0	0	3
Total	140	9	0	1	140	3	0	2	300
Employees with Disabilities	2	0	0	0	0	0	0	1	2

Table 3.6.6 Disciplinary action for the period 1 April 2021 to 31 March 2022

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final Written Warning	04	01	0	0	0	0	0	0	5
No Outcome	0	0	0	0	0	0	0	0	0
Suspended Without Payment	04	01	0	0	0	0	0	0	5
Total	8	2	0	0	0	0	0	0	10



Table 3.6.7 Skills development for the period 1 April 2021 to 31 March 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	3	0	0	0	3	0	0	0	6
Professionals	32	0	0	0	28	0	0	0	60
Technicians and associate professionals	31	0	0	0	59	0	0	0	90
Clerks	17	0	0	0	22	0	0	0	39
Service and sales workers	19	4	0	0	22	1	0	0	46
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	4	0	0	0	0	0	0	0	4
Elementary occupations	0	0	0	0	1	0	0	0	1
Total	106	4	0	0	135	1	0	0	246
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.7 Signing of Performance Agreements by SMS Members

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2021

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	2	2	1	50%
Salary Level 15	1	1	1	100%
Salary Level 14	11	5	3	60%
Salary Level 13	36	30	29	97%
Total	50	38	34	89%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2022

Reasons
Non-compliance to due dates

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2022

Reasons
No disciplinary action taken against them

3.8 Performance Rewards

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2021 to 31 March 2022

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	141	1 349	10.50	3178.26	22 673
Female	65	1 008	6.40	1473.73	22 541
Asian					
Male	1	2	50	28.73	28 734
Female	0	4	0	0	0
Coloured					
Male	10	95	10.50	240.66	24 066
Female	4	45	8.90	118.35	29 588
White					
Male	7	33	21.20	153.50	21 929
Female	7	23	30.40	168.98	24 141
People with disabilities	2	25	8	75.49	37 744
Total	237	2 584	9.20	5 437.72	22 944

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2021 to 31 March 2022

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)	2	68	2.90	28.43	14 216	n/a
Skilled (level 3-5)	130	872	14.90	2137.77	16 444	n/a
Highly skilled production (level 6-8)	89	1140	7.80	2349.92	26 404	n/a
Highly skilled supervision (level 9-12)	16	310	5.20	921.60	57 600	n/a
other	0	131	0	0	0	n/a
Contract (level 1-2)	0	1	0	0	0	n/a
Contract (level 3-5)	0	4	0	0	0	n/a
Contract (level 6-8)	0	8	0	0	0	n/a
Contract (level 9-12)	0	12	0	0	0	n/a
Total	237	2 546	9.30	5437.72	22 944	n/a



Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2021 to 31 March 2022

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	16	124	12.90	321.19	20 074
Air Traffic Controllers	0	3	0	0	0
Earth moving advisers	1	21	4.80	7.27	7 266
Production advisers	4	30	13.30	71.60	17 900
Human Resources Clerks	15	97	15.50	368.89	24 593
Security Officers	0	2	0	0	0
All Artisans In The Building Metal Machinery Etc.	5	63	7.90	100.72	20 144
Human Resources & Organisat Developm & Relate Prof	1	19	5.30	42.85	42 852
Messengers Porters And Deliverers	0	2	0	0	0
Risk Management And Security Services	0	4	0	0	0
Boiler and related	0	3	0	0	0
Finance And Economics Related	1	17	5.90	19.48	19 478
Logistical Support Personnel	0	10	0	0	0
Other Administrat & Related Clerks And Organisers	4	280	1.40	133.42	33 354
Appraisers-valuers	0	1.00	0	0	0
Auxiliary and related workers	0	10	0	0	0
Other Occupations	0	2	0	0	0
Legal Related	0	3	0	0	0
Financial And Related Professionals	1	8	12.50	39.19	39 192
Building and other property care takers	0	1	0	0	0
Architects Town And Traffic Planners	0	2	0	0	0
Administrative Related	13	213	6.10	576.94	44 38
Secretaries & Other Keyboard Operating Clerks	5	79	6.30	160.27	32 055
Library Mail And Related Clerks	3	50	6	67.43	22 477
Cleaners In Offices Workshops Hospitals Etc.	2	72	2.80	21.28	10 642
Human Resources Related	3	29	10.30	93.98	31 328



Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Head Of Department/Chief Executive Officer	0	1	0	0	0
Aircraft Pilots & Related Associate Professionals	0	1	0	0	0
Computer programmes	0	1	0	0	0
Trade Labourers	7	33	21.20	80.31	11 473
Road superintendents	3	17	17.60	74.88	24 959
Language Practitioners Interpreters & Other Commun	0	1	0	0	0
Regulatory Inspectors	20	493	4.10	442.77	22 139
Cartographic surveying and related	1	9	11.10	33.77	33 771
Road Workers	87	422	20.60	1 480.60	17 018
Material-Recording And Transport Clerks	12	120	10	274.29	22 858
Other Administrative Policy And Related Officers	0	26	0	0	0
Artisans project and related superintendents	0	3	0	0	0
Fire Fighting And Related Workers	0	23	0	0	0
Bus And Heavy Vehicle Drivers	23	109	21.10	481.87	20 951
Senior Managers	0	31	0	0	0
Client Inform Clerks(Switchb Recept Inform Clerks)	0	12	0	0	0
Computer systems designers	0	1	0	0	0
Engineers And Related Professionals	0	12	0	0	0
Other Information Technology Personnel.	1	19	5.30	37.14	37 139
Light Vehicle Drivers	1	34	2.90	12.51	12 510
Engineering Sciences Related	7	58	12.10	485.41	69 345
Motor Vehicle Drivers	0	5	0	0	0
Security guards	0	3	0	0	0
Food service aid and waiters	1	2	50	9.66	9 657
Community development workers	0	1	0	0	0
Information Technology Related	0	2	0	0	0
TOTAL	23	2 584	9.20	5 437.72	22 944



Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2021 to 31 March 2022

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	0	30	0	0	0	0
Band B	0	5	0	0	0	0
Band C	0	1	0	0	0	0
Band D	0	2	0	0	0	0
Total	0	38	0	0	0	0

3.9 Foreign Workers

Table 3.9.1 Foreign workers by salary band for the period 1 April 2021 and 31 March 2022

Salary band	01 April 2021		31 March 2022		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly skilled production (levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (levels 9-12)	2	100	1	50	-1	0
Senior management (levels 13-16)	0	0	1	50	1	0
Total	2	100	2	100	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2020 and 31 March 2021

Major occupation	01 April 2021		31 March 2022		Change	
	Number	% of total	Number	% of total	Number	% Change
Professional and Managers	2	100	2	100	0	0
Total	2	100	2	100	0	0



3.10 Leave utilisation

Table 3.10.1 Sick leave for the period January 2021 to 31 December 2021

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)
Contract (Levels 13-16)	9	100	0	0,10	9	36	952,00	9,00
Contract (Levels 3-5)	7	71,40	1	0,10	7	6	952,00	5,00
Contract (Levels 6-8)	3	0	2,	0,20	2	5	952,00	0,00
Contract (Levels 9-12)	37	54,10	7	0,70	5	80	952,00	20,00
Contract Other	181	65,20	38	4,00	5	69	952,00	118,00
Highly skilled production (Levels 6-8)	3 470	82,70	543	57,00	6	4 84	952,00	2 869,00
Highly skilled supervision (Levels 9-12)	703	86,10	108	11,30	7	1 949,00	952,00	605,00
Lower skilled (Levels 1-2)	262	83,60	32	3,40	8	152,00	952,00	219,00
Senior management (Levels 13-16)	75	89,30	9	0,90	8	314,00	952,00	67,00
Total	1 510	94	211	22,20	7	1 250,00	952,00	1 419,00

Table 3.10.2 Disability leave (temporary and permanent) for the period January 2021 to 31 December 2021

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)
Highly skilled production (Levels 6-8)	96,00	100,00	2,00	66,70	48,00	129,00
Highly skilled supervision (Levels 9-12)	22,00	100,00	1,00	33,30	22,00	62,00
Total	118,00	100,00	3,00	100,00	39,00	191,00



Table 3.10.3 Annual Leave for the period January 2021 to December 2021

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (level 13-16)	47,00	16,00	3,00
Contract (Levels 3-5)	31,00	5,00	6,00
Contract (Levels 6-8)	30,00	5,00	6,00
Contract (Levels 9-12)	94,00	9,00	11,00
Contract other	1 455,00	16,00	91,00
Highly skilled production (Levels 6-8)	21 613,00	21,00	1 030,00
Highly skilled supervision (Levels 9-12)	5 890,00	20,00	293,00
Lower skilled (levels 1-2)	1 377,00	21,00	65,00
Senior management (Levels 13-16)	559,00	19,00	29,00
Skilled (levels 3-5)	14 192,00	19,00	766,00
Total	45 288,00	20,00	2 300,00

Table 3.10.4 Capped leave for the period 1 January 2021 to 31 December 2021

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 on 31 December 2020
Contract (levels 1-2)	0	0	0	0,00
Contract (levels 13-16)	0	0	0	0,00
Contract (levels 3-5)	0	0	0	0,00
Contract (levels 6-8)	0	0	0	0,00
Contract (levels 9-12)	0	0	0	0,00
Highly skilled production (Levels 6-8)	0,00	0,00	108,00	1,00
Highly skilled supervision (Levels 9-12)	2,00	2,00	128,00	0,00
Lower skilled (levels 1-2)	0,00	0,00	0,00	0,00
Senior management (Levels 13-16)	0,00	0,00	77,00	2,00
Skilled (levels 3-5)	10,00			
	0	88	0,00	0,00
Total	12,00	4,00	102,00	3,00



Table 3.10.5 Leave payouts (estimated)

Reason	Total amount (R'000)	Number of employees	Average per (R'000)
Annual - Discounting With Resignation (Work Days)	1 261,00	39,00	32 333,00
Annual - Discounting: Unused Vacation Credits (Work Days)	235,00	2,00	117 500,00
Annual - Gratuity: Death/Retirement/Medical Retirement(Work	4 403,00	105,00	41 933,00
Annual - Head Of Departments (Gratuity) (Work Days)	47,00	1,00	47 000,00
Capped - Gratuity: Death/Retirement/Medical Retirement(Work	14 970,00	91,00	164 505,00
Capped - Head Of Departments (Gratuity) (Work Days)	520,00	1,00	520 000,00
TOTAL	2135,00		

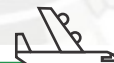
3.11 HIV/AIDS & Health Promotion Programmes

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
Traffic Officers Security Drivers Road Rangers Inspectors - Road Safety Camp sites	Address TB as both a workplace and human/community issue especially during COVID-19. Prevent Production losses and increase attendance and productivity through support and care for the affected and infected employees during COVID-19 and beyond. Increased self-management through education that builds on basic knowledge to update on the status of the COVID-19 pandemic- awareness sessions. Control risk of new infections through HCT and condom distribution and workplace vaccine program. Distribute First AID car kits and sanitizers to traffic officers for prevention purposes during COVID 19 and beyond. Conduct send-off festive season prayers and HIV/AIDS virtually as part of commemoration of Institutionalized days for behavior change communication sessions e.g. World AIDS Day

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes

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: HRM Ms. Z.A. Mdluli
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	X		Deputy Director: EHW 1. S. Magwebu (Head Office) 2. N.V. Ndlovu: ASD: SHERQ (Head Office) 3. P.V. Maseti: SHERQ Coordinator: (Head Office)



Question	Yes	No	Details, if yes
involved in this task and the annual budget that is available for this purpose.			<p>4. W.L Fana: ASD: Wellness Man. Pillar (Head Office).</p> <p>5. L. Mntambo: ASD: EHW (Amatole)</p> <p>6. N. Matyobeni: EHW Coordinator (Amatole)</p> <p>7. N. Msipa: ASD: EHW (Chris Hani)</p> <p>8. S. Mzinyathi: ASD: EHW (Alfred Nzo)</p> <p>9. B Nqala: ASD: EHW (O.R. Tambo)</p> <p>10. S. Ngxise (O.R. Tambo)</p> <p>11. N. Ntseleman (O.R. Tambo)</p> <p>12. S. Mnduzulwana: EHW Coordinator (Sarah Baartman)</p> <p>13. P. N. Mqoboli (Graaf Renieth)</p> <p>14. K. Siqoko (Grahams town)</p>
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		<p>EAP @ Wellness Management Pillar:</p> <ul style="list-style-type: none"> • Individual wellness- physical. • Individual wellness – psycho – social. • Organizational wellness and • Work life balance. <p>Health & Productivity Management:</p> <ul style="list-style-type: none"> • Diseases Management. • Mental health & psychosomatic illnesses. • Incapacity due ill- health and • Occupational Health education and promotion.
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		<p>OHS Committee Members -</p> <p>1. Chairperson: L.M Sisilana</p> <p>Acting DDG; Transport Infrastructure: Mr. H Ngovela</p> <p>Chief Financial Officer: Ms. C Matross</p> <p>Compliance Champion: Ms. L Bovana</p> <p>HRM Senior Manager: Ms. Z Mdluli</p> <p>Acting CD Corporate Services: Mr. L. K Mahlangabeza</p> <p>Director: OD: Mr. T Cweba</p> <p>Director: Logistics: Ms. K Conjwa</p> <p>Director SCM: Mr. P Hani</p> <p>Director: Legal Service: Mr. T Rataza</p> <p>Risk Manager: Mr. K Mafani</p> <p>Security Services: Mr. S Tshaka</p> <p>Internal Audit: Ms. L Padayachy</p> <p>Acting CD: Management Services: Mr. Jakuja</p> <p>District Manager: Amatole; Ms. Sogoni</p> <p>District Manager: Chris Hani: Ms. Bungu</p> <p>Acting District Manager: Joe Gqabi: Ms. N Viki</p> <p>District Manager: Alfred Nzo' Mr. X Jakuja</p> <p>District Manager: Sarah Baartman: Ms. B Nciphawali</p> <p>District Manager: O.R Tambo-Dr. Pafa</p> <p>Acting Head-GFMS: Mr. M Mboya</p> <p>Acting CD: Transport Operations: Mr. B Makambi</p> <p>Acting CD: Scholar Transport Ms. Mayeza</p> <p>CD: Transport Regulations; Mr. M Mxi</p>



Question	Yes	No	Details, if yes
			Chief Director: EPWP: Mr. A Best Chief Director Maintenance: Mr. M Manga Senior Manager: Departmental Strategy: Ms. N.E Ntozakhe DD: EHW: S. Magwebu ASD: SHERQ Pillar: N. Ndlovu SHEQ coordinator: PV Maseti ASD: Wellness Man. Pillar L. Fana PSA: T Peter NEHAWU: N. Malinga POPCRU: Machakela SPU: M. Vuso
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		1. HIV/AIDS and TB Management policy 2. Wellness Management policy 3. SHERQ POLICY and 4. Health and Productivity Management policy
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		1. Adherence to legislation and policies 2. Protection of women, children and people living with disability through Special Programmes Unit. 3. Human Rights and access to Justice awareness. 4. Distribution of male and female condoms 5. HCT during GEMS medical screenings.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Results are available from GEMS reports on monthly or quarterly basis pending to GEMS bookings availability.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Through monthly and quarterly Departmental, OTP & DPSA reports.

Notes: All statutory appointments made at Head Office and districts during COVID -19, and a budget allocated through COVID19 Response Funds for the procurement of Personal Protective Equipment (PPE). PPE distributed to all employees at Head Office and in the districts. Training for SHE Reps coordinated for nominated employees from Head Office and districts. Workplace vaccine program coordinated at Head Office and districts. COVID19 Management reports coordinated from Head Office and submitted to OTP and DPSA, the current dashboard reflection of the department is as follows:

Deaths - 18

Infections - 318

Recoveries - 295

Psychosocial support given to all employees at Head Office and in the districts during COVID-19 and beyond.

Assistant Director: SHERQ and SHERQ Coordinator conduct OHS inspections at Head Office and in the districts.



3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2021 and 31 March 2022

If there were no agreements, keep the heading and replace the table with the following:

Total number of Collective agreements	0
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Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2021 and 31 March 2022

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	03	12%
Verbal warning	02	8%
Written warning	02	8%
Final written warning	05	20%
Suspended without pay	05	20%
No outcome	N/A	0
Fine	N/A	0
Demotion	01	4%
Dismissal	05	20%
Not guilty	01	4%
Case withdrawn	01	4%
Total	25	100%

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2021 and 31 March 2022

Type of misconduct	Number	% of total
Absent from work without reason of permission	04	16%
Steals bribes or commit fraud	02	8%
Misuse of state vehicle	06	24%
Flouting of SCM policies and procedures	04	16%
Participate in unlawful industrial action	N/A	0
Dishonesty	05	20%
Insubordination	04	16%
Flouting of HR processes	N/A	0
Total	25	100%

Table 3.12.4 Grievances logged for the period 1 April 2021 and 31 March 2022

Grievances	Number	% of Total
Number of grievances resolved	11	100%
Number of grievances not resolved	0	0
Total number of grievances lodged	11	100%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2021 and 31 March 2022

Disputes	Number	% of Total
Number of disputes upheld	3	6%
Number of disputes dismissed	16	84%
Total number of disputes lodged	19	100%



Table 3.12.6 Strike actions for the period 1 April 2021 and 31 March 2022

Total number of persons 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 2021 and 31 March 2022

Number of people suspended	02
Number of people whose suspension exceeded 30 days	02
Average number of days suspended	120
Cost of suspension(R'000)	R 4 88 958.25

3.13 Skills Development

Table 3.13.1 Training needs identified for the period 1 April 2021 and 31 March 2022

Occupational category	Gender	Number of employees as at 1 April 2021	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	67	0	34	0	34
	Male	86	0	46	0	46
Professionals	Female	101	0	55	0	55
	Male	124	0	78	0	78
Technicians and associate professionals	Female	99	0	26	0	26
	Male	49	0	20	0	20
Clerks	Female	360	0	160	0	160
	Male	197	0	86	0	86
Service and sales workers	Female	168	0	56	0	56
	Male	328	0	77	0	77
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	11	0	0	0	0
	Male	144	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	200	0	80	0	80
Elementary occupations	Female	157	0	21	0	21
	Male	349	0	20	0	20
Sub Total	Female	963	0	0	0	0
	Male	1477	0	0	0	0
Total		2 440	0	759	0	759



Table 3.13.2 Training provided for the period 1 April 2021 and 31 March 2022

Occupational category	Gender	Number of employees as at 1 April 2021	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	67	0	49	0	49
	Male	86	0	50	0	50
Professionals	Female	101	0	30	0	30
	Male	124	0	36	0	36
Technicians and associate professionals	Female	99	0	19	0	19
	Male	49	0	22	0	22
Clerks	Female	360	0	42	0	42
	Male	197	0	22	0	22
Service and sales workers	Female	168	0	0	0	0
	Male	328	0	20	0	20
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	11	0	0	0	0
	Male	144	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	200	0	50	0	50
Elementary occupations	Female	157	0	6	0	6
	Male	349	0	0	0	0
Sub Total	Female	963	0	0	0	0
	Male	1477	0	0	0	0
Total		2 440	0	444	0	444

3.14 Injury on duty

Table 3.14.1 Injury on duty for the period 1 April 2021 and 31 March 2022

Nature of injury on duty	Number	% of total
Required basic medical attention only	4	0.16
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	04	0.16



3.15 Utilisation of Consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2021 and 31 March 2022

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rands
Professional Services For The Review And Update Of The Natmap 2050: Eastern Cape For A Contract Period Of Twenty Four (24) Months.	Aseda Consulting Engineers (Pty) Ltd	121,31	R1 200 053,75
Audit Fees	Auditor General	N/A – Section 9 Institution	R15 407 439,92
Upgrading Of Parts Dr08303, Dr08029, Dr08308, Dr08309 Hluleka Rd	Aurecon SA	Design Project No End Date, Subject To Date The Closeout Report Is Issued	R1 245 588,04
Professional Services For The Update And Compilation Of The Provincial Land Transport Framework 2020-2025	Bm Infrastructure	Design Project No End Date, Subject To Date The Closeout Report Is Issued	R2 998 153,51
Proff Engineering Technical Support To The Roads Programme	Bmk Engineering	Design Project No End Date, Subject To Date The Closeout Report Is Issued	R9 301 625,87
Technical Support To Roads Programme For The Inhouse Support Unit	Bvi Consulting Engineers	Design Project No End Date, Subject To Date The Closeout Report Is Issued	R140 362,08
Departmental Technical Support For Construction Health And Safety	Bk Safety Specialists	Design Project No End Date, Subject To Date The Closeout Report Is Issued	R3 403 881,71
Road Safety , Capacity Development & Camera Installation	Caswell Mthombeni Consultants	Design Project No End Date, Subject To Date The Closeout Report Is Issued	R500 459,18
Procurement Of Occupational Health And Safety Services For 35km Upgrading Of DR 08344 AND DR 08429, Butterworth To Willowvale Via Nqadu, Mbhashe LMA , Amathole	Chartway (Pty)Ltd	Design Project No End Date, Subject To Date The Closeout Report Is Issued	R8 092,30
Procurement Of Geotechnical Additional Services For Upgrading Of DR08344 & DR08429, Butterworth	Gage Consulting (Pty) Ltd	119.80	R1 076 457,20



Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rands
To Willowvale Via Nqadu, Mbhashe Local Municipality, And Amathole District For The Period Of Twenty Four (24).			
Professional Services For The Establishment Of The Project Management Office (PMO) And Provisioning Of Technical Support	Gibb Engineering & Architecture (Pty) Ltd	Design Project No End Date, Subject To Date The Closeout Report Is Issued	R6 558 454,89
Professional Engineering Services For Technical Support To The District Roads Engineer In Eastern Cape For A Period Of 30 Months Using Direct Targeted Contractors: Inkwanca (Chris Hani District)	Hho Consulting Engineers(Pty) Ltd	117,87	R2 829 325,91
Appointment Of Suitably Qualified Construction Project Management And Mentoring Company To Provide Support To The Departments In House Unit For The Upgrading Of Roads In The Eastern Cape	Jazz Spirit Pty Ltd	120,01	R5 964 418,21
Professional Services As The Technical Advisor For The Proposed Integrated Traffic Control Centre At Middleburg For A Contract Period Of Thirty Six (36) Months.	Leko Engineering Consultants	119,80	R895 124,02
Centane/Kei Mouth&Qholorha 1 Cap	Makhetha	Design Project No End Date, Subject To Date The Closeout Report Is Issued	R582 895,60
Proff Engineering Services For Design And Supervision:Upgrading To A Surface Standard Portion Of Road Dr08606 +/-12km	Masilakhe Consulting Engineers	117,86	R2 070 615,95
Proff Engineering Services For Design And Supervision:Upgrading To A Surface Standard Portion Of Road	Masilakhe Consulting Engineers	117,86	R7 701 139,00



Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rands
Dr08034-N2 To R61 Via Clarkbury +/- 20km:Phase 2			
Proff Engineering Technical Support To The Roads Programme	Mataya Specialist Engineers	118,22	R815 093,89
Proff Engineering Services For Design And Supervision:Upgrading To A Surface Standard Portion Of Road Dr08034-N2 To R61 Via Clarkbury +/- 20km:Phase 3	Mbsa Consulting	Design Project No End Date, Subject To Date The Closeout Report Is Issued	R1 248 186,09
Procurement Of Environmental Services For The 6.3 Km Upgrade Of DR081131 In Qumbu Mhlontlo OR Tambo District	Mrwebi Consulting (T/A Cele Compliance Experts)	Design Project No End Date, Subject To Date The Closeout Report Is Issued	R200 000,00
Quotation For Occupational Health And Safety For IRM And Re-Gravelling Contracts In The Elundini Local Municipality In The Joe Gqabi Region, Eastern Cape	Newground Projects	Design Project No End Date, Subject To Date The Closeout Report Is Issued	R116 267,76
Mou	Post Office	119,46	R330 339 630,48
Roll-Out Of Hlumisa Development Fund In The EC	Pricewaterhousecoopers Inc	122,53	R170 222,14
Wcm:Coffee Bay/Zithulele Ph2 Cap	Royal Haskoning Dhv	Design Project No End Date, Subject To Date The Closeout Report Is Issued	R6 718 416,10
Departmental Technical Support For Construction Health And Safety Services For A Contract Period Of Thirty Six (36) Months.	Sa Hand & S Agent And Trading	119,82	R2 029 750,00
Variation Of Upgrading Of Road From Elliotdale To Madwaleni Hospital	Smec	119,07	R1 472 758,82
Proff Engineering Services For Design And Supervision:Upgrading To A Surface Standard Portion Of Road Dr08034-N2 To R61 Via Clarkbury +/- 220km:Phase 1	Smmms Deedscon Jv	117,86	R651 786,94



Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rands
Appointment Of Suitably Qualified Construction Project Management And Mentoring Company To Provide Support To The Departments In House Unit For The Upgrading Of Roads In The Eastern Cape	T Square	120,01	R1 190 324,72
Establishment Of DLTC In Zwelitsha Traffic Station	XS Projects	119,46	R427 134,00
TOTAL EXPENDITURE	29	(Duration differs per project)	R407 263 658,08

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2021 and 31 March 2022

Project Title	Percentage Ownership By HDI Groups	Percentage Management By HDI Groups	Number Of Consultants From HDI Groups That Work On The Project
Aseda Consulting Engineers (Pty) Ltd	80	White 20% And Black 80%	2 Black Males And 1 White
Auditor General	State Owned	State Owned	State Owned
Aurecon SA	65.57	Not Indicated On CSD	1 Black Male And 3 White Males
BM Infrastructure	-	-	-
BMK Engineering Consultants	-	100% Black Male And Woman	1 Black Males And 1 Black Female
HHO Consulting Engineers	51.04	White 43% And Black 57%	2 Black Males And 1 White
Leko Engineering Consultants	100	-	-
Lumko Makonza Consulting Engineer	90	100% Black Male	1 Person Black Male
Masilakhe Consulting	100	100% Black Male	3 Black Males
Mataya Specialist Engineers	100	100% Black Male	1 Person Black Male
Mbsa Consulting	100	100% Black Male	2 Black Males
Chartway (Pty)Ltd	100	100% Black Male	1 Person Black Male
Mrwebi Consulting	100	100% Black Male	1 Person Black Male
Post Office SA	State Owned	-	-
Qaqambile Flatela	100	100% White Male	1 Person Black Male
Royal Haskoning Dhv	10.74	100% Black Male	1 Person White Male
SA H And S Agent And Trading	100	100% Black Male	100% Black Male
SITA	State Owned	State Owned	State Owned
SMEC	96.70	96.70	Not Specified On CSD And CK
T-Square Group	100	100% Black Male	100% Black Male

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2021 and 31 March 2022



Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
Not Applicable			

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2021 and 31 March 2022

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Not Applicable			

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2021 and 31 March 2022

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)				
Skilled Levels 3-5)				
Highly skilled production (Levels 6-8)				
Highly skilled supervision (Levels 9-12)				
Senior management (Levels 13-16)				
Total				





PART E

Financial Information

Report of the auditor-general to Eastern Cape Provincial Legislature on vote no. 10: Department of Transport

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Department of Transport set out on pages 195 to 261, which comprise the appropriation statement, statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects and possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Department of Transport as at 31 March 2022, and financial performance and cash flows for the year then ended in accordance with Modified Cash Standard (MCS) as prescribed by the National Treasury, and the requirements of the Public Finance Management Act of South Africa No. 1 of 1999 (PFMA) and the Division of Revenue Act of South Africa No. 9 of 2021 (Dora).

Basis for qualified opinion

Fruitless and wasteful expenditure

3. The department did not disclose the fruitless and wasteful expenditure in accordance with MCS Chapter 3, *Financial Statement Presentation*. This was due to overpayments made to service providers for services not rendered. I was unable to determine the full extent of the misstatement as it was impractical to do so, stated at R6,7 million (2021: R11,6 million) in note 27 to the financial statements.

Context for the opinion

4. 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 my report.
5. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other 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.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.



Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Material impairments – impairment of investment

8. As disclosed in note 13.1 to the financial statements, there was a material impairment of investments amounting to R156.72 million.

Restatement of corresponding figures

9. As disclosed in note 35 to the financial statements, the corresponding figures for 31 March 2021 were restated because of errors in the financial statements of the department at, and for the year ended 31 March 2021.

Other matter

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary information

11. The supplementary information set out on pages 262 to 274 does not form part of the financial statements and is presented as additional information. We have not audited these schedules and, accordingly we do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS, 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.
13. In preparing the financial statements, the accounting officer is responsible for assessing the department'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 appropriate governance structure 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

14. 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.



15. 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

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.
18. 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 programme presented in the department's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme -2: Transport infrastructure	54 – 64

19. 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.
20. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
- Programme 2: Transport infrastructure.

Other matters

21. I draw attention to the matters below.



Achievement of planned targets

22. Refer to the annual performance report on pages 54 to 64 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 2: Transport Infrastructure. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information on the audit of compliance with legislation

Report on compliance

Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the department compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
25. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

26. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1) (a) and (b) of the PFMA.
27. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Expenditure Management

28. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.
29. Effective steps were not taken to prevent fruitless and wasteful expenditure, as required by section 38(1)(c) (ii) of the PFMA and treasury regulation 9.1.1. As reported in the basis for qualified opinion, the full extent of the fruitless and wasteful expenditure could not be quantified as the department was unable to correct. The majority of the fruitless and wasteful expenditure was caused by interest paid on late payments.
30. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R388.5 million as disclosed in note 26.1 to the annual financial statements, as required by



section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by not complying with the Provincial Treasury Circular 12 of 2015/16 and the National Land Transport Act 5 of 2009.

Asset management

31. Preventative mechanisms were not in place to eliminate loss of assets, as required by treasury regulation 10.1.1(a).

Procurement and contract management

32. Some goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1, paragraph 3.3.1 of Practice Note 8 of 2007/08 and paragraph 3.2.1 of SCM instruction note 2 of 2021/22.

Other information

33. 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 the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
34. 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 on it.
35. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
36. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

37. 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 basis for the qualified opinion, and the findings on compliance with legislation included in this report.



38. The department did not have sufficient monitoring controls in place. This deficiency led to reportable findings on the annual financial statements, and compliance with laws and regulations.
39. The department did not adequately implement its action plans to address shortcomings in compliance and these were also identified in previous financial years. The action plan did not address all internal control weaknesses, which resulted in the reported qualification items.
40. Adequate and robust systems and processes were not in place to monitor compliance with applicable laws and regulations and to produce credible and accurate financial reporting.
41. Management did not respond to all the recommendations of the audit committee and internal audit which impacted the effectiveness of these governance structures and resulted in repeat audit findings being raised.

Material irregularities

42. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

Status of previously reported material irregularities

Theft of construction grader (Grader: GWG 919EC)

43. The department did not take effective steps to safeguard assets, ensuring that proper control exists for assets and that preventative mechanisms are in place to eliminate theft, losses and wastage, as required by section 38(1) (d) of the PFMA and treasury regulation 10.1.1(a). As a result, a construction grader valued at R1 508 220 was stolen off the premises of a community member during July 2019. The theft occurred because the grader was left in the yard of a community member with the keys and the operator tag in the vehicle. The non-compliance with legislation is likely to result in a material financial loss if the department does not recover the construction grader.
44. I notified the accounting officer of the material irregularity on 7 July 2020 and invited them to make a written submission on the actions taken and that will be taken to address the matter.
45. An investigation into the matter by the departmental investigation committee was initiated during the 2019-20 financial year and concluded on 4th August 2020. The accounting officer instituted disciplinary hearings on the matter on 24 February 2021 and had committed to finalise the process by the end of July 2021. However, this process was still in progress at the end of the audit. The theft was reported to the South African Police Services on 5 July 2019 and, based on status of the investigation, the grader is located outside of South Africa and the South African Police Services is in the process of recovering it. The accounting officer is conducting disciplinary actions against the responsible officials. The disciplinary processes that commenced on 18 November 2019 were still in progress at the end of the audit. I will follow up on the material irregularity in the next audit cycle. During the current year audit, the -



Accounting Officer stated they are awaiting outcome from the South African Police Services in order to finalise the action relating to the MI.

Payments made for a fire truck not received

46. The department made payments for a fire truck without adequate evidence that the goods had been received. This is in contravention of treasury regulation 8.1.1, which requires steps to ensure that internal control procedures and measures are in place for payment approval and processes. Payments for the purchase of the fire truck were processed on 18 November 2016 and 17 February 2017. The non-compliance has resulted in a material financial loss of R4 493 025 as at 31 March 2020 and has been disclosed as fruitless and wasteful expenditure in note 27 to the annual financial statements.
47. I notified the accounting officer of the material irregularity on 21 October 2020 and invited them to make a written submission on the actions taken and that will be taken to address the matter.
48. The accounting officer instituted disciplinary action based upon financial misconduct against the senior official responsible for the purchasing of the fire truck. Proceedings were finalised on 15 April 2019, and on 8 April 2020 the official was demoted. Disciplinary action based on financial misconduct was also instituted against the junior official involved in the transaction. Proceedings were finalised on 25 July 2018 and one month's salary was deducted from the official.
49. A letter of demand and a summons were served on the supplier on 20 November 2020. However, the supplier went into business rescue on 5 October 2017 and has subsequently been taken over by new owners.
50. The accounting officer was advised by the state attorney that recovery prospects against the new owner is remote.
51. This matter is now resolved and will not be reported in the next audit report.

Material irregularities in progress

52. I identified a material irregularity during the audit and notified the accounting officer, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the response from the accounting officer. This material irregularity will be included in the next year's auditor's report.

Other reports

53. I draw attention to the following engagements conducted by various parties which 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.



54. An independent institution is conducting an investigation into irregularities in the supply chain process. The investigation was still in progress at the date of this report.

Auditor-General

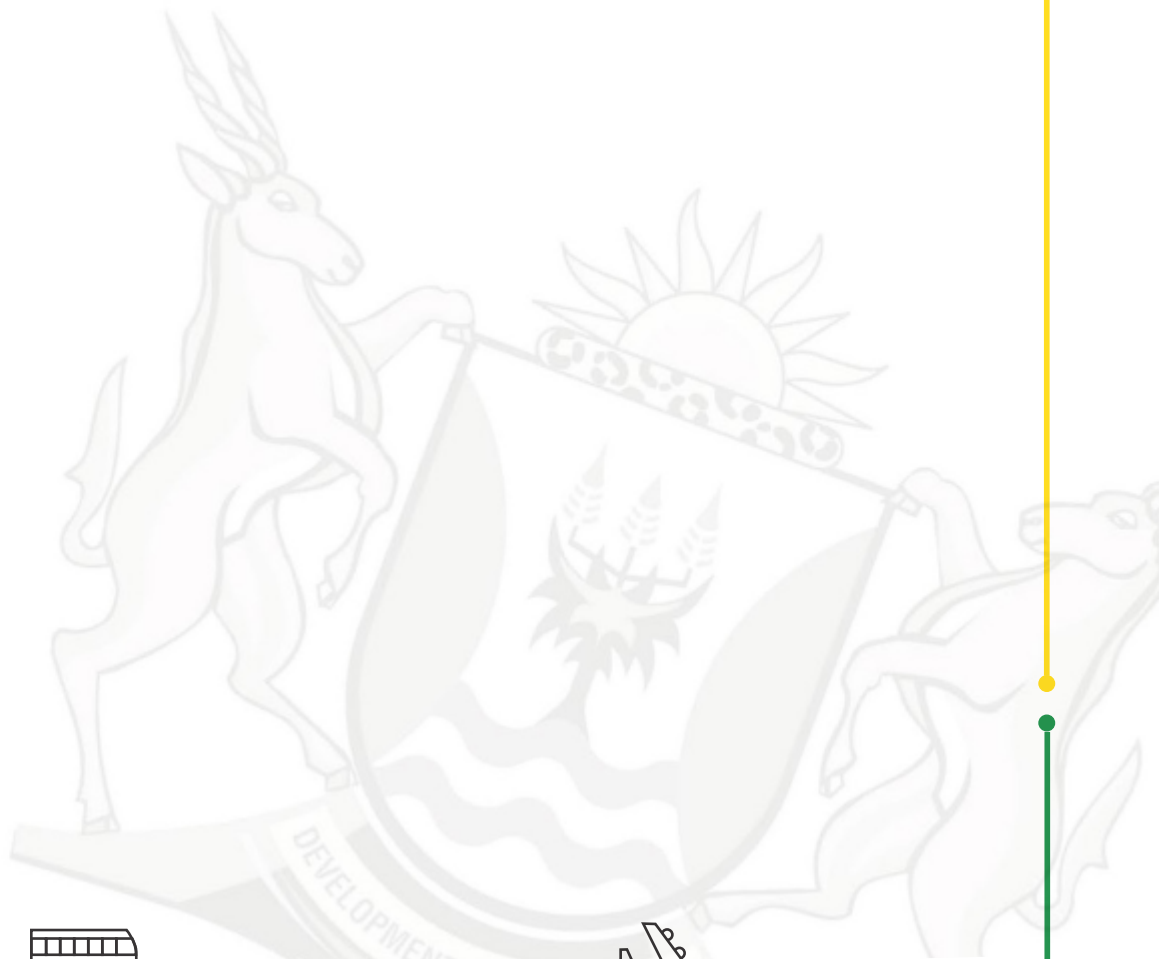
East London

31 July 2022



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annexure – Auditor-general’s responsibility for the audit

55. 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 the selected programme and on the department’s compliance with respect to the selected subject matters.

Financial statements

56. 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 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 relating to events or conditions that may cast significant doubt on the ability of the Department of Transport 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 my 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 operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

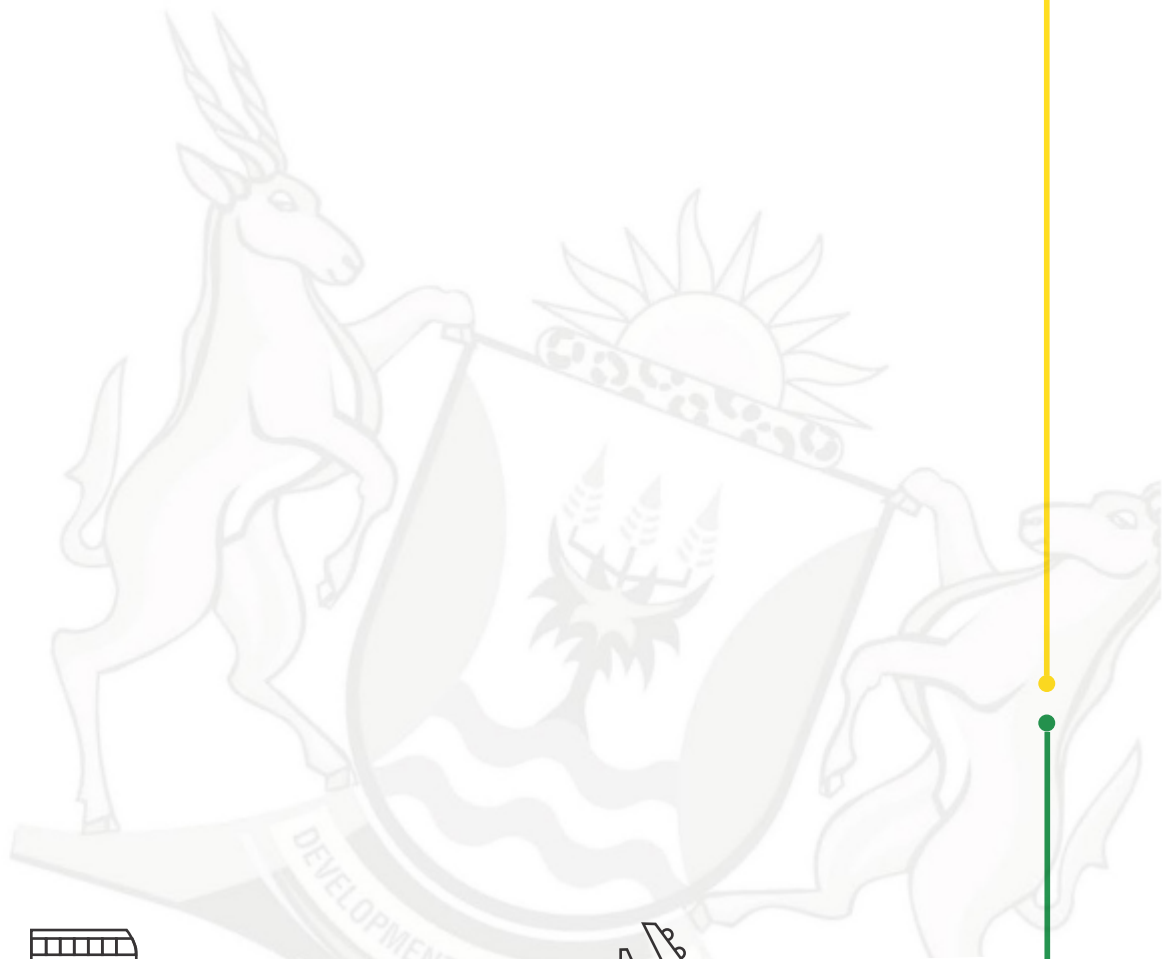
Communication with those charged with governance

57. 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.

58. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships



and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



Appropriation Statement

Figures in Rand thousand		2021/2022				2020/2021				
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Appropriation per programme										
Programme										
Programme 1 - Administration	1	494 056	-	(10 978)	483 078	483 042	36	99,99 %	462 865	451 671
Programme 2 - Transport Infrastructure	2	2 110 534	-	12 445	2 122 979	2 122 951	28	100,00 %	2 056 806	2 052 571
Programme 3 - Transport Operations	3	1 750 978	-	(1 710)	1 749 268	1 749 224	44	100,00 %	1 258 341	1 187 426
Programme 4 - Transport Regulations	4	305 116	-	(5 850)	299 266	299 222	44	99,99 %	319 999	308 918
Programme 5 - Community Based Programme	5	578 907	-	6 093	585 000	584 973	27	100,00 %	636 391	632 271
Programme subtotal		5 239 591	-	-	5 239 591	5 239 412	179	100,00 %	4 734 402	4 632 857
Total		5 239 591	-	-	5 239 591	5 239 412	179	100,00 %	4 734 402	4 632 857
Reconciliation with statement of financial performance										
Add:										
Add: Aid assistance						451				1 453
Actual amounts per statement of financial performance (total expenditure)						5 239 863				4 634 310

Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand									



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Figures in Rand thousand										



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Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2021/2022			2020/2021		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
1.1 Office of the MEC									
Economic classification									
Current payments									
Compensation of employees	5 631	(23)	-	5 608	5 608	-	100,00 %	6 502	6 501
Goods and services	2 567	(608)	-	1 959	1 959	-	100,00 %	1 779	1 779
Total current payments	8 198	(631)	-	7 567	7 567	-	100,00 %	8 281	8 280
Transfers and subsidies									
Households	-	-	-	-	-	-	- %	63	63
Total	8 198	(631)	-	7 567	7 567	-	100,00 %	8 344	8 343



Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand				2021/2022		2020/2021			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
1.2 Management									
Economic classification									
Current payments									
Compensation of employees	25 786	1 007	-	26 793	26 793	-	100,00 %	25 802	24 933
Goods and services	9 030	(2 150)	-	6 880	6 880	-	100,00 %	5 930	5 901
Total current payments	34 816	(1 143)	-	33 673	33 673	-	100,00 %	31 732	30 834
Transfers and subsidies									
Households	-	70	-	70	70	-	100,00 %	345	305
Payments for capital assets									
Machinery and equipment	661	(255)	-	406	406	-	100,00 %	171	171
Total	35 477	(1 328)	-	34 149	34 149	-	100,00 %	32 248	31 310



Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2021/2022			2020/2021		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
1.3 Corporate Support									
Economic classification									
Current payments									
Compensation of employees	227 429	(5 956)	-	221 473	225 872	(4 399)	101,99 %	221 528	220 591
Goods and services	94 619	10 774	-	105 393	105 386	7	99,99 %	123 748	116 646
Interest and rent on land	-	-	-	-	-	-	- %	-	443
Total current payments	322 048	4 818	-	326 866	331 258	(4 392)	101,34 %	345 276	337 680
Transfers and subsidies									
Provinces and municipalities	-	519	-	519	518	1	99,81 %	753	753
Households	16 394	(799)	-	15 595	15 595	-	100,00 %	10 892	9 327
Total transfers and subsidies	16 394	(280)	-	16 114	16 113	1	99,99 %	11 645	10 080
Payments for capital assets									
Machinery and equipment	76 389	-	(10 459)	65 930	65 930	-	100,00 %	49 088	48 429
Software and other intangible assets	18 097	(2 610)	(519)	14 968	10 568	4 400	70,60 %	6 143	6 143
Total payments for capital assets	94 486	(2 610)	(10 978)	80 898	76 498	4 400	94,56 %	55 231	54 572
Payments for financial assets	-	463	-	463	463	-	100,00 %	-	-
Total	432 928	2 391	(10 978)	424 341	424 332	9	100,00 %	412 152	402 332



Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand									



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Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2021/2022			2020/2021		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.2 Infrastructure Planning									
Economic classification									
Current payments	5 650	(116)	-	5 534	5 533	1	99,98 %	6 668	5 930
Compensation of employees	10 557	(2 171)	-	8 386	8 386	-	100,00 %	5 571	5 571
Goods and services									
Total current payments	16 207	(2 287)	-	13 920	13 919	1	99,99 %	12 239	11 501
Transfers and subsidies									
Households	2 707	(1 270)	-	1 437	1 437	-	100,00 %	2 488	2 488
Payments for capital assets									
Buildings and other fixed structures	8 003	(3 337)	-	4 666	4 666	-	100,00 %	3 544	3 539
Total	26 917	(6 894)	-	20 023	20 022	1	100,00 %	18 271	17 528



Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2021/2022			2020/2021		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.3 Infrastructure Design									
Economic classification									
Current payments	3 800	(987)	-	2 813	2 813	-	100,00 %	2 869	2 654
Compensation of employees	2 948	(186)	-	2 762	2 761	1	99,96 %	2 623	2 623
Goods and services	6 748	(1 173)	-	5 575	5 574	1	99,98 %	5 492	5 277
Total current payments									
Payments for capital assets	23 101	(424)	-	22 677	22 677	-	100,00 %	4 053	4 053
Buildings and other fixed structures	200	(200)	-	-	-	-	- %	362	362
Software and other intangible assets	23 301	(624)	-	22 677	22 677	-	100,00 %	4 415	4 415
Total payments for capital assets									
Total	30 049	(1 797)	-	28 252	28 251	1	100,00 %	9 907	9 692



Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand									
	2021/2022					2020/2021			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.4 Construction									
Economic classification									
Current payments									
Compensation of employees	44 157	6 584	-	50 741	50 741	-	100,00 %	53 039	53 038
Goods and services	6 037	5 094	-	11 131	11 131	-	100,00 %	7 621	7 611
Total current payments	50 194	11 678	-	61 872	61 872	-	100,00 %	60 660	60 649
Transfers and subsidies									
Households	260	74	-	334	334	-	100,00 %	624	624
Payments for capital assets									
Buildings and other fixed structures	815 380	(2 670)	12 445	825 155	825 155	-	100,00 %	739 456	739 456
Machinery and equipment	-	-	-	-	-	-	- %	6 159	5 951
Total payments for capital assets	815 380	(2 670)	12 445	825 155	825 155	-	100,00 %	745 615	745 407
Total	865 834	9 082	12 445	887 361	887 361	-	100,00 %	806 899	806 680



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Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2021/2022		Variance	Expenditure as % of final appropriation	2020/2021	
				Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
2.5 Maintenance									
Economic classification									
Current payments									
Compensation of employees	214 131	(4 215)	-	209 916	218 511	(8 595)	104.09 %	209 375	207 097
Goods and services	821 159	4 780	-	825 939	817 344	8 595	98.96 %	876 724	876 569
Total current payments	1 035 290	565	-	1 035 855	1 035 855	-	100.00 %	1 086 099	1 083 666
Transfers and subsidies									
Provinces and municipalities	-	-	-	-	-	-	- %	6 783	6 783
Households	6 876	(49)	-	6 827	6 827	-	100.00 %	5 248	5 248
Total transfers and subsidies	6 876	(49)	-	6 827	6 827	-	100.00 %	12 031	12 031
Payments for capital assets									
Buildings and other fixed structures	-	8 595	-	8 595	8 595	-	100.00 %	838	838
Machinery and equipment	700	(559)	-	141	141	-	100.00 %	189	189
Software and other intangible assets	12	(12)	-	-	-	-	- %	-	-
Total payments for capital assets	712	8 024	-	8 736	8 736	-	100.00 %	1 027	1 027
Total	1 042 878	8 540	-	1 051 418	1 051 418	-	100.00 %	1 099 157	1 096 724



Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2021/2022			2020/2021		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
2.6 Mechanical									
Economic classification									
Current payments	48 840	(10 480)	-	38 360	38 349	11	99,97 %	39 117	38 741
Compensation of employees	85 857	(280)	-	85 577	85 562	15	99,98 %	73 881	73 755
Goods and services									
Total current payments	134 697	(10 760)	-	123 937	123 911	26	99,98 %	112 998	112 496
Transfers and subsidies									
Provinces and municipalities	5 527	(323)	-	5 204	5 204	-	100,00 %	7 000	6 999
Households	65	-	-	65	65	-	100,00 %	313	313
Total transfers and subsidies	5 592	(323)	-	5 269	5 269	-	100,00 %	7 313	7 312
Payments for capital assets	80	(80)	-	-	-	-	- %	1 859	1 859
Machinery and equipment									
Total	140 369	(11 163)	-	129 206	129 180	26	99,98 %	122 170	121 667



Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand										



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Figures in Rand thousand

Figures in Rand thousand									
	2021/2022					2020/2021			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
3.1 Programme Support									
Economic classification									
Current payments									
Compensation of employees	1 694	(269)	-	1 425	1 424	1	99,93 %	1 001	1 001
Goods and services	988	(306)	-	682	680	2	99,71 %	510	198
Total current payments	2 682	(575)	-	2 107	2 104	3	99,86 %	1 511	1 199
Total	2 682	(575)	-	2 107	2 104	3	99,86 %	1 511	1 199



Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand									



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Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2021/2022		Variance	Expenditure as % of final appropriation	2020/2021	
				Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
3.3 Transport Safety and Compliance									
Economic classification									
Current payments									
Compensation of employees	48 803	(1 558)	-	47 245	47 243	2	100,00 %	43 401	43 400
Goods and services	2 088	(258)	-	1 830	1 828	2	99,89 %	9 329	8 343
Total current payments	50 891	(1 816)	-	49 075	49 071	4	99,99 %	52 730	51 743
Transfers and subsidies									
Departmental agencies and accounts	5 322	-	-	5 322	5 322	-	100,00 %	5 069	5 069
Households	50	(4)	-	46	46	-	100,00 %	493	348
Total transfers and subsidies	5 372	(4)	-	5 368	5 368	-	100,00 %	5 562	5 417
Payments for capital assets									
Machinery and equipment	-	-	-	-	-	-	- %	718	155
Total	56 263	(1 820)	-	54 443	54 439	4	99,99 %	59 010	57 315



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Figures in Rand thousand									



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Figures in Rand thousand									



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Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2021/2022			2020/2021		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
4.1 Programme Support									
Economic classification									
Current payments	1 467	675	-	2 142	2 141	1	99,95 %	1 651	1 559
Compensation of employees	784	(134)	-	650	650	-	100,00 %	1 456	1 210
Goods and services									
Total current payments	2 251	541	-	2 792	2 791	1	99,96 %	3 107	2 769
Transfers and subsidies									
Households	41	1	-	42	41	1	97,62 %	-	-
Total	2 292	542	-	2 834	2 832	2	99,93 %	3 107	2 769



Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand			2021/2022			2020/2021			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
4.2 TRP Admin and Licencing									
Economic classification									
Current payments									
Compensation of employees	11 700	(520)	-	11 180	11 181	(1)	100,01 %	10 589	10 416
Goods and services	1 227	(552)	-	675	672	3	99,56 %	2 050	1 173
Total current payments	12 927	(1 072)	-	11 855	11 853	2	99,98 %	12 639	11 589
Transfers and subsidies									
Households	-	11	-	11	11	-	100,00 %	576	575
Total	12 927	(1 061)	-	11 866	11 864	2	99,98 %	13 215	12 164



Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2021/2022		Variance	Expenditure as % of final appropriation	2020/2021	
				Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
4.3 Operator Licence and Permits									
Economic classification									
Current payments									
Compensation of employees	4 168	856	-	5 024	5 023	1	99,98 %	5 987	5 452
Goods and services	2 513	(955)	-	1 558	1 558	-	100,00 %	2 290	1 559
Total current payments	6 681	(99)	-	6 582	6 581	1	99,98 %	8 277	7 011
Transfers and subsidies									
Households	-	-	-	-	-	-	- %	102	102
Payments for capital assets									
Machinery and equipment	-	1	-	1	-	1	- %	-	-
Total	6 681	(98)	-	6 583	6 581	2	99,97 %	8 379	7 113



Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand									



Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand				2021/2022			2020/2021		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
5. Programme 5 - Community Based Programme									
Sub programme									
Programme Support	5.1	2 424	(242)	-	2 182	2 181	1	99,95 %	2 387
Community Development	5.2	520 399	3 977	6 093	530 469	530 451	18	100,00 %	587 434
Innovation and Empowerment	5.3	46 576	(1 919)	-	44 657	44 656	1	100,00 %	37 628
EPWP Coordination and Monitoring	5.4	9 508	(1 816)	-	7 692	7 685	7	99,91 %	4 822
Subtotal		578 907	-	6 093	585 000	584 973	27	100,00 %	632 271
Economic classification									
Current payments									
Compensation of employees		51 078	(229)	-	50 849	50 837	12	99,98 %	47 459
Goods and services		508 789	(891)	6 093	513 991	513 976	15	100,00 %	564 919
Total current payments		559 867	(1 120)	6 093	564 840	564 813	27	100,00 %	612 378
Transfers and subsidies									
Departmental agencies and accounts		7 125	787	-	7 912	7 912	-	100,00 %	10 458
Households		-	333	-	333	333	-	100,00 %	26
Total transfers and subsidies		7 125	1 120	-	8 245	8 245	-	100,00 %	10 484
Payments for capital assets									
Buildings and other fixed structures		11 915	-	-	11 915	11 915	-	100,00 %	9 190
Machinery and equipment		-	-	-	-	-	-	- %	219
Total payments for capital assets		11 915	-	-	11 915	11 915	-	100,00 %	9 409
Total		578 907	-	6 093	585 000	584 973	27	100,00 %	632 271



Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand				2021/2022		2020/2021			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
5. Programme 5 - Community Based Programme (continued)									
5.1 Programme Support									
Economic classification									
Current payments									
Compensation of employees	1 967	(50)	-	1 917	1 917	-	100,00 %	3 038	2 035
Goods and services	457	(192)	-	265	264	1	99,62 %	354	352
Total current payments	2 424	(242)	-	2 182	2 181	1	99,95 %	3 392	2 387
Payments for capital assets									
Machinery and equipment	-	-	-	-	-	-	- %	10	-
Total	2 424	(242)	-	2 182	2 181	1	99,95 %	3 402	2 387



Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2021/2022		Variance	Expenditure as % of final appropriation	2020/2021	
				Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
5. Programme 5 - Community Based Programme (continued)									
5.2 Community Development									
Economic classification									
Current payments									
Compensation of employees	19 491	3 552	-	23 043	23 031	12	99,95 %	19 519	19 282
Goods and services	493 921	(833)	6 093	499 181	499 175	6	100,00 %	557 506	557 503
Total current payments	513 412	2 719	6 093	522 224	522 206	18	100,00 %	577 025	576 785
Transfers and subsidies									
Departmental agencies and accounts	6 987	925	-	7 912	7 912	-	100,00 %	10 471	10 458
Households	-	333	-	333	333	-	100,00 %	-	-
Total transfers and subsidies	6 987	1 258	-	8 245	8 245	-	100,00 %	10 471	10 458
Payments for capital assets									
Machinery and equipment	-	-	-	-	-	-	- %	330	191
Total	520 399	3 977	6 093	530 469	530 451	18	100,00 %	587 826	587 434



Appropriation Statement

Figures in Rand thousand

Figures in Rand thousand									



Appropriation Statement

Figures in Rand thousand

	Adjusted Appropriation	Shifting of Funds	Virement	2021/2022			2020/2021		
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
5. Programme 5 - Community Based Programme (continued)									
5.4 EPWP Coordination and Monitoring									
Economic classification									
Current payments									
Compensation of employees	6 201	(1 159)	-	5 042	5 042	-	100,00 %	4 997	4 289
Goods and services	3 307	(657)	-	2 650	2 643	7	99,74 %	542	533
Total current payments	9 508	(1 816)	-	7 692	7 685	7	99,91 %	5 539	4 822
Payments for capital assets									
Machinery and equipment	-	-	-	-	-	-	- %	135	-
Total	9 508	(1 816)	-	7 692	7 685	7	99,91 %	5 674	4 822



Notes to the Appropriation Statement

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 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 financial statements.

3. Detail on payments for financial assets

Details of these transactions per programme can be viewed in the note on Payments for financial assets to the financial statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme

Figures in Rand thousand

	Final Appropriation	Actual Expenditure	Variance
Programme 1 - Administration	483 078	483 042	36
Programme 2 - Transport Infrastructure	2 122 979	2 122 951	28
Programme 3 - Transport Operations	1 749 268	1 749 224	44
Programme 4 - Transport Regulations	299 266	299 222	44
Programme 5 - Community Based Programme	585 000	584 973	27

4.2 Per economic classification

Figures in Rand thousand

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Current payments				
Compensation of employees	985 014	998 053	(13 039)	(1)%
Goods and services	2 621 084	2 612 270	8 814	- %
Interest and rent on land	-	5	(5)	- %
Transfers and subsidies				
Provinces and municipalities	5 723	5 722	1	- %
Departmental agencies and accounts	16 234	16 234	-	- %
Public corporations and private enterprises	616 164	616 164	-	- %
Households	38 403	38 396	7	- %
Payments for capital assets				
Buildings and other fixed structures	874 654	874 654	-	- %
Machinery and equipment	66 884	66 883	1	- %
Intangible assets	14 968	10 568	4 400	29 %
Payments for financial assets	463	463	-	- %

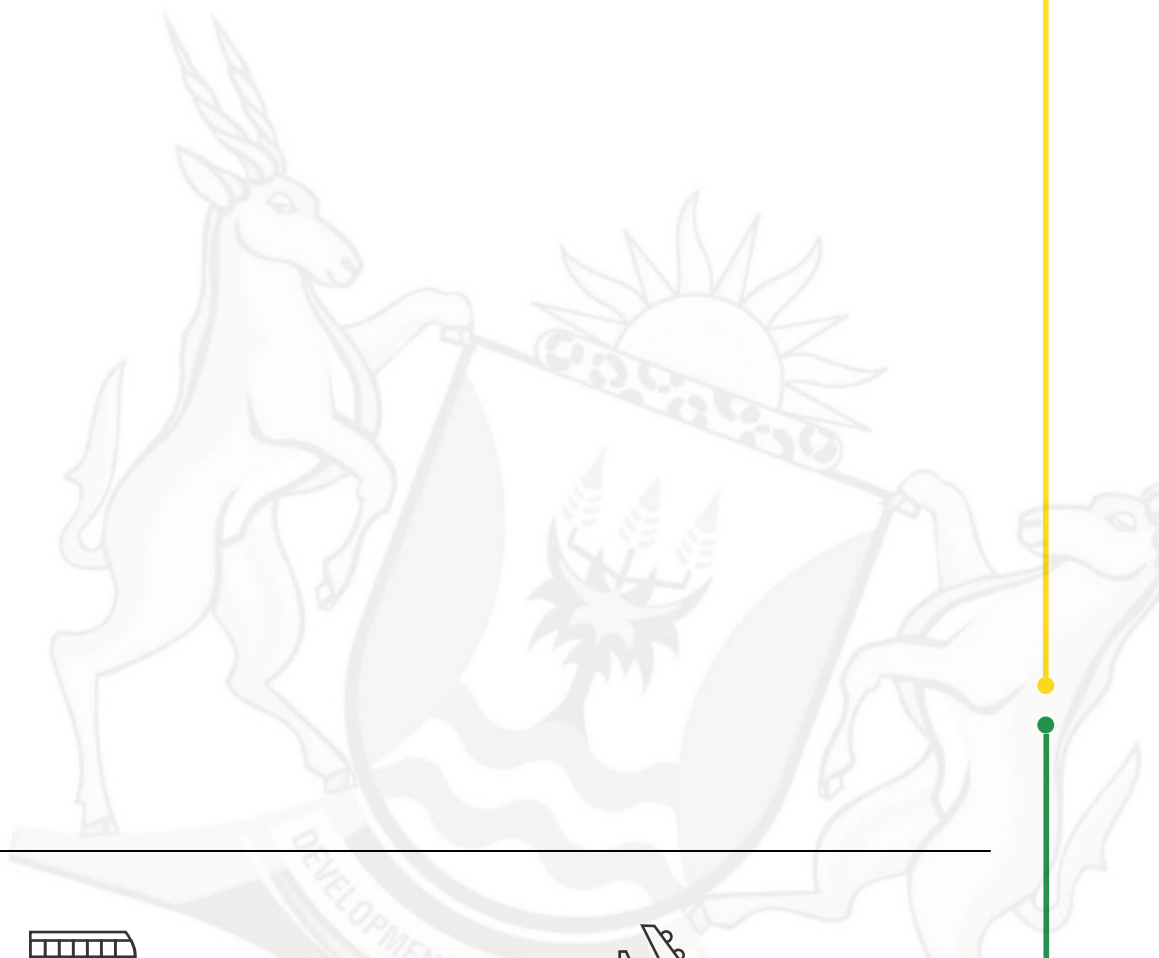
The under expenditure emanated from the correction of misallocated expenditure for software licenses that was incorrectly recorded under capital assets instead of goods and services. The effect of the incorrect classification resulted in the under expenditure on capital assets under intangible assets and an increase in expenditure on goods and services.



Notes to the Appropriation Statement

4.3 Per conditional grant

Figures in Rand thousand	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Public Transport	283 803	283 803	-	- %
EPWP	73 580	73 580	-	- %
PRMG	1 677 797	1 677 797	-	- %



Statement of Financial Performance

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
Revenue			
Annual appropriation	1	5 239 591	4 734 402
Expenditure			
Current expenditure			
Compensation of employees	4	998 053	994 216
Goods and services	5	2 612 270	2 224 529
Interest and rent on land	6	5	443
Aid assistance	3	451	1 453
Total current expenditure		3 610 779	3 220 641
Transfers and subsidies			
Transfers and subsidies	8	676 516	590 937
Expenditure for capital assets			
Tangible assets	9	941 536	816 227
Intangible assets	9	10 569	6 505
Total expenditure for capital assets		952 105	822 732
Payments for financial assets	7	463	-
Total expenditure		5 239 863	4 634 310
(Loss) profit for the year		(272)	100 092
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds			
Annual appropriation		179	81 781
Conditional grants		-	19 764
		179	101 545
Aid assistance	3	(451)	(1 453)
(Loss) profit for the year		(272)	100 092



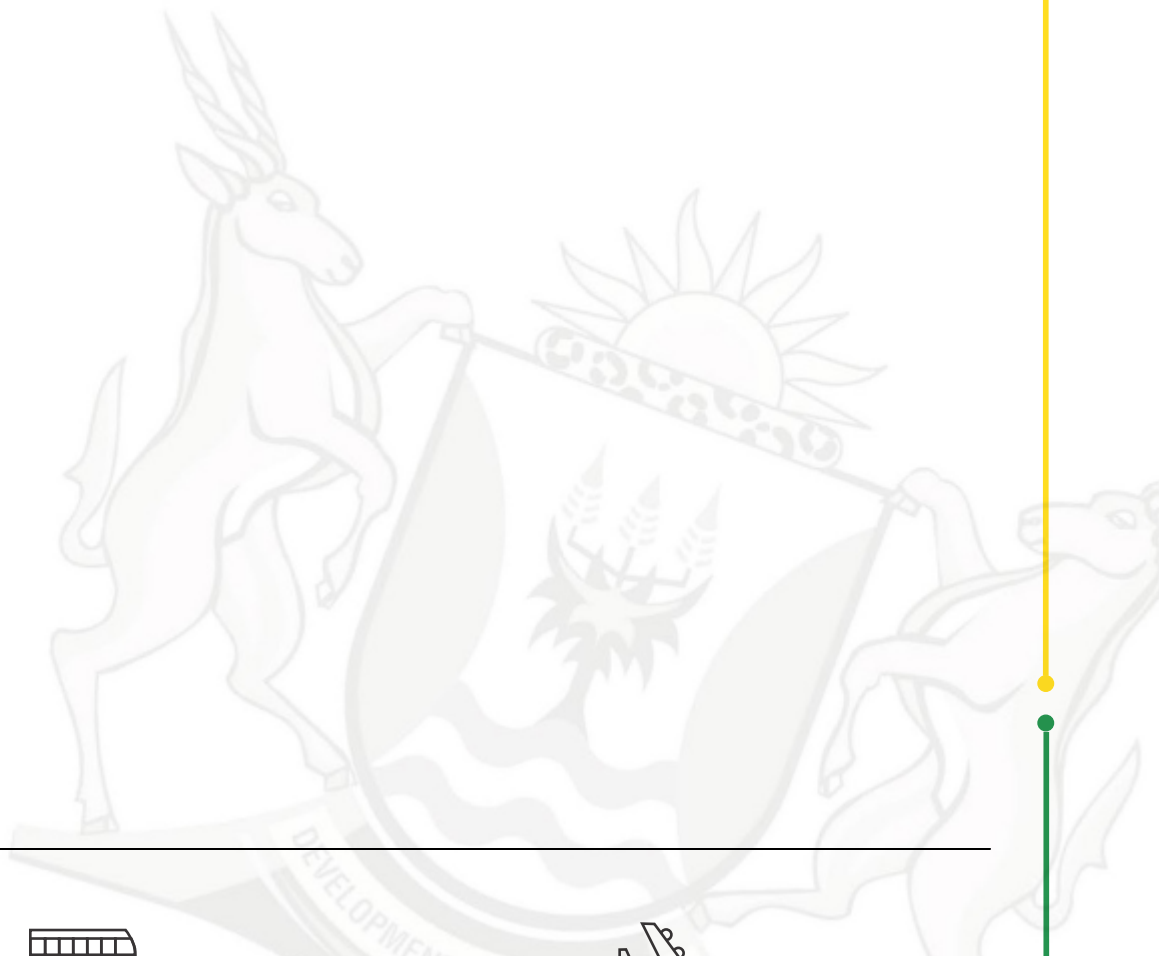
Statement of Financial Position as at 31 March 2022

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
Assets			
Current Assets			
Cash and cash equivalents	10	19 607	138 030
Prepayments and advances	11	2 911	-
Receivables	12	1 330	1 150
		23 848	139 180
Non-Current Assets			
Investments	13	618 358	610 358
Receivables	12	43 488	49 515
		661 846	659 873
Total Assets		685 694	799 053
Liabilities			
Current Liabilities			
Voted funds to be surrendered to the Revenue Fund	14	179	101 545
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	15	13 386	25 706
Payables	16	10 349	11 204
Aid assistance repayable	3	290	741
		24 204	139 196
Non-Current Liabilities			
Payables	17	42 726	48 559
Total Liabilities		66 930	187 755
		618 764	611 298
Represented by:			
Capitalisation reserve		618 358	610 358
Recoverable revenue		406	940
Total		618 764	611 298



Statement of Changes in Net Assets

Figures in Rand thousand	Note	2021/2022	2020/2021
Capitalisation reserves			
Opening balance		610 358	610 358
Transfers:			
Other movements		8 000	-
Closing balance		618 358	610 358
Recoverable revenue			
Opening balance		940	8 114
Transfers:			
Debts revised		-	(7 302)
Debts recovered (incl in dept receipts)		(1 223)	(13 624)
Debts raised		689	13 752
Closing balance		406	940
Total		618 764	611 298



Cash Flow Statement

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
Cash flows from operating activities			
Receipts			
Annual appropriated funds received	1.1	5 239 591	4 734 402
Departmental revenue received	2	645 847	696 059
		5 885 438	5 430 461
Net (increase)/decrease in working capital		(3 946)	10 384
Surrendered to Revenue Fund		(773 185)	(793 967)
Current payments		(3 610 774)	(3 220 198)
Interest paid	6	(5)	(443)
Payments for financial assets		(463)	-
Transfers and subsidies paid		(676 516)	(590 937)
Net cash flow available from operating activities	18	820 549	835 300
Cash flows from investing activities			
Payments for capital assets	9	(952 105)	(822 732)
Proceeds from sale of capital assets	2.3	13 473	-
(Increase)/decrease in investments		(8 000)	-
(Increase)/decrease in non-current receivables	12	6 027	104 191
Net cash flows from investing activities		(940 605)	(718 541)
Cash flows from financing activities			
Increase/(decrease) in net assets		7 466	(7 174)
Increase/(decrease) in non-current payables		(5 833)	(104 256)
Net cash flows from financing activities		1 633	(111 430)
Cash and cash equivalents at beginning of period		138 030	132 701
Net increase/(decrease) in cash and cash equivalents		(118 423)	5 329
Cash and cash equivalents at the end of the year	19	19 607	138 030



Accounting Policies

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 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 Rand 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.



Accounting Policies

7. Revenue (continued)

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.

7.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- 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.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

Write-offs are made according to the department's debt write-off policy.

8. Expenditure

8.1 Compensation of employees

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.

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.

8.2 Other expenditure

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.

8.3 Accruals and payables not recognised

Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.



Accounting Policies

8. Expenditure (continued)

8.4 Leases

8.4.1 Operating leases

Operating lease payments made during the reporting date are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue.

The operating lease commitments are recorded in the notes to the financial statements.

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- 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 Aid assistance received

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.

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.

9.2 Aid assistance paid

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.

10. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

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.

11. Prepayments and advances

Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

MCS also states that a department may recognise a prepayment in the statement of financial performance if the prepayment was budgeted for as an expense in the year in which the actual prepayment was made.

12. Loans and receivables

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.



Accounting Policies

13. Investments

Investments are recognised in the statement of financial position at cost.

14. Financial assets

14.1 Financial assets (not covered elsewhere)

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.

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.

14.2 Impairment of financial assets

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.

15. Payables

Payables recognised in the statement of financial position are recognised at cost.

16. Capital assets

16.1 Immovable capital assets

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.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.

16.2 Movable capital assets

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.

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.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use. Repairs and maintenance is expensed as current goods and services in the statement of financial performance.

16.3 Intangible assets

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.

Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.

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.



Accounting Policies

16. Capital assets (continued)

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.

16.4 Project costs: Work-in-progress

Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.

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.

Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

17. Provisions and contingents

17.1 Provisions

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.

17.2 Contingent liabilities

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.

17.3 Contingent assets

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.

17.4 Capital commitments

Capital commitments are recorded at cost in the notes to the financial statements.

18. Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- approved by Provincial Legislature with funding and the related funds are received; or
- approved by Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

19. Fruitless and wasteful expenditure

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.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off.



Accounting Policies

19. Fruitless and wasteful expenditure (continued)

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.

20. Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed after its assessment. 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.

Irregular expenditure is reduced from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off.

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.

21. Changes in accounting policies, accounting estimates and errors

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

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.

22. Events after the reporting date

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.

23. Principal-Agent arrangements

The department is party to a principal-agent arrangement. In terms of the arrangement the department is the principal or the agent. 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.

24. Departures from the MCS requirements

Management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard with no exception.

25. Capitalisation reserve

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 Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

26. Recoverable revenue

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 Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

27. Related party transactions

Related party transactions within the MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.



Accounting Policies

28. Inventories

At the date of acquisition, inventories are recognised at cost in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

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.

The cost of inventories is assigned by using the First in First out Method (FIFO).

29. Employee benefits

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.



Notes to the Financial Statements

Figures in Rand thousand Note 2021/2022 2020/2021

1. Annual appropriation

1.1 Annual appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

Figures in Rand thousand	Final Appropriation	2021/2022 Actual Funds Received	Funds not requested/not received	Final Appropriation	2020/2021 Appropriation received	Funds not requested/not received
Programme 1 - Administration	494 056	494 056	-	462 865	462 865	-
Programme 2 - Transport Infrastructure	2 110 534	2 110 534	-	2 056 806	2 056 806	-
Programme 3 - Transport Operations	1 750 978	1 750 978	-	1 258 341	1 258 341	-
Programme 4 - Transport Regulations	305 116	305 116	-	319 999	319 999	-
Programme 5 - Community Based Programme	578 907	578 907	-	636 391	636 391	-
Total	5 239 591	5 239 591	-	4 734 402	4 734 402	-

1.2 Conditional grants**

Total grants received	36	2 035 180	1 850 855
Provincial grants included in total grants received		2 035 180	1 850 855

2. Departmental revenue

Tax revenue		623 082	659 833
Sales of goods and services other than capital assets	2.1	16 189	18 026
Fines, penalties and forfeits	2.2	4 505	4 199
Sales of capital assets	2.3	13 473	-
Transactions in financial assets and liabilities	2.4	2 071	14 001
Total revenue collected		659 320	696 059
Less: Own revenue included in appropriation	15	659 320	696 059
Departmental revenue collected		-	-

2.1 Sales of goods and services other than capital assets

Sales by market establishment	959	425
Administrative fees	15 230	17 601
Sales of goods and services produced by the department	16 189	18 026

2.2 Fines, penalties and forfeits

Fines	4 505	4 199
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2.3 Sales of capital assets

Tangible assets		
Machinery and equipment	31	13 473



Notes to the Financial Statements

Figures in Rand thousand Note(s) 2021/2022 2020/2021

2. Departmental revenue (continued)

2.4 Transactions in financial assets and liabilities

Receivables	2 071	14 001
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Cash received not recognised (not included in the main note) - 2020/2021

Name of entity	Amount received	Amount paid to the revenue fund
Government Fleet Management Services	64 740	64 740

In terms of GRAP MCS 18(g) cash received for another entity then surrendered to revenue fund does not roll up to the main departmental revenue note.

3. Aid assistance

Opening balance	741	2 194
Transferred from statement of financial performance	(451)	(1 453)
Closing balance	290	741

3.1 Analysis of balance by source

Aid assistance from other sources	290	741
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3.2 Analysis of balance

Aid assistance repayable	3	290	741
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3.3 Aid assistance expenditure per economic classification

Current	451	1 453
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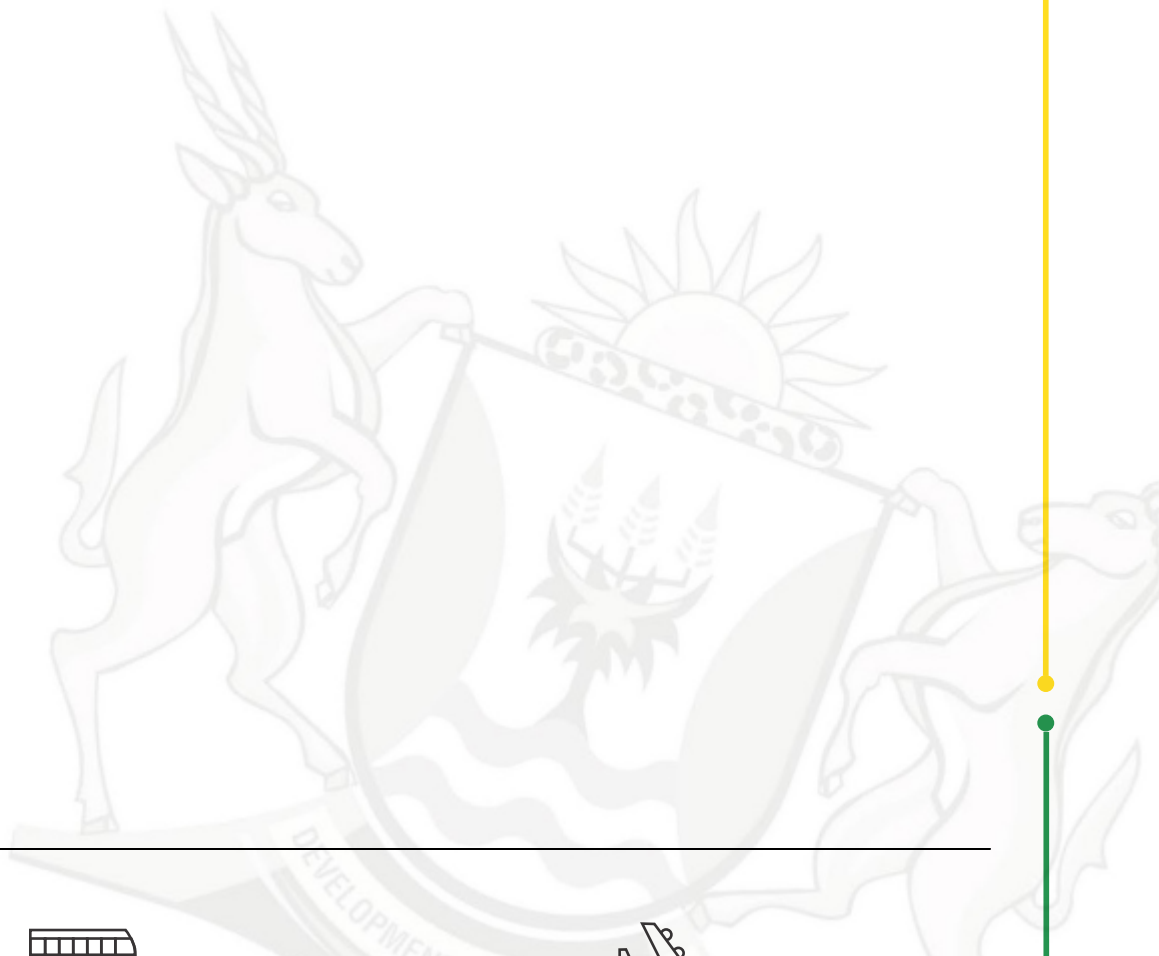
3.4 Donations received in kind (not included in the main note)

Water tanks	92	-
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Notes to the Financial Statements

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
4. Compensation of employees			
4.1 Salaries and wages			
Basic salary		646 593	657 663
Performance award		5 698	5 478
Service based		2 093	2 357
Compensative/circumstantial		42 040	63 326
Other non-pensionable allowances		151 430	114 680
Total		847 854	843 504
4.2 Social contributions			
Employer contributions			
Pension		85 399	88 656
Medical		63 625	61 427
UIF		82	98
Bargaining council		259	258
Insurance		834	273
Total		150 199	150 712
Total compensation of employees		998 053	994 216
Average number of employees		2 451	2 382



Notes to the Financial Statements

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
5. Goods and services			
Administrative fees		248	264
Advertising		4 851	3 420
Minor assets	5.1	911	822
Bursaries (employees)		2 409	2 028
Catering		3 090	2 696
Communication		6 825	6 678
Computer services	5.2	21 729	27 369
Consultants: Business and advisory services		15 038	25 457
Infrastructure and planning services		26 388	46 452
Legal services		9 588	108
Contractors		826 562	799 816
Agency and support / outsourced services		6	-
Entertainment		95	55
Audit cost - external	5.3	15 407	14 633
Fleet services		115 720	105 109
Inventory	5.4	6 009	5 581
Consumables	5.5	34 889	33 370
Operating leases		8 285	13 139
Property payments	5.6	28 594	20 865
Rental and hiring		432 442	572 781
Transport provided as part of the departmental activities		977 379	493 359
Travel and subsistence	5.7	59 730	40 319
Venues and facilities		2 277	1 978
Training and development		6 561	4 585
Other operating expenditure	5.8	7 237	3 645
Total		2 612 270	2 224 529
5.1 Minor assets			
Tangible assets			
Buildings and other fixed structures		-	51
Machinery and equipment		911	771
		911	822
5.2 Computer services			
SITA computer services		21 729	27 369
5.3 Audit cost - external			
Regularity audits		15 407	14 633
5.4 Inventory			
Materials and supplies		6 009	5 581
5.5 Consumables			
Uniform and clothing		8 145	2 306
Household supplies		2 510	8 489
Building material and supplies		5 099	2 944
IT consumables		106	76
Other consumables		15 307	13 393
Consumable supplies		31 167	27 208
Stationery, printing and office supplies		3 722	6 162



Notes to the Financial Statements

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
5. Goods and services (continued)			
Total	5	34 889	33 370
5.6 Property payments			
Municipal services		4 246	2 723
Other		24 348	18 142
Total	5	28 594	20 865
5.7 Travel and subsistence			
Local		59 730	40 318
Foreign		-	1
Total	5	59 730	40 319
5.8 Other operating expenditure			
Professional bodies, membership and subscription fees		102	34
Resettlement costs		7 133	2 286
Other		2	1 325
Total	5	7 237	3 645
5.9 Remuneration of a commission or committee			
Name of Commission / Committee	No. of members		
Audit Committee	6	560	-
Risk Committee	1	57	-
Total	5	617	-
6. Interest and rent on land			
Interest paid		5	443
7. Payments for financial assets			
Other material losses written off	7.1	463	-
7.1 Other material losses written off			
Nature of losses			
Lossess written off		463	-
8. Transfers and subsidies			
Provinces and municipalities		5 722	14 536
Departmental agencies and accounts	Annexure 1B	16 234	15 527
Public corporations and private enterprises	Annexure 1D	616 164	535 013
Households	Annexure 1G	38 396	25 861
Total		676 516	590 937



Notes to the Financial Statements

Figures in Rand thousand Note(s) 2021/2022 2020/2021

9. Expenditure for capital assets

Tangible assets

Buildings and other fixed structures	33	874 653	757 952
Machinery and equipment	31	66 883	58 275
		941 536	816 227

Intangible assets

Software	32	10 569	6 505
Total		952 105	822 732

The following amounts have been included as project costs in Expenditure for capital assets

Compensation of employees	16 998	14 247
Goods and services	147 215	143 099
Total	164 213	157 346

9.1 Analysis of funds utilised to acquire capital assets - 2021/2022

Figures in Rand thousand	Voted funds	Total
Tangible assets		
Buildings and other fixed structures	874 653	874 653
Machinery and equipment	66 883	66 883
	941 536	941 536
Intangible assets		
Software	10 569	10 569
Total	952 105	952 105

9.2 Analysis of funds utilised to acquire capital assets - 2020/2021

Figures in Rand thousand	Voted funds	Total
Tangible assets		
Buildings and other fixed structures	757 952	757 952
Machinery and equipment	58 275	58 275
	816 227	816 227
Intangible assets		
Software	6 505	6 505
Total	822 732	822 732

9.3 Finance lease expenditure included in expenditure for capital assets

Tangible assets		
Machinery and equipment	40 974	38 502

10. Cash and cash equivalents

Consolidated paymaster general account	19 607	138 030
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Notes to the Financial Statements

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
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11. Prepayments and advances

Prepayments (Not expensed)	11.1	2 911	-
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11.1 Prepayments (Not expensed)

Figures in Rand thousand	Note	Balance as at 01 April 2021	Less: Amount expensed in current year	Balance as at 31 March 2022
Listed by economic classification				
Capital assets		-	2 911	2 911

11.2 Prepayments (Expensed)

Figures in Rand thousand	Note	Balance as at 01 April 2021	Less: received in the current year	Add: Current year prepayments	Balance as at 31 March 2022
Listed by economic classification					
Capital assets		85 238	(45 369)	51 805	91 674

A prepayment was made to various municipalities in terms of the agreement.

Figures in Rand thousand	Note	Balance as at 01 April 2020	Add: Current year prepayments	Balance as at 31 March 2021
Listed by economic classification				
Capital assets		-	85 238	85 238

11.3 Advances paid (Expensed)

Figures in Rand thousand	Note	Balance as at 01 April 2021	Less: Amount expensed in current year	Balance as at 31 March 2022
Other institutions		10 024	(9 065)	959

Advance payments were made for the purchase of assets from GFMS in terms of the agreement

Figures in Rand thousand	Note	Balance as at 01 April 2020	Less: Amount expensed in current year	Balance as at 31 March 2021
Other institutions		79 500	(69 476)	10 024



Notes to the Financial Statements

Figures in Rand thousand Note(s) 2021/2022 2020/2021

12. Receivables

Figures in Rand thousand		2021/2022			2020/2021		
	Note	Current	Non-current	Total	Current	Non-current	Total
Claims recoverable	12.1	332	-	332	20	-	20
Staff debt	12.2	808	762	1 570	1 129	858	1 987
Fruitless and wasteful expenditure	12.4	-	-	-	-	98	98
Other receivables	12.3	190	42 726	42 916	1	48 559	48 560
Total		1 330	43 488	44 818	1 150	49 515	50 665

12.1 Claims recoverable

Provincial departments	332	20
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12.2 Staff debt

Staff debt	1 570	1 987
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12.3 Other receivables

Hlumisa Savings Account - IDT	19 605	19 605
Hlumisa Savings Account - Clark Laing	23 121	28 954
Sal: recoverable	190	1
Total	12	42 916

The Hlumisa fund as initiated by the Department of Roads and Public Works (DRPW) in 2002/03 financial year for household contractors (household contractor programme). This was to provide an exit strategy for the beneficiaries to start livelihood project so that when they exit the programme they are able to support themselves.

The agreement between the two parties i.e. employer and employee was to deduct R20 per month from the stipend of the beneficiary. The employer contributes the same R20 per month. These monies would be paid to a trust. At the exit stage the R40 (R20 plus R20) would be paid out following a distribution strategy. Interest was earned during the investment period of which a distribution strategy would be implemented to effect the distribution.

The funds were deposited to IDT from August 2011 which were later deposited to PWC's Clark Laing. PWC was appointed to manage the funds as well to keep a record of the beneficiaries in order to effect payment inclusive of arranging training for co-operatives. The idea of creating co-operatives at their exit date was changed through an MEC resolution on 11 June 2018 to let the beneficiaries make their own choice in relation to monies due to them.

The project is still ongoing.

12.4 Fruitless and wasteful expenditure

Opening balance	98	98
Less amounts written off	(98)	-
Total	12	98

12.5 Impairment of receivables

Estimate of impairment of receivables	429	721
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Notes to the Financial Statements

Figures in Rand thousand Note(s) 2021/2022 2020/2021

13. Investments

Non-Current

Shares and other equity

Mayibuye Transport Corporation	256 356	248 356
Government Fleet Management Services (GFMS)	362 002	362 002
Total	618 358	610 358

Analysis of non-current investments

Opening balance	610 358	610 358
Additions in cash	8 000	-
Closing balance	618 358	610 358

13.1 Impairment of investment

Estimate of impairment of investment	156 721	153 194
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The impairment of R156,721 million is as a result of adjusting the investment to the net asset value of Mayibuye Transport Corporation which led to the net asset value being less than the cost of the investment.

14. Voted funds to be surrendered to the Revenue Fund

Opening balance	101 545	94 155
Transferred from statement of financial performance (as restated)	179	101 545
Paid during the year	(101 545)	(94 155)
Closing balance	179	101 545

15. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

Opening balance		25 706	29 459
Own revenue included in appropriation	2	659 320	696 059
Paid during the year		(671 640)	(699 812)
Closing balance		13 386	25 706

16. Payables - current

Clearing accounts	16.1	1 624	1 865
Other payables	16.2	8 725	9 339
Total		10 349	11 204

16.1 Clearing accounts

Salary clearing accounts		1 624	1 865
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16.2 Other payables

Enatis (RTMC)		8 725	6 216
Government Fleet Management Services (GFMS)		-	3 123
Total	16	8 725	9 339



Notes to the Financial Statements

Figures in Rand thousand Note(s) 2021/2022 2020/2021

17. Payables - non-current

Figures in Rand thousand	Note	2021/2022 More than three years	Total	2020/2021 Total
Other payables	17.1	42 726	42 726	48 559

17.1 Other payables

Hlumisa Savings Account beneficiaries	42 726	48 559
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The Hlumisa fund as initiated by the Department of Roads and Public Works (DRPW) in 2002/03 financial year for household contractors (household contractor programme). This was to provide an exit strategy for the beneficiaries to start livelihood project so that when they exit the programme they are able to support themselves.

The agreement between the two parties i.e. employer and employee was to deduct R20 per month from the stipend of the beneficiary. The employer contributes the same R20 per month. These monies would be paid to a trust. At the exit stage the R40 (R20 plus R20) would be paid out following a distribution strategy. Interest was earned during the investment period of which a distribution strategy would be implemented to effect the distribution.

The funds were deposited to IDT from August 2011 which were later deposited to PWC's Clark Laing. PWC was appointed to manage the funds as well to keep a record of the beneficiaries in order to effect payment inclusive of arranging training for co-operatives. The idea of creating co-operatives at their exit date was changed through an MEC resolution on 11 June 2018 to let the beneficiaries make their own choice in relation to monies due to them.

The project is still ongoing.

18. Net cash flow available from operating activities

Net (loss) profit as per Statement of Financial Performance	(272)	100 092
Add back non cash/cash movements not deemed operating activities		
(Increase)/decrease in receivables	(180)	3 500
(Increase)/decrease in prepayments and advances	(2 911)	6 783
Increase/(decrease) in payables – current	(855)	101
Proceeds from sale of capital assets	(13 473)	-
Expenditure on capital assets	952 105	822 732
Surrenders to Revenue Fund	(773 185)	(793 967)
Own revenue included in appropriation	659 320	696 059
Net cash flow generated by operating activities	820 549	835 300

19. Reconciliation of cash and cash equivalents for cash flow purposes

Consolidated paymaster general account	19 607	138 030
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Notes to the Financial Statements

Figures in Rand thousand Note(s) 2021/2022 2020/2021

20. Contingent liabilities and contingent assets

20.1 Contingent liabilities

Liable to	Nature			
Claims against the department		Annexure 3B	124 723	175 783
Other		Annexure 3B	564	564
Total			125 287	176 347

Other consists of:

1. Camping allowance - This relates to amounts possibly owed to employees for camping allowances. Currently the amount is disputed and has been disclosed as contingent.

The matter is still pending at reporting period.

20.2 Contingent assets

Nature of contingent asset		
HROPT	4 420	4 420
Supplier under business rescue	5 184	2 417
Total	9 604	6 837

1. HROPT - This relates to a dispute for employees overpaid and those who did not qualify for rank promotion.

2. Supplier under business rescue - The contract with the supplier was terminated based on the company being in financial distress.

21. Capital commitments

Buildings and other fixed structures	1 547 231	1 474 967
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Total commitments exceeding one year amounts to R1,547,231 billion relates to roads infrastructure

22. Accruals and payables not recognised

22.1 Accruals

Figures in Rand thousand		2021/2022		2020/2021
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	123 919	12 022	135 941	123 481
Transfers and subsidies	44 139	-	44 139	1 847
Capital assets	-	-	-	2 503
Total	168 058	12 022	180 080	127 831

Listed by programme level

Programme 1 - Administration	7 661	9 316
Programme 2 - Transport Infrastructure	41 927	2 811
Programme 3 - Transport Operations	129 247	114 209
Programme 4- Transport Regulations	809	1 173
Programme 5 - Community Based Programme	436	322
Total	180 080	127 831

Included in the R180,080 million is accruals for Scholar Transport amounting to R85,093 million approximately



Notes to the Financial Statements

Figures in Rand thousand Note(s) 2021/2022 2020/2021

22. Accruals and payables not recognised (continued)

22.2 Payables not recognised

Figures in Rand thousand	30 Days	2021/2022 30+ Days	Total	2020/2021 Total
Listed by economic classification				
Goods and services	118 457	5 622	124 079	35 703
Transfers and subsidies	529	-	529	45
Capital assets	3 904	-	3 904	1 117
Total	122 890	5 622	128 512	36 865

Listed by programme level

Programme 1 - Administration	8 296	1 178
Programme 2 - Transport Infrastructure	10 851	8 114
Programme 3 - Transport Operations	102 261	5 936
Programme 4- Transport Regulations	2 108	137
Programme 5 - Community Based Programme	4 996	21 500
Total	128 512	36 865

Included in the R128,512 million is payables for scholar transport amounting to R101,777 million approximately

23. Employee benefits

Leave entitlement	82 932	85 490
Service bonus (Thirteenth cheque)	27 947	27 471
Performance awards	-	5 447
Capped leave commitments	68 479	81 221
Other	6 526	7 287
Total	185 884	206 916

Included in the leave entitlement amount of R82,932 million is negative leave days amounting to R88,911 thousand affecting 20 employees. The figure has not been adjusted for cut off leave as the impact of such is immaterial. The value of negative capped leave commitment was R173,933 thousand affecting 3 employees.

In terms of Circular 01 of 2019 from DPSA, all performance bonus, post 2022 is determined at 0% based on the comprehensive review of all PMDs for all categories of employees until the revised norms and standards for PMDs have been concluded.

Included in Other is long service award. It is based on the encashment as per the 2021/22 financial year as this is the most reliable estimate that is available to the department as at year end. The estimates is based on the DPSA Circular 04 of 2020. The 2022/23 encashment is not yet available.



Notes to the Financial Statements

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
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24. Lease commitments

24.1 Operating leases

2021/2022

Figures in Rand thousand	Buildings and other fixed structures	Total
Not later than 1 year	144	144

2020/2021

Figures in Rand thousand	Buildings and other fixed structures	Total
Not later than 1 year	1 076	1 076

The lease agreements have expired and the process of renewing the lease has not yet started. The department has decided to continue occupying the building on a month to month basis. The potential lease is calculated based on past practice.

24.2 Finance leases **

2021/2022

Figures in Rand thousand	Machinery and equipment	Total
Not later than 1 year	33 084	33 084
Later than 1 year and not later than 5 years	68 377	68 377
Total lease commitments	101 461	101 461

2020/2021

Figures in Rand thousand	Machinery and equipment	Total
Not later than 1 year	27 583	27 583
Later than 1 year and not later than 5 years	30 257	30 257
Total lease commitments	57 840	57 840

The R101,461 million in the current year relates to the leasing of cellphone lines, photocopiers and motor vehicles. GFMS undertakes to maintain the vehicles in accordance with the manufacturer's specifications

24.3 Operating lease future revenue

2020/2021

Figures in Rand thousand	Buildings and other fixed structures	Total
Not later than 1 year	298	298

25. Accrued departmental revenue

Tax revenue	143 222	76 495
Sales of goods and services other than capital assets	2 992	2 237
Total	146 214	78 732



Notes to the Financial Statements

Figures in Rand thousand Note(s) 2021/2022 2020/2021

25. Accrued departmental revenue (continued)

The department has a principal agent arrangement with the municipalities and SAPO to collect revenue on behalf of the department. The agent retains 19% of the collected fees as agency fees and pay over the balance by the end of the following month.

The department is also acting as a agent for RTMC wherein RTMC has developed certain online functionalities, which include amongst others, the issuance and delivery of motor vehicle license disks, online registration of a motor vehicle by the title holder, online notification of change of ownership by the current title holder, online booking for learners or drivers licence test and online booking for the renewal and delivery of credit card format driving licence. The department is responsible for the testing, registration and licensing of motor vehicles in terms of the National Road Traffic Act (NRTA) and regulations. RTMC is entitled to a 8% for all motor vehicle licencing and penalties collected on behalf of the province.

Included in the accrued departmental revenue is tax revenue not received at year end from the agents of R143,222 million (2020/21: R76,495 million)

25.1 Analysis of accrued departmental revenue

Opening balance	78 732	60 232
Less: Amounts received	(624 036)	(660 259)
Add: Amounts recognised	691 518	678 759
Total	146 214	78 732

25.2 Impairment of accrued departmental revenue

Estimate of impairment of accrued departmental revenue	39 589	10 125
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Included in the impairment of accrued revenue is the amount for defaulting registering authorities totalling to R38, 261 million.

26. Irregular expenditure

26.1 Reconciliation of irregular expenditure

Opening balance		2 814 935	2 474 384
Prior period errors	26.6	-	26 884
As restated		2 814 935	2 501 268
Add: Irregular expenditure - related to prior year	26.2	279 334	11 468
Add: Irregular expenditure - related to current year	26.2	109 168	302 348
Less: Current year amounts condoned	26.3	(35)	(149)
Less: Prior year amounts not condoned and removed	26.4	(155 011)	-
Closing balance		3 048 391	2 814 935

Analysis of closing balance

Current year	109 168	329 232
Prior year	2 939 223	2 485 703
Total	3 048 391	2 814 935

26.2 Details of current and prior year irregular expenditure – added current year (under determination and investigation)

Figures in Rand thousand		2021/2022
Incident	Disciplinary steps taken/ Criminal proceedings	
Upgrade of traffic officers	Amount removed	9 721
Non compliance with NLTA		269 613
Non adherence to PT circular 12 of 2015/16	Under assessment	109 168
Total		388 502



Notes to the Financial Statements

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
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26. Irregular expenditure (continued)

26.3 Details of irregular expenditure condoned

Figures in Rand thousand		2021/2022
Incident	Condoned by (condoning authority)	
Three quotations not obtained	Provincial Treasury	12
Purchase order not issued	Provincial Treasury	23
Total		35

26.4 Details of irregular expenditure removed - (not condoned)

Figures in Rand thousand		2021/2022
Incident	Not condoned by (condoning authority)	
Irregular expenditure derecognised		5 159
Irregular expenditure removed		149 852
Total		155 011

26.5 Details of irregular expenditures under assessment (not included in the main note)

Figures in Rand thousand		2021/2022
Incident		
Scholar Transport non responsive bidders		162 119

26.6 Prior period error

Figures in Rand thousand		Note	2020/2021
Nature of prior period error			
Relating to 2019/2020 (affecting the opening balance)			
Scholar transport non-bidders			26 884

27. Fruitless and wasteful expenditure

27.1 Reconciliation of fruitless and wasteful expenditure

Opening balance		11 551	6 549
Fruitless and wasteful expenditure – relating to prior year	27.2	2 741	4 493
Fruitless and wasteful expenditure – relating to current year	27.2	350	509
Less: Amounts written off	27.3	(7 926)	-
Closing balance		6 716	11 551

27.2 Details of current and prior year fruitless and wasteful expenditure – added current year (under determination and investigation)

Figures in Rand thousand		2021/2022
Incident	Disciplinary steps taken/ Criminal proceedings	
Payments for services not rendered	Under investigation	1 623
Penalties and expenditure on vehicle licences	Under investigation	1 468
Total		3 091



Notes to the Financial Statements

Figures in Rand thousand Note(s) 2021/2022 2020/2021

27. Fruitless and wasteful expenditure (continued)

27.3 Details of fruitless and wasteful expenditure written off

Figures in Rand thousand		2021/2022
Incident		
Payment for a fire engine delivered as the supplier went through a business rescue process		4 493
Payment of interest		174
Payment of interest due to court order		3 259
Total		7 926

28. Related party transactions

Revenue received

Sales of goods and services other than capital assets	42 539	36 792
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Payments made

Compensation of employees	42 395	35 937
Goods and services	76	129
Transfers	68	726
Total	42 539	36 792

In kind goods and services provided/received

List in kind goods and services between the department and the related party

Rental	28 059	27 085
Municipal services	2 662	1 926
Total	30 721	29 011

List related party relationships and the nature thereof
Mayibuye Transport Corporation

The department has 100% share investment in the entity

Government Fleet Management Services (GFMS)

Under the direct control of the department and salaries are paid to employees as part of Human Resource function

Department of Safety and Liaison

Under the departments MECs portfolio

The department occupies Stellenbosch Park and other buildings free of charge. These properties are leased by the Department of Public Works (DPW) and they also pay municipal services. The municipal services incurred by DPW can be identified and have been disclosed as related party transactions.

29. Key management personnel

	No. of Individuals	2021/2022	2020/2021
Political office bearers	1	1 978	1 983
Officials:			
Level 15 to 16	2	3 796	3 714
Level 14 (incl. CFO if at a lower level)	5	6 645	6 760
Acting Chief Directorates and District Managers	12	10 448	11 379
Family members of key management personnel	2	717	418
Total		23 584	24 254



Notes to the Financial Statements

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
30. Provisions			
Retentions		44 373	21 366
Provision for other payables		24 933	25 187
Other provision - Africa Best 350 (AB350)		-	27 842
Total		69 306	74 395

30.1 Reconciliation of movement in provisions - 2021/2022

Figures in Rand thousand	Retentions	Other payables	Other provision - AB350	Total provisions
Opening balance	21 366	25 187	27 842	74 395
Increase in provision	21 910	-	-	21 910
Settlement of provision	(587)	-	(27 842)	(28 429)
Change in provision due to change in estimation of inputs	1 684	(254)	-	1 430
Closing balance	44 373	24 933	-	69 306

30.2 Reconciliation of movement in provisions - 2020/2021

Figures in Rand thousand	Retentions	Other payables	Other provision - AB350	Total provisions
Opening balance	31 439	23 938	27 842	83 219
Increase in provision	2 092	3 922	-	6 014
Settlement of provision	(6 626)	-	-	(6 626)
Change in provision due to change in estimation of inputs	(5 539)	(2 673)	-	(8 212)
Closing balance	21 366	25 187	27 842	74 395

1. Retentions are amounts withheld for work done and not paid until satisfaction of conditions specified in the awarded contracts. Once all conditions specified in the contract have been met and the retention amount is paid, the department will record the payment as capital expenditure and add it to the cost of the asset.

2. Provision for other payables relates to the following:

(a) The Hlumisa fund beneficiaries = R24,933 million

The timing of the settlement of the provision is not certain because the cash is not readily available to the department. The department would need to undergo a process of requestig and motivating for funding of the Provincial Treasury. The period between the request and actual settlement of the provision cannot be determined reliably.



Notes to the Financial Statements

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
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31. Movable Tangible Capital Assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2022

Figures in Rand thousand	Opening balance	Additions	Disposals	Closing balance
Machinery and equipment				
Transport assets	237 222	8 628	(12 481)	233 369
Computer equipment	40 763	19 174	(1 749)	58 188
Furniture and office equipment	19 701	1 326	-	21 027
Other machinery and equipment	642 378	9 253	(8 307)	643 324
Total movable tangible capital assets	940 064	38 381	(22 537)	955 908

Movable tangible capital assets under investigation

Figures in Rand thousand	Number	Value
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	27	4 649

31.1 Movement for 2020/2021

Movement in movable tangible capital assets per asset register for the year ended 31 March 2021

Figures in Rand thousand	Opening balance	Additions	Disposals	Closing balance
Machinery and equipment				
Transport assets	208 961	28 261	-	237 222
Computer equipment	31 692	9 251	(180)	40 763
Furniture and office equipment	18 668	1 033	-	19 701
Other machinery and equipment	588 172	54 224	(18)	642 378
Total movable tangible capital assets	847 493	92 769	(198)	940 064

31.2 Minor assets

Movement in minor assets per the asset register for the year ended as at 31 March 2022

Figures in Rand thousand	Machinery and equipment	Total
Opening balance	23 008	23 008
Additions	1 002	1 002
Disposals	(131)	(131)
Total minor assets	23 879	23 879

Figures in Rand thousand	Machinery and equipment	Total
Number of R1 minor assets	15 318	15 318
Number of minor assets at cost	13 481	13 481
Total number of minor assets	28 799	28 799

Minor capital assets under investigation

Figures in Rand thousand	Number	Value
Machinery and equipment	9	38

Movement in minor assets per the asset register for the year ended as at 31 March 2021

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Notes to the Financial Statements

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
31. Movable Tangible Capital Assets (continued)			
Figures in Rand thousand			
	Machinery and equipment		Total
Opening balance	21 769		21 769
Additions	1 258		1 258
Disposals	(19)		(19)
Total minor assets	23 008		23 008

31.3 Movable assets written off

Movable assets written off for the year ended as at 31 March 2022

Figures in Rand thousand	Machinery and equipment	Total
Assets written off	10	10

Movable assets written off for the year ended as at 31 March 2021

Figures in Rand thousand	Machinery and equipment	Total
Assets written off	19	19

32. Intangible Capital Assets

Movement in intangible capital assets per asset register for the year ended 31 March 2022

Figures in Rand thousand	Opening balance	Value adjustments	Additions	Closing balance
Software	723	-	1 146	1 869

32.1 Movement for 31 March 2021

Movement in intangible capital assets per asset register for the year ended 31 March 2021

Figures in Rand thousand	Opening balance	Additions	Closing balance
Software	231	492	723

33. Immovable Tangible Capital Assets

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2022

Figures in Rand thousand	Opening balance	Additions	Closing balance
Buildings and other fixed structures			
Non-residential buildings	7 780	1 855	9 635
Other fixed structures	938 677	331 080	1 269 757
	946 457	332 935	1 279 392

The department is in the process of transferring all projects with fulfilled contractual obligations to the custodian.



Notes to the Financial Statements

Figures in Rand thousand Note(s) 2021/2022 2020/2021

33. Immovable Tangible Capital Assets (continued)

33.1 Movement for 2020/2021

Movement in immovable tangible capital assets per asset register for the year ended 31 March 2021

Figures in Rand thousand	Opening balance	Additions	Disposals	Closing balance
Buildings and other fixed structures				
Non-residential buildings	4 249	3 531	-	7 780
Other fixed structures	1 251 964	96 831	(410 118)	938 677
Total	1 256 213	100 362	(410 118)	946 457

33.2 Capital Work-in-progress

Capital Work-in-progress as at 31 March 2022

Figures in Rand thousand	Note	Opening balance 01 April 2021	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2022
Buildings and other fixed structures		1 913 508	868 219	(332 935)	2 448 792
Intangible assets		6 013	9 423	-	15 436
Total	Annexure 7	1 919 521	877 642	(332 935)	2 464 228

Capital Work-in-progress as at 31 March 2021

Figures in Rand thousand	Note	Opening balance 01 April 2020	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2021
Buildings and other fixed structures		1 341 949	671 882	(100 323)	1 913 508
Machinery and equipment		1 536	1 062	(2 598)	-
Intangible assets		-	6 013	-	6 013
Total	Annexure 7	1 343 485	678 957	(102 921)	1 919 521

34. Principal-agent arrangements

34.1 Department acting as the principal

Municipalities and RTMC	75 043	73 391
South African Post Office	84 131	82 001
Hlumisa Development Fund - PWC / Clark Laing	170	545
Municipality relating to construction	5 648	4 102
South African Post Office - EPWP	19 470	24 462
Total	184 462	184 501



Notes to the Financial Statements

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
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34. Principal-agent arrangements (continued)

1. The Department uses SANRAL as implementing agent for:

- (a) Facilitation of the delivery of infrastructure through the provision of expertise and specialist competencies, and
- (b) Provision of contract development programmes and providing support and guidance to emerging contractors

On the date of termination, all amounts not contractually committed or paid out to the Programme from the Agent's bank account, on demand, be reimbursed to the department, net of normal banking costs and rights and obligation in terms of any agreement entered into by the Agent, shall revert to the department.

2. The Department uses SAPO as an implementing agent for:

The nature and benefit derived from the relationship with the agent is the facilitation of payment to EPWP beneficiaries. The agent retains R35 commission per transactions. The beneficiaries shall receive 1 x free branch withdrawal at any online post office outlet per calendar month.

3. The department uses PriceWaterhouse Coopers and Clark Laing as implementing agents for:

The nature of the activities include the administration of savings of the EPWP beneficiaries. The benefit associated with the relationship is the verification and accurate distribution to beneficiaries.

4. Various municipalities are used as implementing agents for maintaining, resurfacing and ancillary work on the Departments behalf. The municipalities claim monies back from the department in terms of service level agreement.

Apart from the expertise provided, the Department has entered into these agreements to ensure that service delivery does take place and to circumvent capacity constraints.

5. Various municipalities and the South African Post Office are used as implementing agents to collect revenue on behalf of the department. The agent retains 19% of the collected fees as agency fees and pay over the balance by the end of the following month.

6. Resources that are under the custodianship of the agents:

Some of the agents have receivable balances at year end which are detailed in the payables and receivables reconciliation below.

Pricewaterhouse Coopers have a receivable balance of R19,605 million and R23,121 million (2020/21: R19,605 million and R28,954 million) respectively, as the amounts are due to the department from the implementing agents, however there is also a payable balance of R19,605 million and R23,121 million (2020/21: R19,605 million and R28,954 million) as the department is liable to the contract workers for the same amounts. This is reflected on the Statement of Financial Position.

Nature of the activities by principals:

Road Traffic Management Corporation (RTMC) - The eNatis system used by the department and registration authorities is the property of RTMC. Administration fees are charged on each transaction which is paid by the registration authorities to the department.

RTMC appointed the department to collect these administration fees and pay them over to RTMC monthly. Funds due to RTMC for fees collected in March 2022 is held in the books of the department.

RTMC has developed certain online functionalities, which include amongst others, the issuance and delivery of motor vehicle license disks, online registration of a motor vehicle by the title holder, online notification of change of ownership by the current title holder, online booking for learners or drivers licence test and online booking for the renewal and delivery of credit card format driving licence.

The department is responsible for the testing, registration and licensing of motor vehicles in terms of the National Road Traffic Act (NRTA) and regulations. Section 4 of the NRTA provides that the registration and licensing system be as prescribed by the Member of the Executive (MEC), as per the provisions of the NRTA, may prescribe baseline fees and penalties payable to the province when a motor vehicle licence is renewed.

The online service was an advantage during the declaration of lockdown (COVID outbreak) as there was minimal movement allowed, simultaneously it promoted E-commerce platforms.

RTMC is entitled to a 8% for all motor vehicle licencing and penalties collected on behalf of the province.



Notes to the Financial Statements

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
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34. Principal-agent arrangements (continued)

34.2 Department acting as the agent

34.2.1 Revenue received for agency activities

Road Traffic Management Corporation (RTMC)		59 120	56 924
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34.2.2 Reconciliation of carrying amount of receivables and payables - 2021/2022

Receivables

Figures in Rand thousand

Name of principal entity	Opening balance 01 April 2021	Less: Write-offs/ settlements/ waivers	Closing balance 31 March 2022
Hlumisa Development FUnd - PWC / Clark Laing	28 954	(5 833)	23 121

Payables

Figures in Rand thousand

Name of principal entity	Opening balance 01 April 2021	Expenses incurred on behalf of the principal	Cash paid on behalf of the principal	Closing balance 31 March 2022
Road Traffic Management Corporation	6 214	59 155	56 644	8 725

Reconciliation of carrying amount of receivables and payables - 2020/2021

Receivables

Figures in Rand thousand

Name of principal entity	Opening balance 01 April 2020	Less: Write-offs/ settlements/ waivers	Closing balance 31 March 2021
IDT	6 783	(6 783)	-
SANRAL	13 360	(13 360)	-
Hlumisa Development Fund - PWC / Clark Laing	125 962	(97 008)	28 954
Hlumisa Development Fund - IDT	19 640	(19 640)	-
Total	165 745	(136 791)	28 954

Payables

Figures in Rand thousand

Name of principal entity	Opening balance 01 April 2020	Expenses incurred on behalf of the principal	Cash paid on behalf of the principal	Closing balance 31 March 2021
Road Traffic Management Corporation (RTMC)	8 668	56 924	59 378	6 214



Notes to the Financial Statements

Figures in Rand thousand	Note(s)	2021/2022	2020/2021
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35. Prior period errors

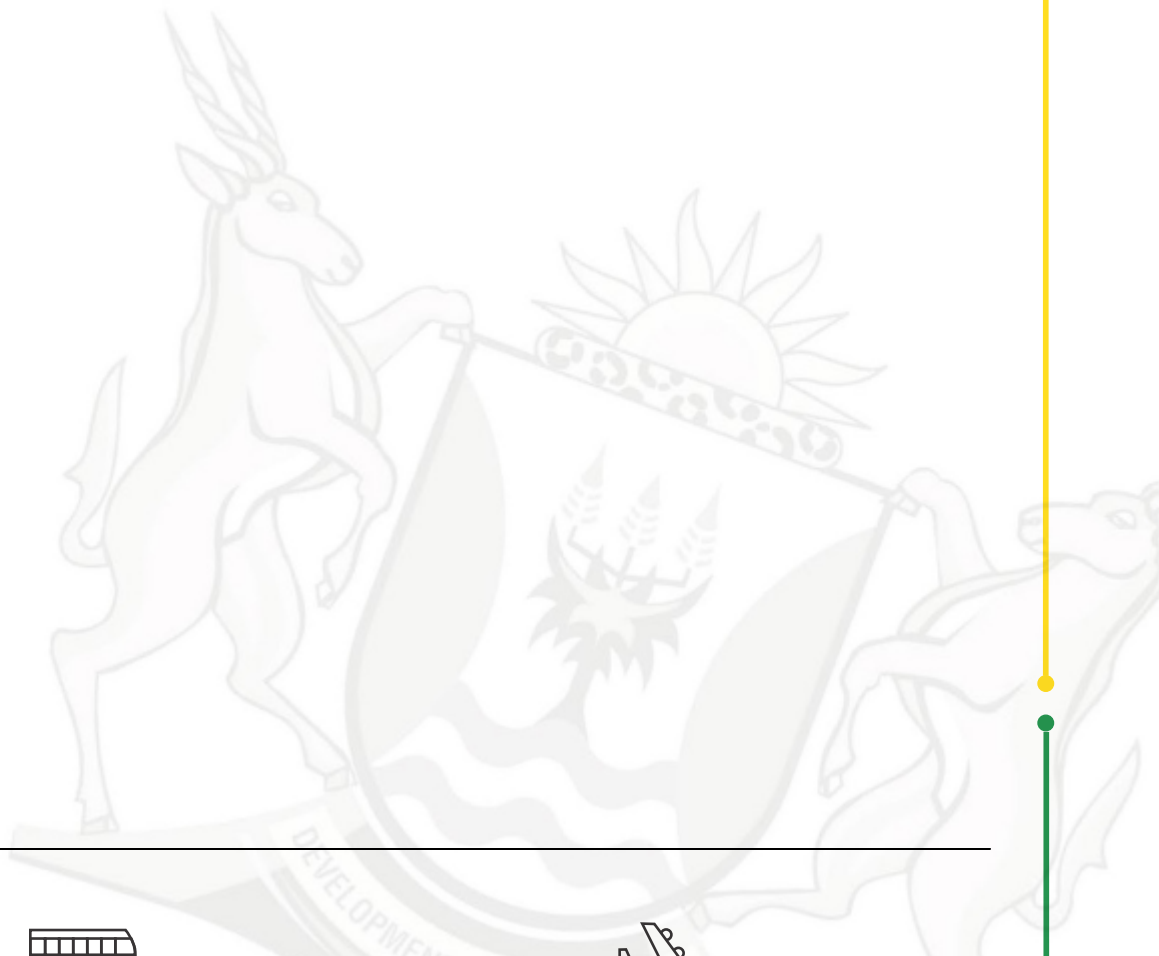
35.1 Correction of prior period errors

Figures in Rand thousand	Note	2020/2021 Prior period error	Restated amount
Assets			
Impairment of receivables		721	721

In the prior year, the department omitted to disclose the impairment on doubtful debts. The necessary adjustments have been made.

Figures in Rand thousand	Note	Amount bef error correction	2020/2021 Prior period error	Restated amount
Other:				
Related party transactions	245 353		(208 561)	36 792

In the prior year, the department disclosed all transactions with its related party, Government Fleet Management Services, however, MCS standards indicates that transactions undertaken at arms length and transfers and subsidies payments should not be disclosed as part of related party transactions. It is on this basis that the prior period adjustment was done.



Notes to the Financial Statements

Figures in Rand thousand

36. Statement of Conditional grants received

Figures in Rand thousand	Grant allocation		Spent		2020/2021	
	Division of Revenue Act/ Provincial Grants	Total Available	Amount received by department	Amount spent by department	Division of Revenue Act	Amount spent by department
Public Transport	283 803	283 803	283 803	283 803	269 007	252 368
Expanded Public Works Program	73 580	73 580	73 580	73 580	78 469	77 880
Provincial Roads Maintenance	1 677 797	1 677 797	1 677 797	1 677 797	1 503 379	1 500 843
	2 035 180	2 035 180	2 035 180	2 035 180	1 850 855	1 831 091

All transfers in terms of this Act were deposited into the primary bank accounts of the province.

37. Broad based black economic empowerment performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

38. COVID 19 Response Expenditure

Goods services	16 976	21 752
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Annexures to the Financial Statements

Annexure 1B

Statement of transfers to Departmental Agencies and Accounts

Figures in Rand thousand	Transfer allocation			Transfer		2020/2021
Departmental agency / account	Adjusted Appropriation	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
Parks and Tourism Agency	3 000	-	3 000	3 000	100 %	-
Provincial Department Agency - Taxi Council (SANTACO)	5 322	-	5 322	5 322	100 %	5 069
Unemployment Insurance Fund	11 012	(3 100)	7 912	7 912	100 %	10 471
Total	19 334	(3 100)	16 234	16 234		15 540



Annexures to the Financial Statements

Annexure 1D

Statement of transfers/subsidies to Public Corporations and Private Enterprises

Figures in Rand thousand		Transfer allocation			Expenditure			2020/2021	
Name of Public Corporations/ Private Enterprise	Adjusted Appropriation Act	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Final Appropriation	
Public corporations									
Transfers									
Mayibuye Transport Corporation	145 190	-	145 190	145 190	100 %	8 000	137 190	149 657	
Subsidies									
Algoa Bus Company (Pty) Ltd	269 613	-	269 613	269 613	100 %	-	269 613	269 007	
Africa Best 350 Ltd	194 769	6 592	201 361	201 361	100 %	-	201 306	151 983	
	464 382	6 592	470 974	470 974	100 %	-	470 919	420 990	
Sub total: Public corporations	609 572	6 592	616 164	616 164	100,0 %	8 000	608 109	570 647	
Total	609 572	6 592	616 164	616 164	100,0 %	8 000	608 109	570 647	



Annexures to the Financial Statements

Annexure 1G

Statement of transfers to Households

Figures in Rand thousand	Transfer Allocation			Expenditure		2020/2021
Households	Adjusted Appropriation Act	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
Transfers						
Social benefits	35 232	(2 309)	32 923	32 923	100 %	27 937
Other	6 453	(974)	5 479	5 473	100 %	-
Subtotal	41 685	(3 283)	38 402	38 396		27 937

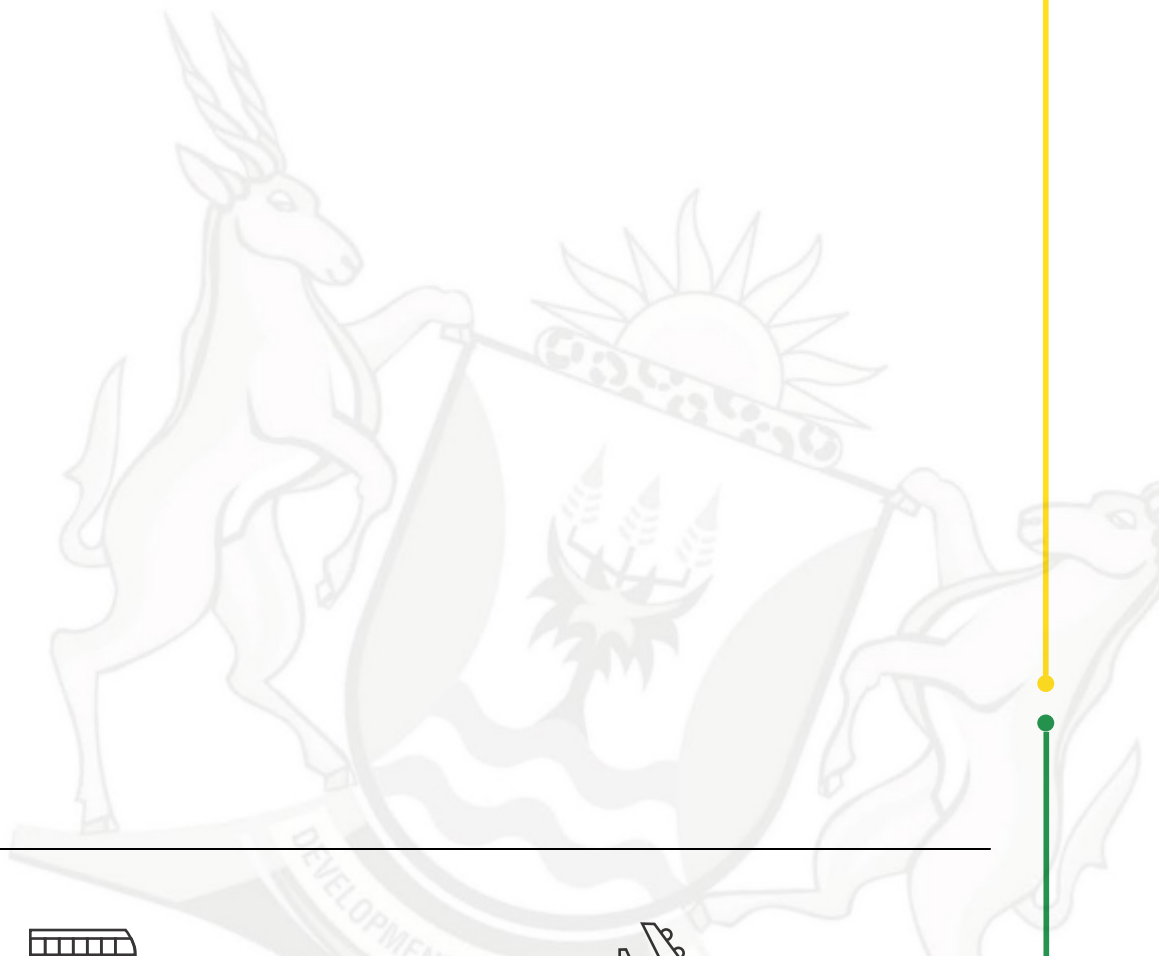


Annexures to the Financial Statements

Annexure 1H

Statement of gifts, donations and sponsorships received

Figures in Rand thousand		2020/2021	2020/2021
Name of organisation	Nature of gifts, donations and sponsorships		
Received in kind			
Old Mutual	Water tanks	92	-



Annexures to the Financial Statements

Annexure 11

Statement of aid assistance received

Name of donor	Purpose	Opening Balance	Expenditure	Closing Balance
Figures in Rand thousand				
Received in cash				
Transport Education & Training (TETA)		406	406	-
Transport Education & Training (TETA)Flaship Programme		1	1	-
Public Sector Education Training Authority (PSETA)		43	43	-
Road Traffic Management Corporation (RTMC)		291	-	291
Subtotal		741	450	291



Annexures to the Financial Statements

Annexure 1K

Statement of actual monthly expenditure per grant

Grant Type Figures in Rand thousand	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	TOTAL
Algoa Bus	529	-	44 962	22 080	23 193	24 358	24 292	28 305	31 984	20 267	23 126	40 707	283 803
EPWP	46	4 130	-	16 939	5 939	16 943	6 491	285	11 513	2 809	8 438	47	73 580
PRMG	4 667	44 160	95 260	76 453	148 486	299 450	165 605	135 772	237 325	15 777	172 120	282 722	1 677 797
Total	5 242	48 290	140 222	115 472	177 618	340 751	196 388	164 362	280 822	38 853	203 684	323 476	2 035 180



Annexures to the Financial Statements

Annexure 2A

Statement of investments in and amounts owing by/to national/provincial public entities

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held	Number of shares held	Cost of investment
Figures in Rand thousand				
		2021/2022	2020/2021	2021/2022
National/Provincial Public Entity				
Mayibuye Transport Corporation	Schedule 3D	100 %	248 356	248 356
Government Fleet Management Services	Treasury Regulations	- %	-	362 002
Subtotal			248 356	610 358



Annexures to the Financial Statements

Annexure 2B

Statement of investments in and amounts owing by/to entities (continued)

Name of Public Entity	Nature of business	Cost of investment	
Figures in Rand thousand		2021/2022	2020/2021
Controlled entities			
Mayibuye Transport Corporation	Public Bus Transport Service	248 356	248 356
Government Fleet Management Services	Provincial Government Fleet	362 002	362 002
Subtotal		610 358	610 358

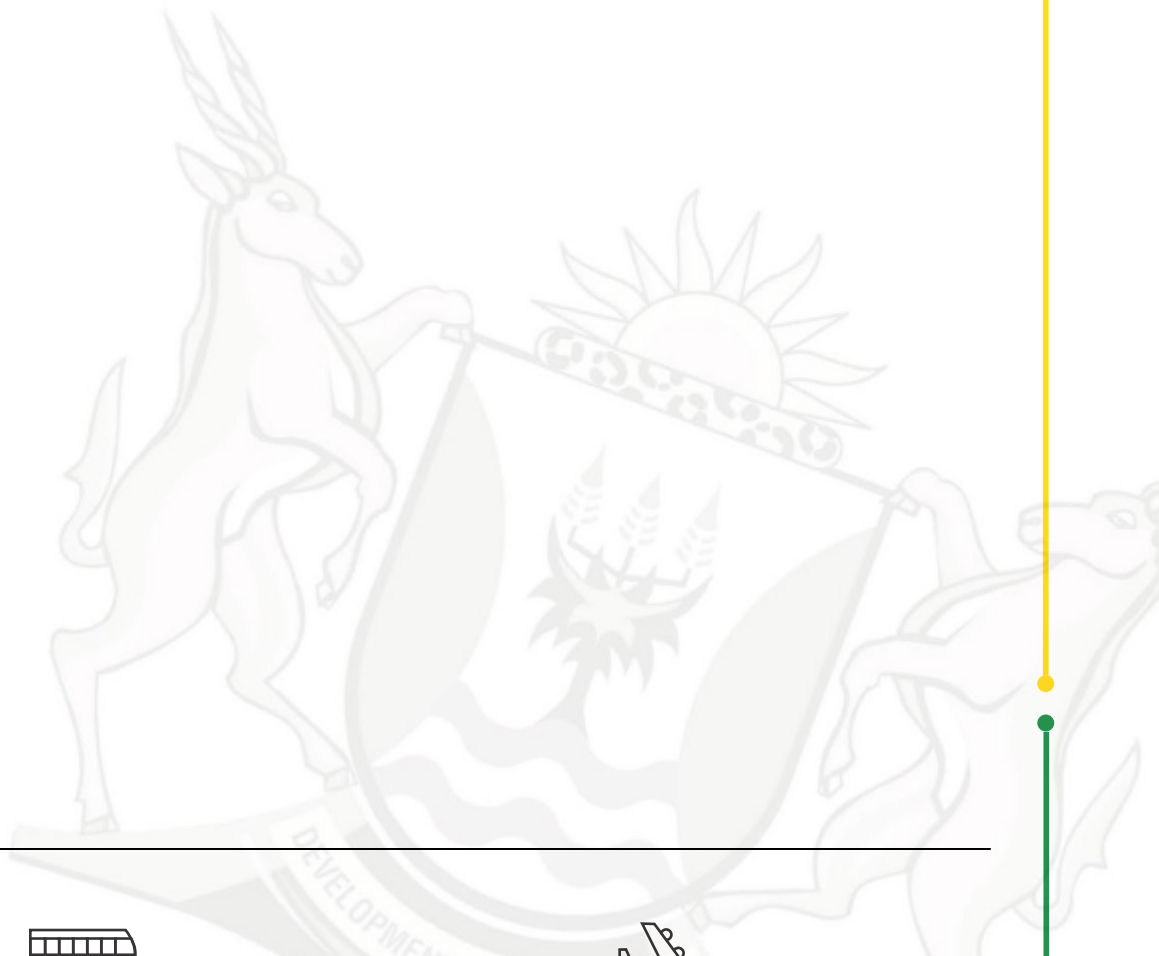


Annexures to the Financial Statements

Annexure 3B

Statement of contingent liabilities as at 31 March 2022

Nature of liabilities	Opening Balance 01 April 2021	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Closing Balance 31 March 2022
Figures in Rand thousand				
Claims against the department				
Claims against the state	175 783	30 375	(81 435)	124 723
Other				
Camping allowance	564	-	-	564
Total	176 347	30 375	(81 435)	125 287



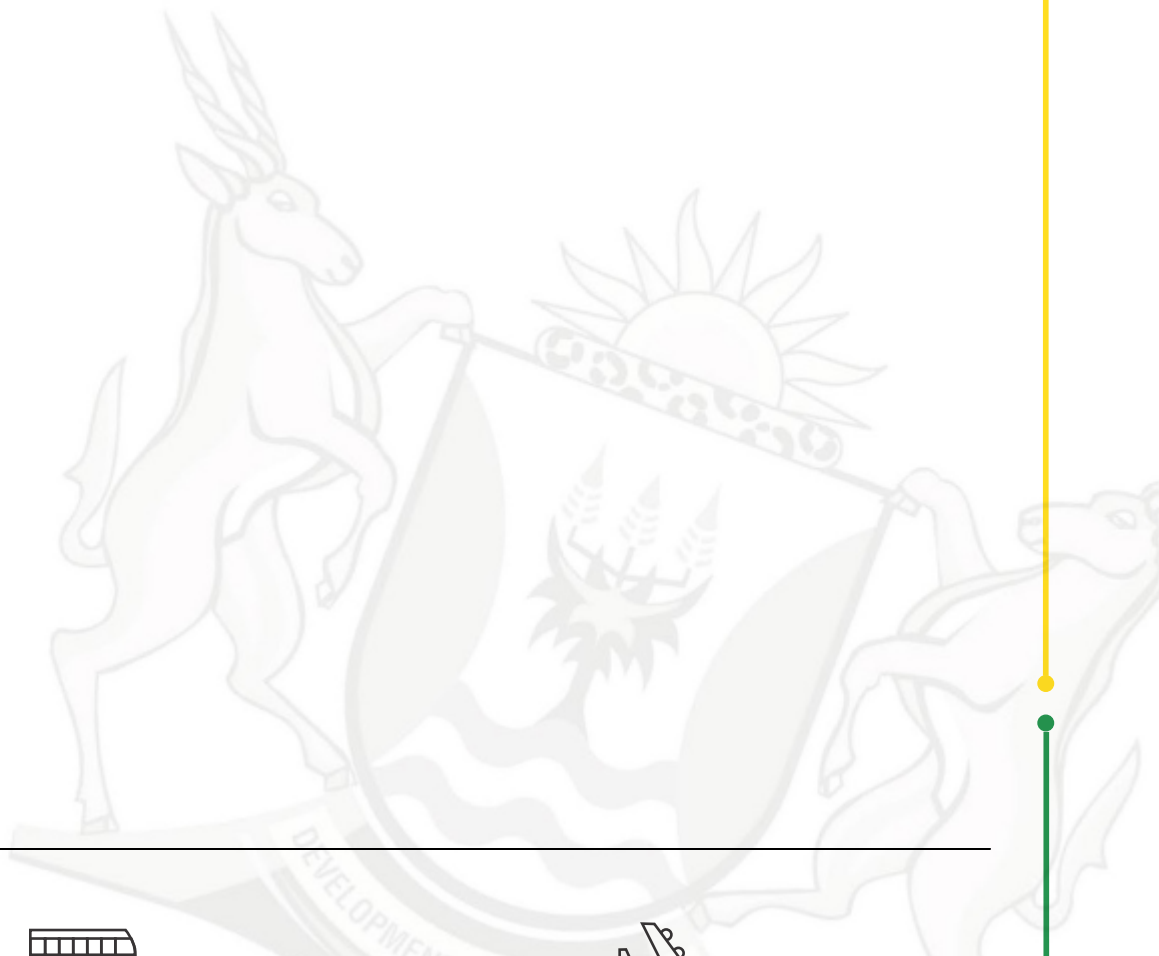
Annexures to the Financial Statements

Annexure 7

Movement in capital work-in-progress

Movement in capital-work-in progress for the year ended 31 March 2022

Figures in Rand thousand	Opening balance	Current year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
Buildings and other fixed structures				
Non-residential buildings	9 392	7 426	(1 855)	14 963
Other fixed structures	1 904 116	860 793	(331 080)	2 433 829
	1 913 508	868 219	(332 935)	2 448 792
Computer software				
Computer Software	6 013	9 423	-	15 436
Total	1 919 521	877 642	(332 935)	2 464 228

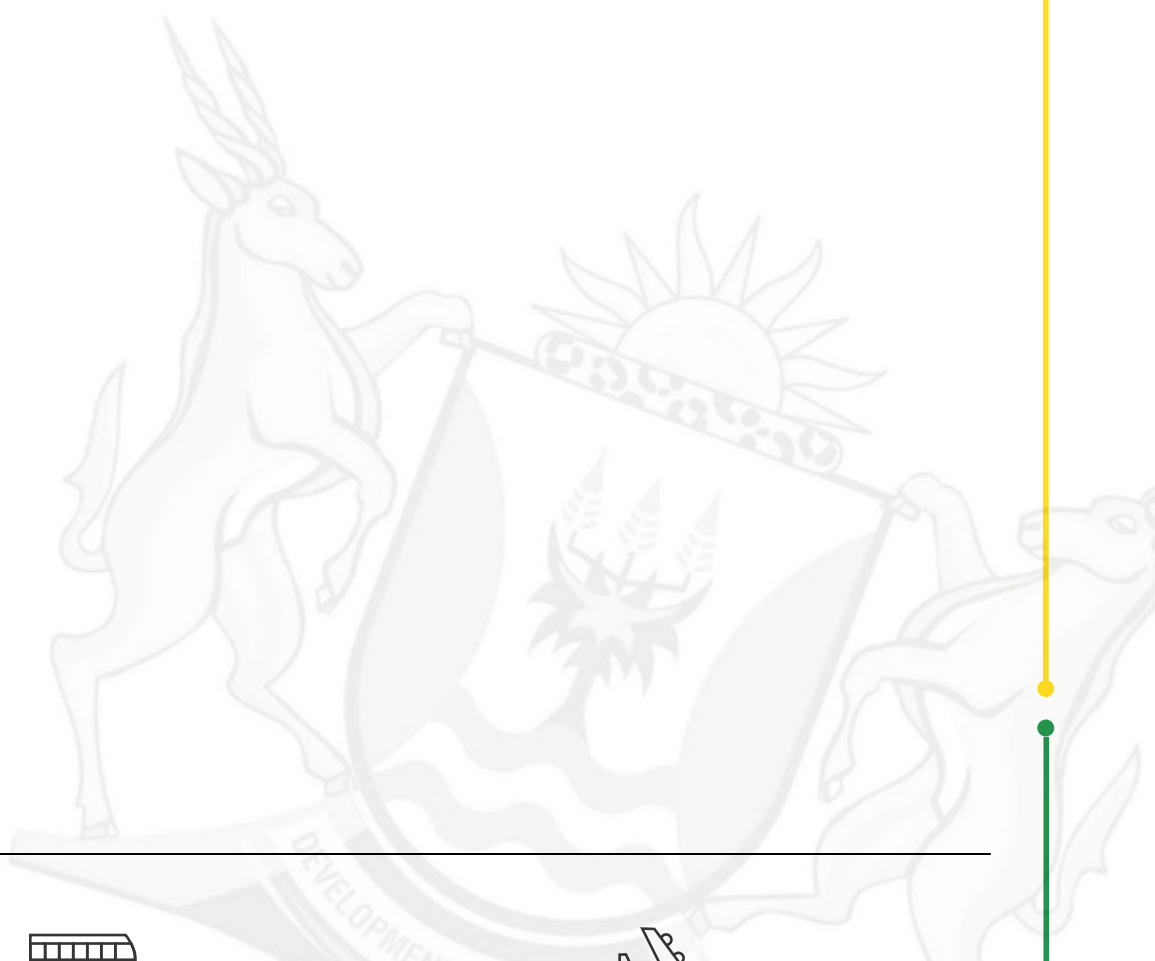


Annexures to the Financial Statements

Movement in capital work-in-progress for the year ended 31 March 2021

Figures in Rand thousand

	Opening balance	Current year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
Machinery and equipment				
Transport assets	1 536	1 062	(2 598)	-
Buildings and other fixed structures				
Non-residential buildings	8 504	4 419	(3 531)	9 392
Other fixed structures	1 333 445	667 463	(96 792)	1 904 116
	1 341 949	671 882	(100 323)	1 913 508
Computer software				
Computer Software	-	6 013	-	6 013
Total	1 343 485	678 957	(102 921)	1 919 521



Annexures to the Financial Statements

Annexure 11

COVID 19 Response Expenditure Per quarter and in total

Per quarter and in total	2021/2022						
Figures in Rand thousand	April	May	Jun	Subtotal Q1	Jul	Aug	Subtotal Q2
Expenditure per economic classification							
Goods services							
Contractors	-	-	-	-	-	-	-
Consumable supplies	627	-	301	928	709	38	29
Travel and subsistence	-	-	-	-	-	-	36
Venue and facilities	-	-	-	-	-	-	-
Property payments	-	-	-	-	-	26	77
	627	-	301	928	709	64	142
							915

Annexures to the Financial Statements

Annexure 11

COVID 19 Response Expenditure Per quarter and in total

Per quarter and in total	2021/2022				2020/2021			
Figures in Rand thousand	Oct	Nov	Dec	Subtotal Q3	Jan	Feb	Mar	Total
Expenditure per economic classification								
Contractors	-	-	-	-	-	-	-	-
Consumable supplies	426	4 723	7 641	12 790	-	485	1 178	16 157
Travel and subsistence	60	37	12	109	16	18	3	182
Venue and facilities	-	-	172	172	-	-	-	172
Property payments	-	-	62	62	88	88	124	465
	486	4 760	7 887	13 133	104	591	1 305	16 976
								21 752





PART F

FINANCIAL INFORMATION Government Fleet Management Services

Report of the auditor-general to the Eastern Cape Provincial Legislature on Eastern Cape Government Fleet Management Services

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Eastern Cape Government Fleet Management Services (ECGFMS) set out on pages 288 to 330 which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as 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 ECGFMS as at 31 March 2022, and financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).
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 my report.
4. I am independent of the trading entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other 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.

Responsibilities of the accounting officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the standards of GRAP and the requirements of the Public Finance Management Act 1 of 1999 (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.
7. In preparing the financial statements, the accounting officer is responsible for assessing the trading entity'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 appropriate governance structure either intends to liquidate the trading entity or to cease operations, or has no realistic alternative but to do so.



Auditor-general's responsibilities for the audit of the financial statements

8. 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.
9. 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

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the trading entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the trading entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.
12. 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 trading entity's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Client-centric, fit-for-purpose and responsive total fleet solution that enables mobility for service delivery	90 - 90

13. 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.

Client-centric, fit-for-purpose and responsive total fleet solution that enables mobility for service delivery

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme.

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 90 to 90 for information on the achievement of planned targets for the year and management's explanations provided for the under achievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the trading entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. I did not identify any instances of material non-compliance with selected specific requirements of applicable legislation, as set out in the general notice issued in terms of the PAA.

Other information

19. 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.
20. 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 on it.
21. 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.



22. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

23. 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. I did not identify any significant deficiencies in the internal controls.

Auditor General

East London

30 July 2022



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 trading entity's compliance with respect to the selected subject matters.

Financial statements

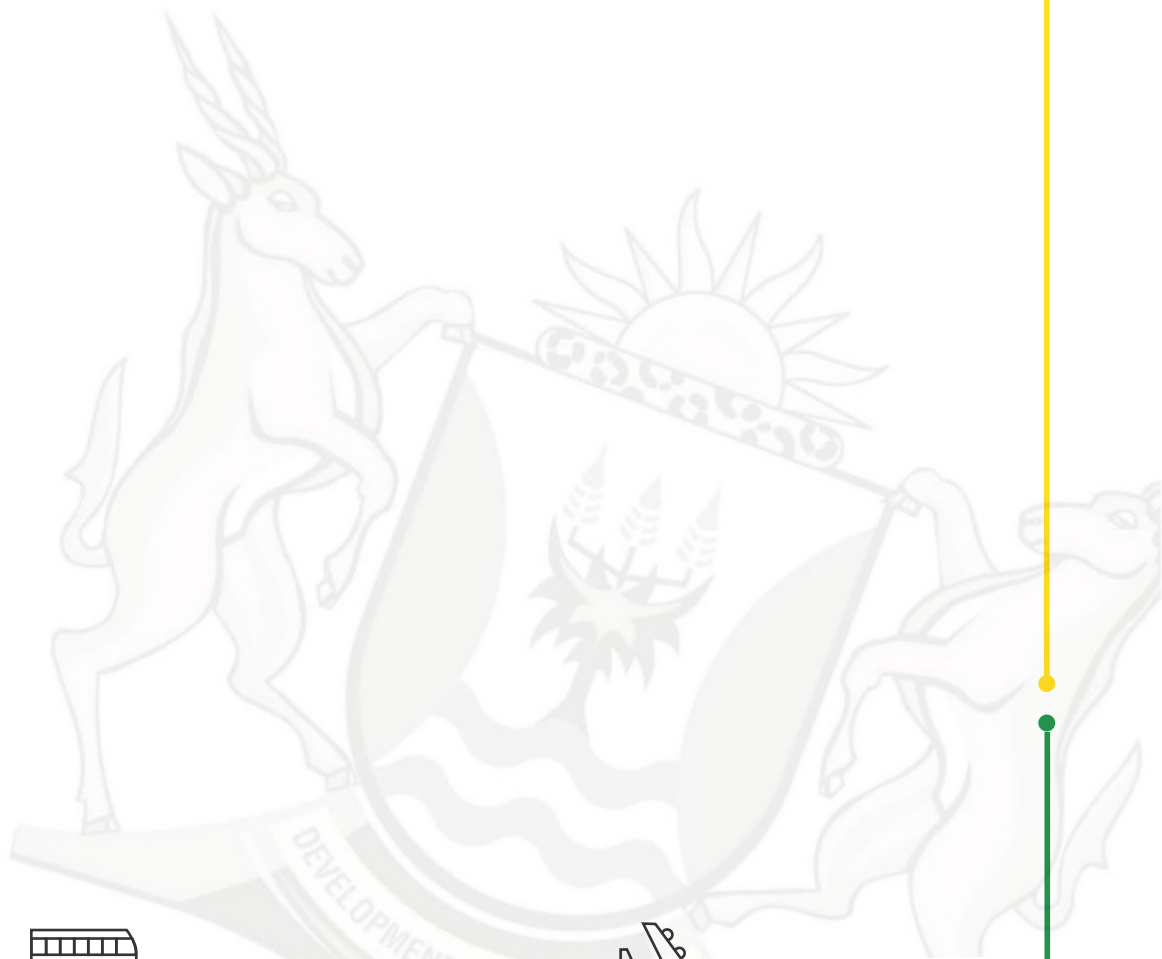
2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; 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 trading entity'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 relating to events or conditions that may cast significant doubt on the ability of the ECGFMS 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 my 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 trading entity to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence. and to communicate with them all relationships and



other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing, and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behavior are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the entity's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, he is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 5 to 49, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2022 and were signed by:



Mr M Mafani
Head of Department



1. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2022.

2. AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) and 77 of the Public Finance Management Act 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, which is reviewed annually, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

3. 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 (Eastern Cape Department of Transport: GFMS Audit Committee Charter), six meetings were required to be held during the current year, i.e., four 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 Report and Management Representative Report.

Non-Executive Members

Name of Member	Number of Meetings Attended
Tracy Cumming (Chairperson)	6
Nielesh Ravgee	6

4. THE EFFECTIVENESS OF INTERNAL CONTROLS

The Audit Committee has observed that the overall control environment of the Entity has remained stagnant during the year under review. Deficiencies in the system of internal control and deviations were reported in the Internal Audit reports issued during the year. Overall, there are weaknesses within the finance control environment and as such the internal controls were considered to be partially effective during the year. The Audit Committee is not satisfied that the non-financial information controls within the operational environment are being addressed. Most of the Internal Audit work performed concluded on the inadequate and ineffective system of internal controls.

5. INTERNAL AUDIT

The Audit Committee is partially satisfied with the activities of the internal audit function including meeting the annual operational plan, coordination with the external auditors and follow-up on management corrective action plans.

A Quality Assurance Improvement Plan (QAIP) needs to be developed and implemented urgently. There is still room for improvement in internal audit and previous control deficiencies and deviations from prescripts and policies need to be addressed.

The Audit Committee is concerned with the vacancy in the CAE role and has however noted corrective measures instituted by filling the position. There are however still concerns regarding continuity as only one staff member is currently appointed on a permanent basis. The inability of the Entity to finalise its organogram and the continued filling of internal audit posts on short term contracts is resulting in this unit not being able to fulfil its duties. It is recommended that the Entity consider outsourcing internal audit.

The Audit Committee wishes to stress that in order for the Internal Audit Function to operate at optimal levels as expected by the Audit Committee, stability of the unit should be addressed urgently.



6. MAIN ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE

The AC reviewed and/or performed oversight over:

Number of Completed Projects

- Annual Financial Statements (AFS) Review
- Quarterly Performance Review (AOPO) – 4th Quarter
- Annual Performance Report
- Audit Improvement Plan (AIP) –Q1
- Annual Asset and Inventory Verification count.
- Revenue Management
- Fleet Risk and Logistics
- Corporate Governance
- COVID-19 Review
- Risk Management Framework (Consulting Engagement)
- Legal, Compliance and Assurance (Consulting Engagement)
- Interim Financial Statements Review
- 2nd Quarter Performance Information (AOPO)
- Asset and Inventory Verification (Consulting Engagement)
- Fleet Provisioning and Logistics
- Audit Intervention Plan (AIP) –Q2
- 3rd Quarter Performance Information (AOPO)
- Annual Performance Plan
- Fleet Maintenance Review (Reporting phase)
- Supply Chain Management
- 4th Quarter Performance Information (AOPO)
- Audit improvement Plan (AIP) Q3
- Audit improvement Plan (AIP) Q4

Quarterly Financial and Performance Reports

Quarterly reports submitted together with the internal audit report were reviewed. The Audit Committee is satisfied with the content and quality of the quarterly reports prepared and issued by the Management during the year under review.

The Audit Committee recommends that the Entity establish a Capital Replacement Reserve for replacing all vehicles to ensure that there are sufficient funds available to capitalize the Entity adequately. Such a fund will ensure that the entity continues to meet its core mandate. The Committee further recommends that the Entity seek approval from Provincial Treasury to approve rate card increases over the MTEF period.

Evaluation of Financial Statements

The Audit Committee met to perform a review and discussion of the unaudited annual financial statements and the annual performance report. Matters were highlighted for review and correction made by Management.

Compliance with laws and regulations

During the 2021/22 financial year, the committee:

- Considered the system and processes the Entity uses to ensure compliance to regulations.
- Monitored compliance with laws and regulations.
- Reviewed both internal and external audits report to identify any compliance issues.



Auditor General's Report

The Audit Committee has met with the Auditor General to discuss the audit strategy.

Other Matters

The Audit Committee is extremely concerned about the following matters, which it continues to monitor quarterly:

Organisation structure of the Entity

The Committee is concerned over the delays in approval of the Structure of the Entity as it has been in a process of review for several years and it has not been finalised.

Key Vacancies

The Committee continues to be concerned with the number of key vacancies at the Entity as well as employees who are on one-year contracts. This leads to a disruptive working environment and creates uncertainty and instability in the organisation.

Annual rate card adjustment

Service level agreements with Departments refer to rate card increases which will be approved annual by Provincial Treasury. Appreciating the fact that, administration, fuel, repairs and maintenances costs increase annually, it only stands to reason that the rate card needs to and must be increased annually.

Surrendering of funds

GFMS is a trading entity which is self-funded. This implies that they are required to retain surplus funds to finance future capital replacement of vehicles. Annually the Provincial Treasury have instructed the Entity to surrender surplus funds in accordance with Treasury Circulars which have been issued. Although in the short term, this does not seem to have an impact, in the long term this will severely impact the Entity to the extent that there will be insufficient reserves to finance future capital replacement and will result in the entity not being able to self-fund.

Outstanding Debt by user Departments

Long outstanding receivables, which has accumulated year on year, with no commitment from the debtors to settle backlogs and settle current debt has escalated to a position, where the entity will soon start to experience liquidity challenges. Considering that the Entity is self-funded, is required to surrender surplus funds to the Treasury and currently self-funds capital replacements, it simply cannot afford to carry this amount of outstanding debt. Urgent intervention by Provincial Treasury is required to resolve this challenge.

7. APPRECIATION

The Committee expresses its appreciation to the MEC, Head of Department, Head of the Entity, Senior Management team, Internal Audit and the Auditor-General South Africa for their continued support and dedication during the year under review.

T Cumming

Ms. T Cumming Date

Chairperson of the Audit Committee

31 May 2022

31 May 2022



Accounting Officer's Report

The Accounting Officer submits his report for the year ended 31 March 2022.

1. Review of activities

Main business and operations

To provide vehicles on a full maintenance lease (FML) to the Eastern Cape provincial departments. In addition, provide managed maintenance services to vehicles owned by provincial departments.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The Accounting Officer is not aware of any new material changes that may adversely impact the entity. The Accounting Officer is also not aware of any material non compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the entity.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting Officer

The Accounting Officer of the entity during the year and to the date of this report is as follows:

Name	Nationality
Mr M Mafani	South African

5. Establishment of the entity

The entity is established by Treasury Regulation No.19 of the Public Finance Management Act, 1 of 1999 (as amended) The Executive Committee of the Province of the Eastern Cape resolved at its 26th Executive Council meeting held on 30 June 2010 (minute no.26, item 2.2.2) that the Department of Transport (DoT) establish a Trading Entity in line with Treasury Regulation No.19.

6. State of affairs

The entity was established in February 2012, with the sole purpose to ensure that fleet provision in the province is done economically. For this purpose, it continues to invest in improving its systems for efficient provision of its services to the provincial departments.

6.1 Surrender of funds to Provincial Treasury

The entity was established in accordance with Regulation 19 of the PFMA Treasury Regulation. Consequently, it was allocated an initial capital amount to finance its establishment by the Eastern Cape Provincial Treasury. The intention was that it would sustain itself going forward.

In order to sustain itself, the entity charges rentals to provincial departments. The rental (lease) fee is determined through a rate card approved by the Treasury and comprises among other things, a fee for replacement cost of the vehicles leased. The vehicles have to be replaced at various stages when they reach their useful lives e.g. 4 years, consequently, the replacement funds accumulate between 1 and 4 years whilst the vehicle is leased. These funds are kept as reserves to be utilised when vehicles are due for replacement.

Treasury Regulation 19.7.1 requires that an Accounting Officer of a department operating a Trading entity, must at the end of each financial year and after books of account have been closed, declare any surplus or deficit to the relevant treasury. In compliance with this requirement, the Trading entity has determined that, after the books were closed, it did not have any surplus to declare to the Provincial Treasury for the financial year ended 31 March 2022.



Accounting Officer's Report

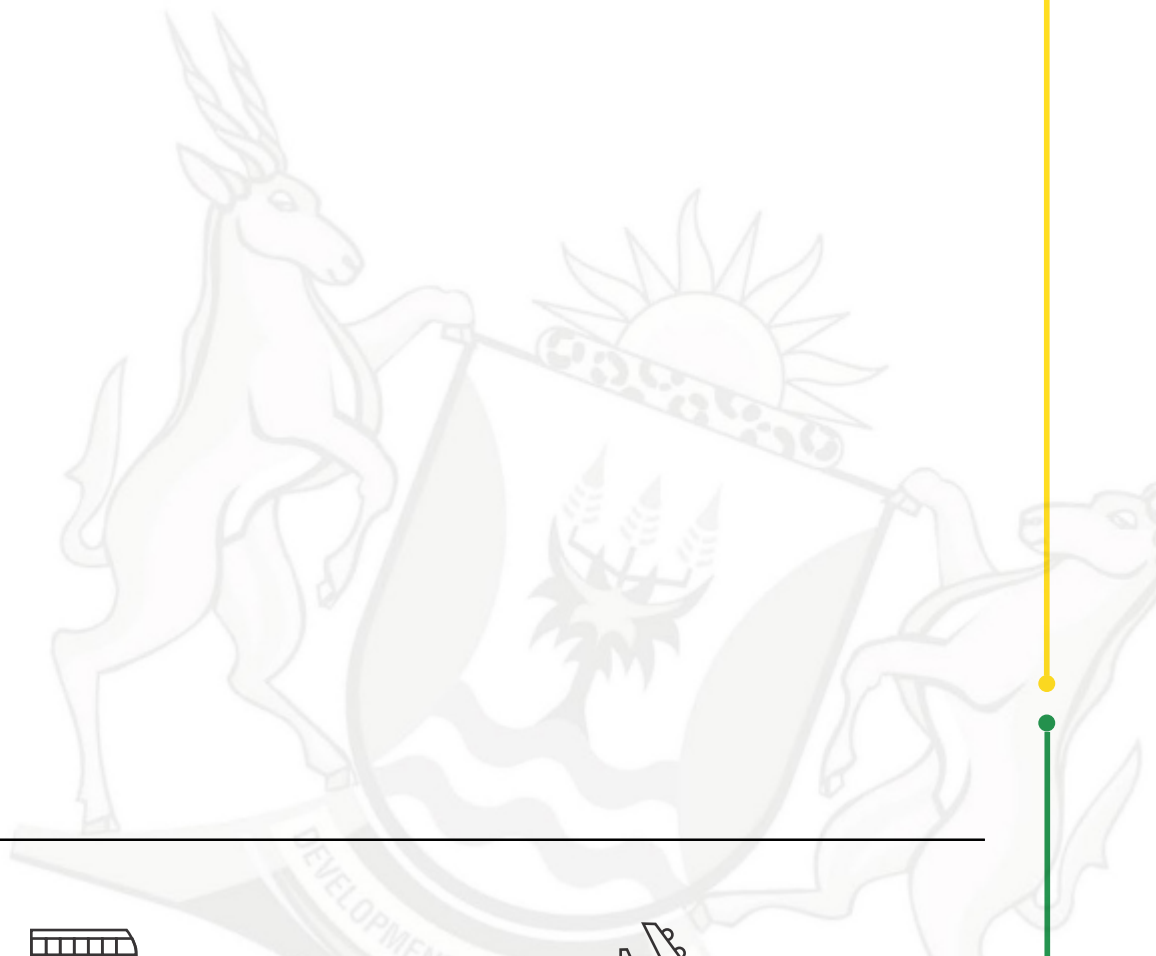
The Provincial Treasury has unfortunately, in previous years misconstrued the accumulated funds at the end of each financial year as a surplus and forced the Trading Entity to surrender a substantial amount of funds. This poses a major risk to the operations of the entity, as the accumulated funds are specifically for the replacement of vehicles leased by the entity to provincial departments as agreed in an agreement signed with them.

6.2 Effect of COVID 19 pandemic

During the financial year the entity was subjected to the circumstances of Covid19 pandemic and a National State of Disaster as declared by the South African Government. The stakeholder's attention is drawn to the fact that the future impact on the economy in the short term is uncertain and thus an estimate of the financial impact on the business cannot be determined at this point in time.

6.3 Impact of non-payment by the Department of Health

During the financial year the Department of Health, one of our major clients, notified the Entity that they would be unable to make payments of its debt for the remainder of the financial year. This will have a negative impact on the future cashflows of the entity as it may impact the entity's ability to honor current liabilities.

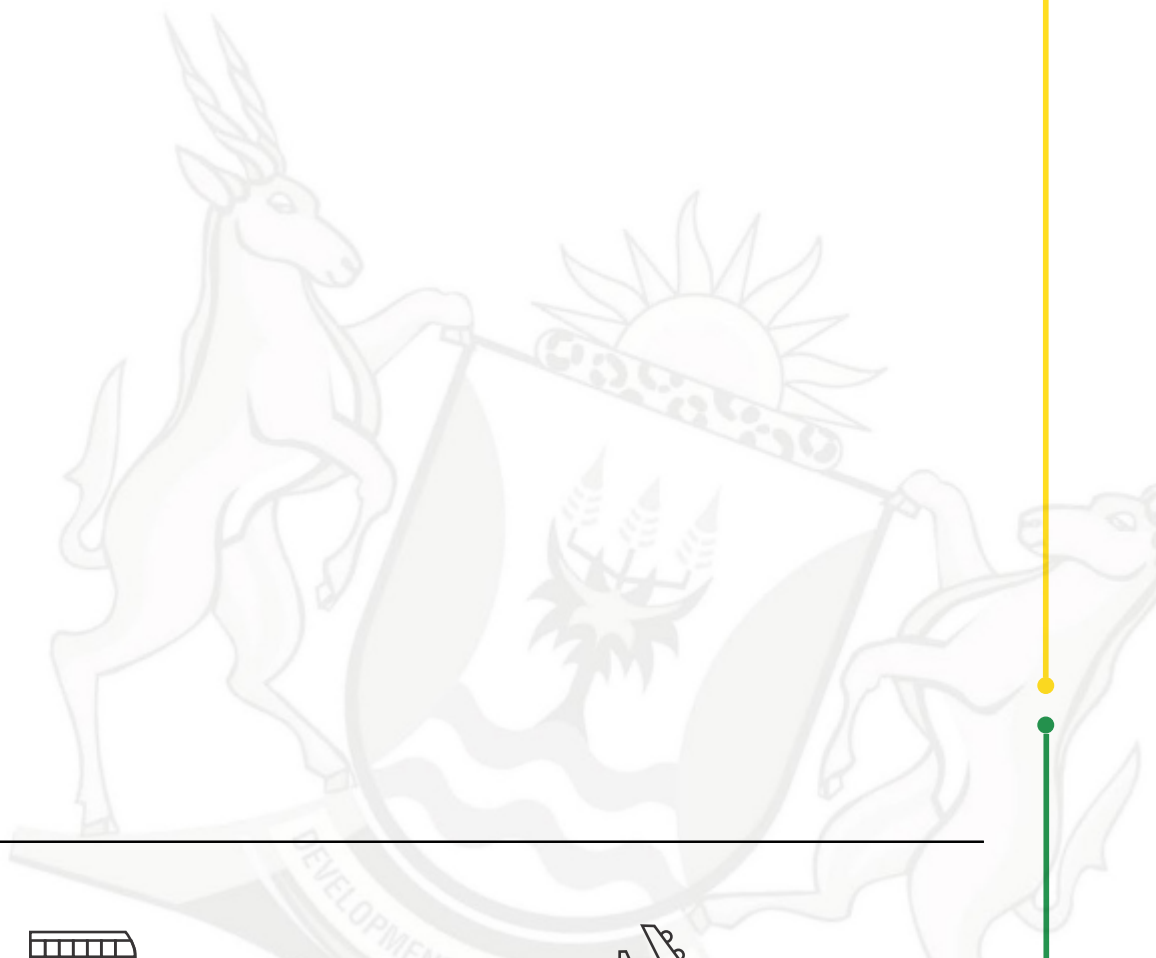


Statement of Financial Position as at 31 March 2022

Figures in Rand	Note(s)	2022	2021 Restated*
Assets			
Current Assets			
Inventories	4	85 750 722	174 721 096
Finance lease receivables	3	159 764 235	176 635 175
Receivables from exchange transactions	5	415 297 915	419 222 725
Cash and cash equivalents	6	209 164 937	58 740 190
		869 977 809	829 319 186
Non-Current Assets			
Property, plant and equipment	7	146 179 720	144 759 141
Intangible assets	8	602 129	602 129
Finance lease receivables	3	580 683 961	569 259 699
		727 465 810	714 620 969
Total Assets		1 597 443 619	1 543 940 155
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	81 478 911	169 927 632
Provisions	10	29 819 042	26 635 607
		111 297 953	196 563 239
Total Liabilities		111 297 953	196 563 239
Net Assets		1 486 145 666	1 347 376 916
Reserves			
Capital contribution		362 001 648	362 001 648
Accumulated surplus		1 124 144 018	985 375 268
Total Net Assets		1 486 145 666	1 347 376 916

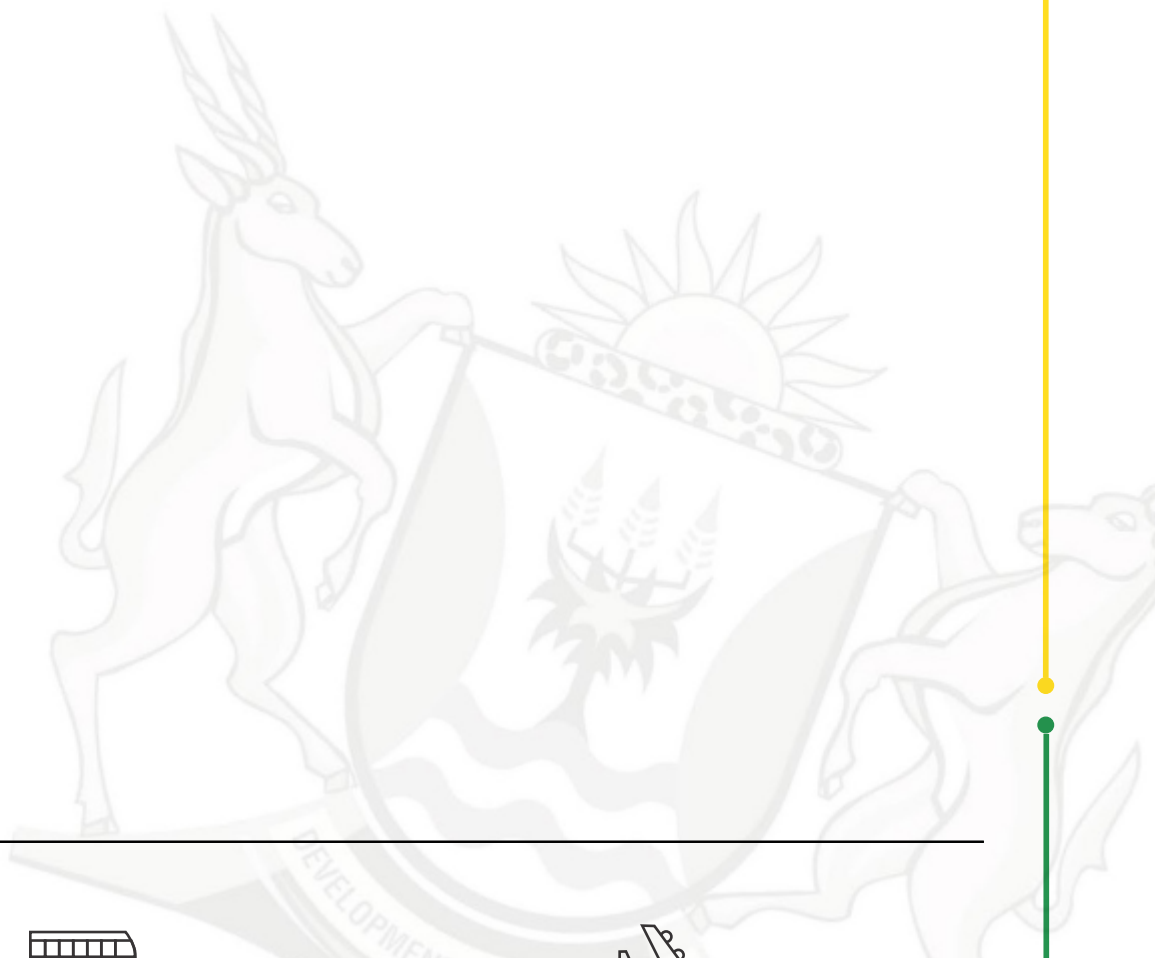
Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
Revenue			
Revenue from exchange transactions			
Rendering of services	11	474 206 097	431 219 511
Interest earned	12	79 879 146	70 652 481
Other income		11 919 560	7 570 205
Gain on disposal of inventory held for sale		3 499 153	-
Derecognition of assets		30 562 955	51 157 810
Total revenue from exchange transactions		600 066 911	560 600 007
Expenditure			
Personnel costs	13	(42 851 739)	(35 462 049)
Fleet running costs	14	(357 208 402)	(312 075 082)
Depreciation on property, plant and equipment		(29 932 803)	(28 411 092)
Inventory write down	15	(5 610 080)	(6 315 599)
Debt Impairment and bad debts written off	16	5 080 610	(44 969 719)
Movements in provisions		(3 058 198)	(531 344)
Loss on disposal of asset		-	(10 080 527)
Administration costs	17	(27 717 556)	(23 635 039)
Total expenditure		(461 298 168)	(461 480 451)
Surplus for the year		138 768 743	99 119 556



Statement of Changes in Net Assets

Figures in Rand	Capital Contribution	Accumulated surplus	Total net assets
Opening balance as previously reported	362 001 648	958 846 728	1 320 848 376
Adjustments			
Prior year adjustments - refer to Note 24	-	(7 851 016)	(7 851 016)
Balance at 01 April 2020 as restated*	362 001 648	950 995 712	1 312 997 360
Changes in net assets			
Surrender of surplus funds	-	(64 740 000)	(64 740 000)
Net income (losses) recognised directly in net assets	-	(64 740 000)	(64 740 000)
Restated surplus for the year	-	99 119 556	99 119 556
Total recognised income and expenses for the year	-	34 379 556	34 379 556
Total changes	-	34 379 556	34 379 556
Opening balance as previously reported	362 001 648	993 173 275	1 355 174 923
Adjustments			
Prior year adjustments - refer to note 24	-	(7 798 000)	(7 798 000)
Balance at 01 April 2021 as restated*	362 001 648	985 375 275	1 347 376 923
Changes in net assets			
Surplus for the current year	-	138 768 743	138 768 743
Total changes	-	138 768 743	138 768 743
Balance at 31 March 2022	362 001 648	1 124 144 018	1 486 145 666



Cash Flow Statement

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Receipts			
Sale of goods and services		483 211 517	335 346 333
Interest income		79 879 146	70 652 481
Other receipts		15 085 438	8 294 698
		<u>578 176 101</u>	<u>414 293 512</u>
Payments			
Employee costs		(42 851 739)	(35 462 049)
Suppliers		(564 859 449)	(698 128 126)
		<u>(607 711 188)</u>	<u>(733 590 175)</u>
Net cash flows from operating activities	19	<u>(29 535 087)</u>	<u>(319 296 663)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	<u>(1 510 368)</u>	<u>(12 897 046)</u>
Cash flows from financing activities			
Finance lease receipts		181 470 202	185 952 680
Surrender of surplus		-	(64 740 000)
Net cash flows from financing activities		<u>181 470 202</u>	<u>121 212 680</u>
Net increase/(decrease) in cash and cash equivalents		<u>150 424 747</u>	<u>(210 981 029)</u>
Cash and cash equivalents at the beginning of the year		58 740 190	269 721 219
Cash and cash equivalents at the end of the year	6	<u>209 164 937</u>	<u>58 740 190</u>



Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Rendering of services	796 428 012	-	796 428 012	474 206 097	(322 221 915)	28
Interest received	5 931 323	-	5 931 323	79 879 146	73 947 823	28
Other income	101 071 470	-	101 071 470	11 919 560	(89 151 910)	28
Total revenue from exchange transactions	903 430 805	-	903 430 805	566 004 803	(337 426 002)	

Expenditure

Personnel costs	(71 373 743)	28 606 186	(42 767 557)	(42 851 739)	(84 182)	28
Fleet running costs	(441 226 325)	-	(441 226 325)	(357 208 402)	84 017 923	28
Depreciation and amortisation	-	-	-	(29 932 803)	(29 932 803)	28
Inventory write down	-	-	-	(5 610 080)	(5 610 080)	28
Debt Impairment & bad debts written off	-	-	-	5 080 610	5 080 610	28
Movements in provisions	-	-	-	(3 058 198)	(3 058 198)	28
Administration costs	(36 744 814)	-	(36 744 814)	(27 717 556)	9 027 258	28
Total expenditure	(549 344 882)	28 606 186	(520 738 696)	(461 298 168)	59 440 528	

Operating surplus

Operating surplus	354 085 923	28 606 186	382 692 109	104 706 635	(277 985 474)	
Gain/Loss on sale of inventory held for sale	-	-	-	3 499 153	3 499 153	
Derecognition of assets	-	-	-	30 562 955	30 562 955	28
	-	-	-	34 062 108	34 062 108	

Surplus for the year

Surplus for the year	354 085 923	28 606 186	382 692 109	138 768 743	(243 923 366)	
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement

Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	354 085 923	28 606 186	382 692 109	138 768 743	(243 923 366)	
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Accounting Policies

Figures in Rand	Note(s)	2022	2021
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1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual 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. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

These annual 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

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the lower of carrying amount calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.

Gross investment in lease - residual value

Residual values used in the calculation of the gross investment in lease are based on management's estimation, vehicle condition and expected use of the leased vehicles.

These residuals are calculated using a rate determined with reference to the potential decline in the value of fleet vehicles over the lease period as per trade value data. As the entity does not trade in the open market, the outcome as per the trade value data is reduced further by taking into account our operational environment. The residual values are aligned to those used for pricing as per approved rate card which are based on regression analysis of vehicle's market value, age and kilometers.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets is determined based on the useful lives and residual values of the underlying items. The residual values and useful lives are based on managements' estimation of the asset condition, its current use and expected future use of the asset.



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.

Initial recognition

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.

Property, plant and equipment is initially measured at cost.

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.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Operating leases are vehicles that exceeded the lease period per the rate card but are still being used by the User departments and are transferred to property, plant and equipment at deemed cost.

The cost of a tracker and installation cost is recognised when a tracker device has been fitted in the vehicle.

Subsequent measurement

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Operating lease vehicles are subsequently measured at the deemed cost less accumulated depreciation and impairment over the remaining useful life.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:



Accounting Policies

1.4 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	4-7 years
Motor vehicles/Leased vehicles/Relief vehicles	Straight-line	5 years
Office equipment	Straight-line	4-7 years
Computer equipment	Straight-line	3 years
Fleet Tracker	Straight-line	3 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Operating lease vehicles returned by user departments are derecognised from property, plant and equipment and transferred at their carrying amount when they cease to be rented and become held for sale.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.



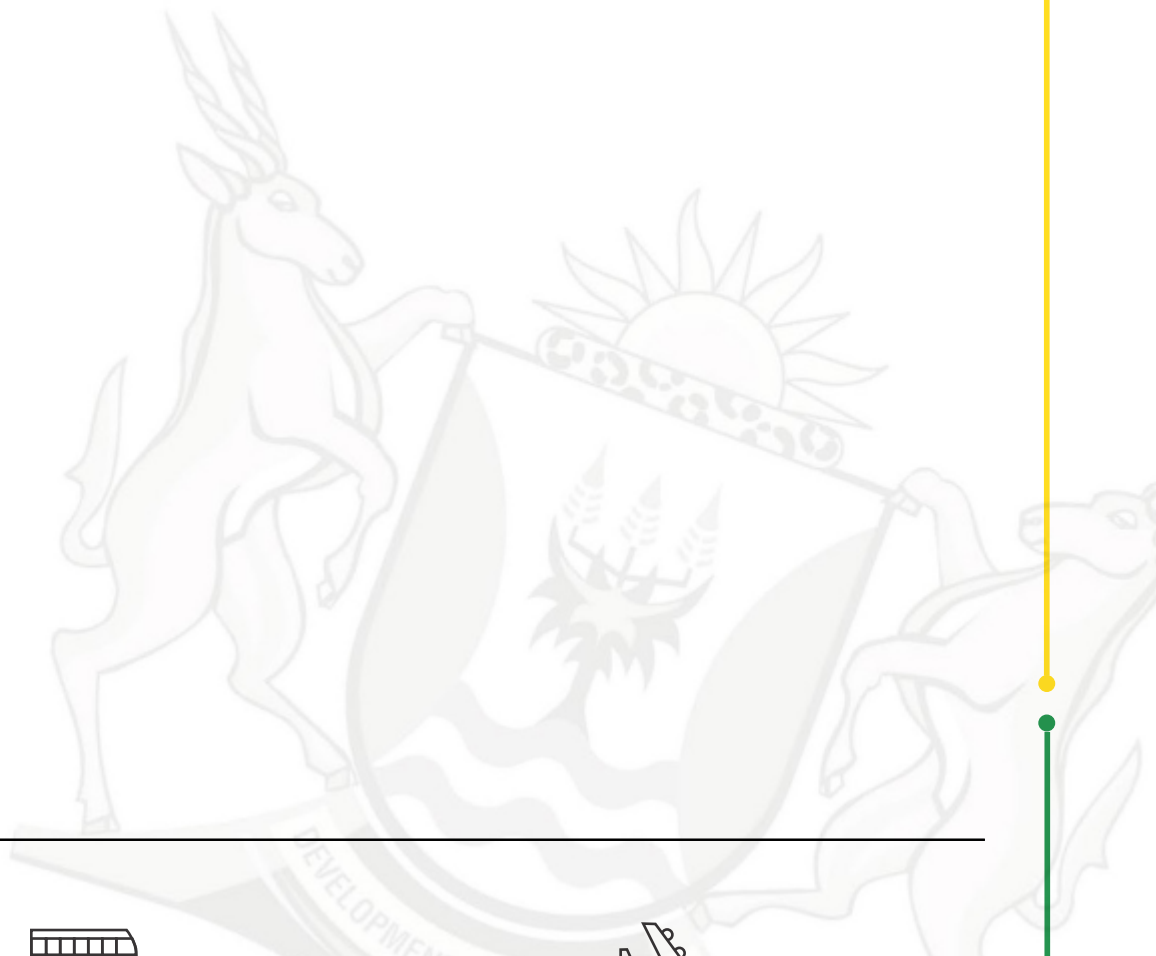
Accounting Policies

1.5 Intangible assets (continued)

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	Indefinite



Accounting Policies

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Cash and Cash equivalent
Receivables from exchange transactions
Finance lease receivable

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost

Accounting Policies

1.6 Financial instruments (continued)

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition at amortised cost.

Trade and other receivables from exchange transactions - are measured at amortised cost less provision for impairment. 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 GRAP104. Trade and other receivables comprise provincial departments and are considered for impairment to the extent that they are irrecoverable.

Derecognition

Financial assets

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
 - the entity transfers to another party substantially all of 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.
- In this case, the entity
- derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

Derecognition thus occurs when receivables from exchange transactions are settled by the client, and when cash balances are withdrawn from the bank or disbursed. Finance lease receivables are derecognised when the leased vehicles reach their end of lease period.

Financial liabilities

The entity derecognised financial liabilities when the obligation under the liability is discharged or cancelled or expires. Derecognition thus occurs when the liability has been paid.

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.



Accounting Policies

1.7 Leases (continued)

Finance leases - lessor

The entity recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance lease revenue is recognised based on a pattern reflecting a constant periodic rate of return on the entity's net investment in the finance lease.

The finance lease receivable is derecognised when the vehicles reach their economic life/ lease period.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Inventories

Initial measurement

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Vehicles returned by user departments to the entity at the end of the lease arrangement are transferred from property, plant and equipment and recognised separately as inventory held for sale.

Inventory held for sale are recognised in inventory at carrying value when they cease to be rented and become held for sale.

Subsequent measurement

Subsequently inventories are measured at the lower of carrying value and net realisable value. Vehicles that are being made ready for leasing to departments are classified as inventory. This category of inventory is not subsequently measured at lower of cost or net realisable value, this is because the economic benefits will be fully realised once they are leased.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Each inventory item is measured at its actual costs. Inventory held for sale is subsequently measured at the lower of carrying value or net realisable value.

Derecognition

Vehicles (new) inventory are derecognised when they are issued to user departments or written off.

Vehicles issued to user departments are recognised as finance leases and derecognised as inventory at their carrying amounts.

The amount of any inventory write off is recognised as deficit in the Statement of Financial Performance.



Accounting Policies

1.8 Inventories (continued)

Inventory held for sale are derecognised on disposal or when they are written off.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

1.10 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Consideration paid or received for the establishment of the entity shall be recognised directly in equity.

1.11 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.



Accounting Policies

1.11 Employee benefits (continued)

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 include items such as:

- 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 recognises 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, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

1.12 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- 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 can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.



Accounting Policies

1.12 Provisions and contingencies (continued)

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Revenue for utilization charge is recognised as kilometers travelled by user departments.

Revenue is billed at estimated kilometers travelled throughout the year. The entity bills actual kilometers when the vehicle has been returned back by the user department.

Fuel revenue is billed as the actual cost incurred by user departments.

Revenue for fixed rental charges is measured at the rate determined with reference to the approved rate card.

Revenue for managed maintenance vehicles is billed at a fixed rate as per the approved rate card. Expenditure relating to the running of these vehicles is recovered in full from the user department.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.



Accounting Policies

1.14 Revenue from exchange transactions (continued)

Interest

Revenue arising from the use by others of entity assets yielding interest recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Measurement

Interest on outstanding debtors - It is measured as a percentage of long outstanding debtors using the effective interest rate at the reporting period.

Interest earned on current and call account - It is recognised on a time-proportion basis using the effective interest method.

Interest on leases - Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the entity's net investment in the finance leases.

1.15 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.16 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.



Accounting Policies

1.16 Accounting by principals and agents (continued) Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.20 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) any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.



Accounting Policies

1.20 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2021/04/01 to 2022/03/31.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of Comparative and Actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

1.22 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.



Accounting Policies

1.22 Related parties (continued)

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

The entity operates in an economic sector currently dominated by entity's directly or indirectly owned by the South African government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities which are members of the same economic entity are considered to be related parties.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.23 Events after 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).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.24 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.25 Surrender of funds to Provincial Treasury

The entity was established in accordance with regulation 19 of the PFMA Treasury Regulation. Consequently, it was allocated an initial capital amount to finance its establishment by the Eastern Cape Provincial Treasury. The intention was that it would sustain itself going forward.

Treasury Regulation 19.7.1 requires that an Accounting Officer of a department operating a Trading Entity, must at the end of each financial year and after books of account have been closed, declare any surplus or deficit to the relevant treasury.

The entity determines at the end of each financial year, whether or not there are any funds to surrender after considering its liabilities and commitments for the ensuing year.

The entity recognises the surrender of surplus funds to the Provincial Treasury directly against accumulated surplus.



Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25 (as revised 2021): Employee Benefits	01 April 2009	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2009	Unlikely there will be a material impact
• GRAP 104 (amended): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

3. Finance lease receivables

Gross investment in the lease due

- within one year	210 934 557	219 071 952
- in second to fifth year inclusive	636 222 869	636 790 234
	847 157 426	855 862 186
	(106 709 230)	(109 967 313)
	740 448 196	745 894 873

less: Unearned finance revenue

Present value of minimum lease payments due

- within one year	159 764 235	176 635 175
- in second to fifth year inclusive	580 683 961	569 259 699
	740 448 196	745 894 874

Non-current assets	580 683 961	569 259 699
Current assets	159 764 235	176 635 175
	740 448 196	745 894 874

The entity entered into material finance leasing arrangements with provincial departments. The agreement between the entity and the user departments requires the entity to maintain the vehicles during the lease period and to replace these as directed by the rate card and the service level agreement when they reach the lease term.

Unguaranteed residual values used in the calculation of the gross investment in lease are based on management's estimation, vehicle condition and expected use of the leased vehicles.

These residual values are calculated using a rate determined with reference to the potential decline in the value of fleet vehicles over the lease period as per trade value data. As the entity does not trade in the open market, the outcome as per the trade value data is reduced further by taking into account our operational environment. The residual values are aligned to those used for pricing as per approved rate card which are based on regression analysis of vehicle's market value and age.



Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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4. Inventories

New motor vehicles	63 210 238	154 520 840
Vehicles held for sale	22 540 484	20 200 256
	85 750 722	174 721 096

Reconciliation of new motor vehicles - 31 March 2022

Opening balance	154 520 840	25 566 763
Additions	168 441 111	426 664 450
Transfer to finance lease receivable	(258 443 663)	(297 324 557)
Transfer from Inventory to MM	(3 624 602)	(385 816)
Transfers from MM to inventory	2 542 477	-
Transfer to own vehicle	(225 925)	-
	63 210 238	154 520 840

The inventory balance for the year relates to 73 (PY:442) motor vehicles acquired by the Entity not yet distributed to the provincial departments which were still stationed at the entity's premises as at 31 March 2022.

Reconciliation of vehicles held for sale - 31 March 2022

Opening balance	20 200 256	84 925 898
Transfer from lease	79 974 204	45 073 877
Less: Disposals	(71 729 233)	(103 446 205)
Reclassification to operating leases	(72 981)	-
Transfer to leases	(39 511)	-
Transfer to own vehicle	(182 171)	-
Inventory write down	(5 610 080)	(6 353 314)
	22 540 484	20 200 256

The inventory held for sale relates to vehicles which have reached the end of the leasing period in terms of the lease agreement between the user department and the trading entity and have been returned to the entity for disposal

5. Receivables from exchange transactions

Trade receivables	450 346 709	454 219 704
Provision for impairment of trade receivables	(39 881 042)	(44 969 719)
Kugqityiwe Trading & Project (Pty)Ltd	87 462	-
Mayibuye Transport Corporation	2 672 573	2 340 553
Prepaid expenses	20 976	-
Go industry Dovebid SA	716 334	1 008 381
Department of Transport	708 177	3 273 858
Staff debtors	32 755	53 499
Volkswagen SA	-	827 235
Department of Education	428 640	428 640
Department of Home Affairs	12 547	12 547
Third party claims receivables	52 784	-
Vodacom Service Provider	100 000	-
Department of Co-Op Gov & Trad Aff	-	366 600
MM Motor vehicles	-	1 661 427
	415 297 915	419 222 725

These balances are not encumbered and secured by any collateral.

Trade receivables comprise debts owed by provincial departments and are subject to a 30-day payment term.



Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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5. Receivables from exchange transactions (continued)

Trade and other receivables past due but not impaired

Trade and other receivables which are 3 months past due are not considered to be impaired. At 31 March 2022 R145,177,190 (2021: R118,539,296) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	98 040 502	45 140 494
2 months past due	23 014 621	40 071 372
3 months past due	24 122 067	33 327 430

Trade Debtors past due and impaired

As of 31 March 2022, trade and other receivables of R270,299,212 were past due and considered for impairment

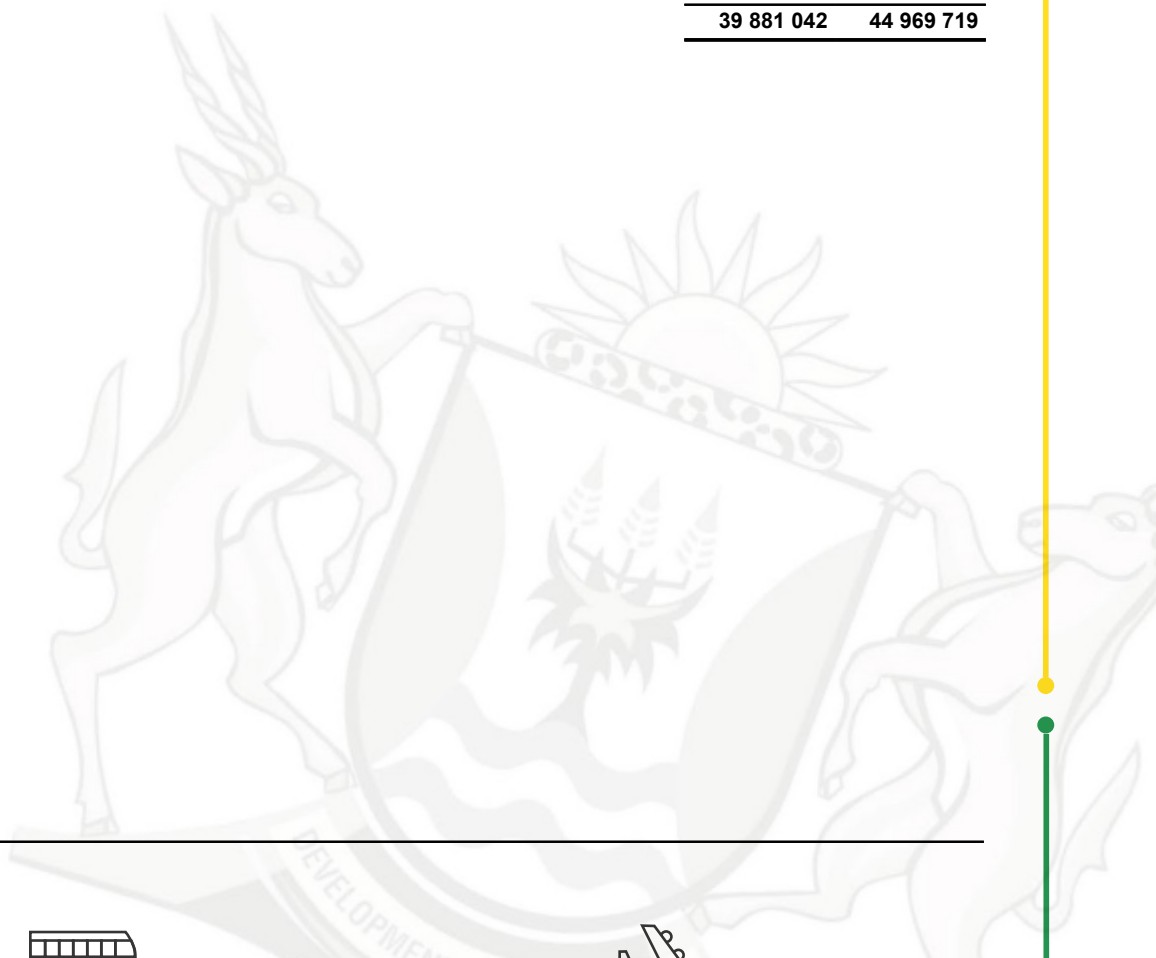
The amount of the provision was R (39 881 042) as of 31 March 2022 (2021: R 44 969 719).

The ageing of these trade debtors are as follows:

4 to 6 months	270 299 212	252 026 466
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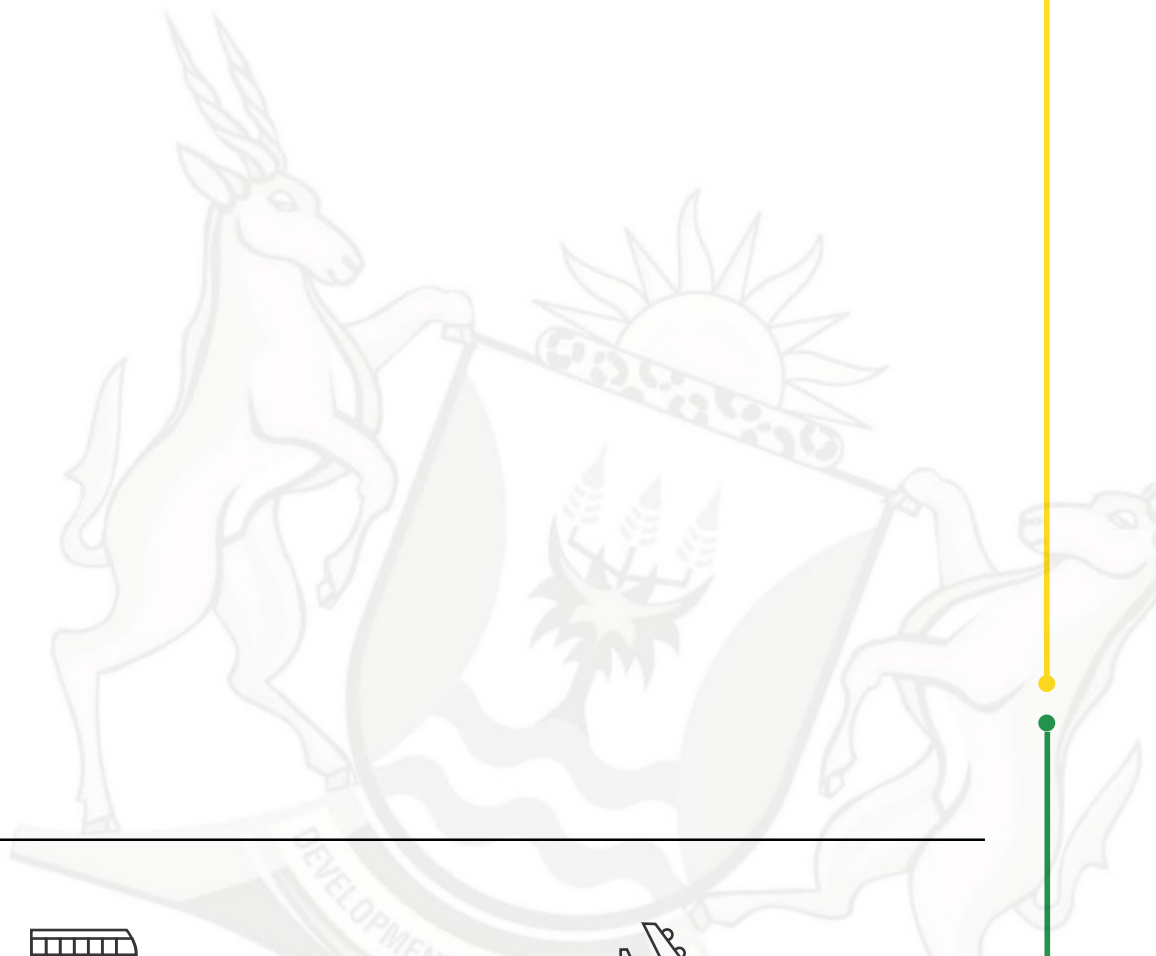
Reconciliation of provision for impairment of trade receivables

Opening balance	44 969 717	-
Provision for impairment	-	44 969 719
Impairment reversed	(5 088 675)	-
	39 881 042	44 969 719



Notes to the Annual Financial Statements

Figures in Rand	2022	2021
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Current account	58 221 490	33 270 942
Call account - Reserve Bank	150 943 447	25 469 248
	209 164 937	58 740 190



Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment

	2022		2021	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Furniture and fixtures	2 482 894	(1 858 849)	624 045	2 250 665
Motor vehicles	3 135 320	(2 360 793)	774 527	2 826 484
Office equipment	491 450	(324 204)	167 246	333 060
Computer equipment	6 837 034	(4 244 655)	2 592 379	6 486 833
Relief vehicles	32 269 670	(15 105 321)	17 164 349	33 737 749
Leased Motor Vehicles- Operating Leases	151 721 073	(32 286 423)	119 434 650	138 592 672
Fleet Tracker	13 044 223	(7 621 699)	5 422 524	12 704 765
Total	209 981 664	(63 801 944)	146 179 720	196 932 228
			(52 173 087)	144 759 141

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - March 2022

	Opening balance	Additions	Write offs/ Disposals	Transfers in	Transfers out	Depreciation	Total
Furniture and fixtures	605 032	235 475	(335)	-	-	(216 127)	624 045
Motor vehicles	838 641	407 351	-	-	-	(471 465)	774 527
Office equipment	37 570	160 390	-	-	-	(30 714)	167 246
Computer Equipment	3 969 578	367 694	-	-	-	(1 744 893)	2 592 379
Relief vehicles	22 360 516	-	(964 314)	-	-	(4 231 853)	17 164 349
Leased Motor Vehicles - Operating Leases	107 528 356	-	(2 201 227)	112 983 094	(79 974 204)	(18 901 369)	119 434 650
Fleet Tracker	9 419 448	339 458	-	-	-	(4 336 382)	5 422 524
	144 759 141	1 510 368	(3 165 876)	112 983 094	(79 974 204)	(29 932 803)	146 179 720

Notes to the Annual Financial Statements

Figures in Rand

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - March 2021

	Opening balance	Additions	Write offs/ Disposals	Transfers in	Transfers out	Depreciation	Total
Furniture and fixtures	858 187	-	(547)	-	-	(252 608)	605 032
Motor vehicles	944 485	385 815	-	-	-	(491 659)	838 641
Office equipment	66 128	2 513	-	-	-	(31 071)	37 570
Computer Equipment	153 710	4 903 091	-	-	-	(1 087 223)	3 969 578
Relief Vehicles	27 055 907	-	(135 394)	-	-	(4 559 997)	22 360 516
Leased Motor Vehicles - Operating Leases	100 413 926	-	(974 368)	72 168 511	(45 073 876)	(19 005 837)	107 528 356
Fleet Tracker	3 770 871	8 631 274	-	-	-	(2 982 697)	9 419 448
	133 263 214	13 922 693	(1 110 309)	72 168 511	(45 073 876)	(28 411 092)	144 759 141

Leased Motor vehicles (Operating Leases) relates to those motor vehicles currently being used by the user departments for service delivery which have exceeded lease term per the rate card and thus are beyond the lease term. These have been classified as operating leases on a month to month basis.

Notes to the Annual Financial Statements

Figures in Rand

8. Intangible assets

2022		2021	
Cost / Valuation	Accumulated Carrying value amortisation and accumulated impairment	Cost / Valuation	Accumulated Carrying value amortisation and accumulated impairment
602 129	-	602 129	-
			602 129

Computer software

Reconciliation of intangible assets - March 2022

Computer software

Reconciliation of intangible assets - March 2021

Computer software

Opening balance	602 129	Total	602 129
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Opening balance	602 129	Total	602 129
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The Intangible assets have been considered for impairment and they are fully recoverable.



Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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9. Payables from exchange transactions

Trade payables	1 436 765	64 900 452
Payments received in advanced	-	719 494
Auction Proceeds Payable to User Departments	19 082 641	11 886 907
Other payables	270 704	6 780 413
Accrued leave pay	1 723 630	1 483 082
Bonus Accrual	967 105	604 993
Accrued expense	57 998 066	83 552 291
	81 478 911	169 927 632

Trade Payables comprise of the following:

Ford	-	10 858 514
Volkswagen	1 019 928	19 149 915
Isuzu Trucks	-	629 088
ABSA Bank	-	31 887 161
Isipho Capital Motors	-	2 103 025
Other Trade payables	416 835	272 748
	1 436 763	64 900 451

Leave pay accrual - relates to the liability which would arise when the employee exit the employment of the Trading Entity and the related charge will need to be paid out at reporting date, due to past event of the rendering services as an employee of the Entity and based on the monthly salary of each employee.

Bonus accrual - relates to the portion of the annual service bonus payable which would have accrued to employees as at 31 March 2022.

Below is the list of Other Payables and Accrued expenses:

Other Payables

Go Industries Dovebid SA	184 945	-
Operating Lease Liability	85 759	256 324
Department of Transport - Construction vehicles (yellow fleet)	-	6 524 089
	270 704	6 780 413

Construction Vehicles (Yellow Fleet) - Department of Transport has requested Government Fleet Management Services to procure yellow fleet on their behalf since GFMS is participating on the RT57 contract, under condition that DOT will transfer the money to GFMS's bank account upon receipt of invoice from GFMS. Department of Transport transferred the money as agreed to GFMS but, as at end of March 2021 not all vehicles ordered were delivered, hence we have a liability to Department of Transport for prior year.

Accrued expense

ABSA	-	42 359 256
Vodacom South Africa	14 855 563	20 113 333
First National Bank	39 934 836	-
Volkswagen South Africa	-	9 765 268
Isipho Capital Motors	-	6 940 871
Ford South Africa	-	2 122 030
Department of Transport	1 118 426	648 356
Other accruals	2 089 241	1 603 177
	57 998 066	83 552 291



Notes to the Annual Financial Statements

Figures in Rand 2022 2021

10. Provisions

Reconciliation of provisions - March 2022

	Opening Balance	Increase or decrease in provision	Total
Provision of insurance claim	10 106 393	4 365 792	14 472 185
Provision for performance bonus	482 149	125 237	607 386
Provision for maintenance of vehicles	14 902 799	(1 297 466)	13 605 333
Provision for capped leave	1 144 266	(10 128)	1 134 138
	26 635 607	3 183 435	29 819 042

Reconciliation of provisions - March 2021

	Opening Balance	Increase or decrease in provision	Utilised during the year	Reversed during the year	Total
Provision of insurance claim	10 144 756	(38 363)	-	-	10 106 393
Provision for performance bonus	493 310	-	-	(11 161)	482 149
Provision for maintenance of vehicles	14 187 753	715 046	-	-	14 902 799
Provision for capped leave	1 289 605	-	(145 339)	-	1 144 266
	26 115 424	676 683	(145 339)	(11 161)	26 635 607

Provision for Insurance claim and maintenance of vehicles

The provision for the maintenance of motor vehicles relates to the estimated costs associated with the maintenance of vehicles based on usage of vehicles during the time which has elapsed from the previous service interval to financial year end.

The provision for insurance claims - The provision relates to claims incurred prior to year-end that have not yet been settled and have been actuarially valued.

The valuation as at 31 March 2022 was performed by True South Actuaries and Consultants. The consultants are affiliated with Actuarial Society of South Africa and have the required qualifications and expertise to performing this valuation.

Provision for capped leave

The provision for capped leave relates to accumulated leave credits accrued prior 01 July 2000. The payouts in respect of such leave credits shall be made in the event of death, retirement or medical boarding.

Provision for long service award

Government Fleet Management Services has an employee benefit of a long service award. Long service award is awarded to employees on completion of uninterrupted 10 years of service whereby employees qualify for 30 working days' annual leave and a service certificate.

No provision was raised for the 2022 financial year as no employees will qualify for this benefit. This provision will be calculated at the end of the financial year for the 2023 financial year.

11. Revenue

Rendering of services 474 206 097 431 219 511



Notes to the Annual Financial Statements

Figures in Rand	2022	2021
11. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rendering of services	474 206 097	431 219 511
Revenue from rendering of services comprises of the following:		
Full maintenance lease charge - fixed charge	161 903 224	162 333 050
Full Maintenance lease charge - utilization charge	312 302 873	268 886 461
	474 206 097	431 219 511
Principal and Agent arrangement		
GFMS entered into an agreement with the Provincial Departments to provide fleet services for managed maintenance vehicles. A fixed monthly administration fee of R926.50 per vehicle is charged to Provincial Departments as per approved rate card.		
12. Interest earned		
Interest on outstanding debtors	11 836 030	10 214 678
Interest portion on finance lease receivables	62 436 155	53 973 387
Interest earned on call account	5 606 961	6 464 416
	79 879 146	70 652 481
13. Personnel costs		
Basic salaries	30 251 960	25 755 446
Service bonus	1 817 340	1 201 163
Medical aid - company contributions	1 246 226	877 679
Bargaining Council Levies	8 562	6 854
Leave pay	240 548	202 618
Performance bonus	125 237	(11 162)
Pension contributions	2 976 934	1 792 319
Fuel claim and subsistence & travel allowances	44 018	43 854
Overtime payments	91 629	70 915
Long-service awards	-	21 797
Car allowance	281 276	191 237
Housing benefits and allowances	883 881	556 180
Non pensionable cash allowance	4 635 949	3 806 258
Resettlement allowance	144 200	239 674
Leave gratuity	103 979	707 217
	42 851 739	35 462 049
14. Fleet running costs		
Fleet running costs comprises of the following:		
Motor vehicle - fuel and oil	198 845 921	147 370 650
Motor vehicle - repairs and maintenance	102 211 653	100 320 781
Motor vehicle - other vehicle expenses	56 150 828	64 383 651
	357 208 402	312 075 082
15. Inventory write down		
Inventory held for sale	5 610 080	6 315 599
This relates to inventory held for sale that was reassessed to lower of cost and net realisable value at year end. The assessment is done at the end of the financial year.		



Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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16. Debt impairment and bad debts written off

Debt impairment	(5 088 674)	44 969 719
Bad debts written off	8 064	-
	(5 080 610)	44 969 719

17. Administration costs

Advertising	615 685	513 113
Auditors fees	3 440 697	2 633 391
Bank charges	3 265	28 743
Cleaning	1 511 555	1 590 861
Commission paid	3 839 546	4 348 894
Consulting and professional fees	1 241 834	1 835 677
Consumables	147 593	9 687
Entertainment	8 745	-
Licensing fees	50 824	75 462
Rental of office equipment and building	2 935 857	2 914 932
Hiring of venues and equipment	-	58 800
Third party claims - accidents FML	1 709 307	462 767
Repairs and maintenance - motor vehicles	1 465 947	837 491
Fuel and oil	695 832	306 881
Employee wellness	199 015	96 443
Courier & postage	509	2 752
Printing and stationery	124 224	118 790
Repairs and maintenance- Office building	1 826 670	194 263
Security (Guarding of entity's property)	4 221 588	4 036 249
Subscriptions and membership fees	516 810	407 616
Telephone, fax and data	849 343	1 013 627
Training	226 435	21 896
Electricity and water	1 311 692	1 553 034
Uniforms	-	21 294
Audit Committee Fees	230 888	217 516
Catering	23 719	1 740
Accommodation and travel	519 976	290 890
General repairs - Office furniture	-	36 550
Recruitment expenses	-	5 680
	27 717 556	23 635 039

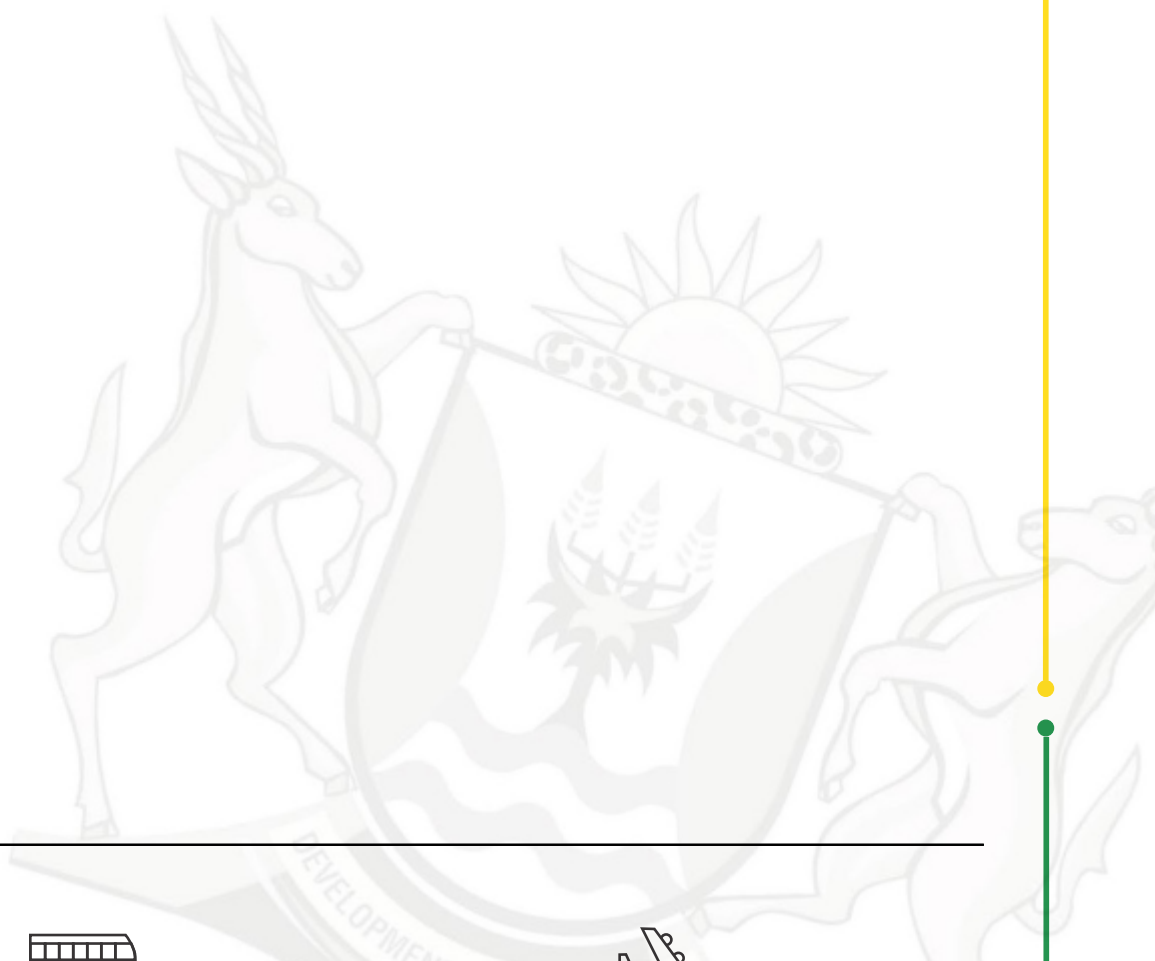
18. Auditors' fees

Fees	3 440 697	2 633 391
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Notes to the Annual Financial Statements

Figures in Rand	2022	2021
19. Cash generated from/ (used in) operations		
Surplus	138 768 743	99 119 556
Adjustments for:		
Depreciation and amortisation	29 932 803	28 411 092
Gain/Loss on disposal of assets	(3 499 153)	10 080 527
Derecognition of assets	(30 562 955)	(51 157 810)
Inventory write down	5 610 080	6 315 599
Debt impairment and bad debt written off	(5 080 610)	44 969 719
Movements in provisions	3 183 435	520 183
Write offs	3 165 876	1 110 309
Changes in working capital:		
Inventories	(91 610 007)	(338 222 136)
Receivables from exchange transactions	9 005 420	(95 585 293)
Payables from exchange transactions	(88 448 719)	(24 858 409)
	(29 535 087)	(319 296 663)



Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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20. Financial instruments disclosure

Categories of financial instruments

March 2022

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	415 297 915	415 297 915
Cash and cash equivalents	209 164 937	209 164 937
Finance lease receivable	740 448 196	740 448 196
	1 364 911 048	1 364 911 048

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1 436 765	1 436 765
Accrued expense	57 998 066	57 998 066
Other payables	270 704	270 704
Auction proceeds payable to user departments	19 082 641	19 082 641
	78 788 176	78 788 176

March 2021

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	419 222 725	419 222 725
Cash and cash equivalents	58 740 190	58 740 190
Finance lease receivable	745 894 874	745 894 874
	1 223 857 789	1 223 857 789

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	64 900 452	64 900 452
Accrued expense	83 552 291	83 552 291
Other payables	6 780 413	6 780 413
Auction proceeds payable to user departments	11 886 907	11 886 907
	167 120 063	167 120 063



Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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21. Commitments

Authorised capital expenditure

Already contracted for but not provided for

Contracted for but not yet commenced

Motor Vehicles	189 940 392	128 752 170
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Contracted for but not yet completed

Motor vehicles	4 079 163	48 256 085
Tracker	7 197 946	6 565 589
	11 277 109	54 821 674

Not yet contracted for

<ul style="list-style-type: none"> • Motor vehicles 	523 689 303	323 558 390
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Authorised operational expenditure

Already contracted for and not yet commenced

<ul style="list-style-type: none"> • Goods and Services 	988 388	1 027 026
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Already contracted for and not yet complete

<ul style="list-style-type: none"> • Goods and Services 	36 832 233	64 789 032
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Total operational commitments

Already contracted for and not yet commenced	988 388	1 027 026
Already contracted for and not yet complete	36 832 233	64 789 032
	37 820 621	65 816 058

The entity has a commitment with the auctioneer to pay 4% of the proceeds on disposal of assets and the amount cannot be quantified.

Operating leases as lessee- Office building rental

Minimum lease payments due

- within one year	2 789 713	2 607 209
- in second to fifth year inclusive	4 270 800	7 060 513
	7 060 513	9 667 722

The entity has entered into an Operating Lease arrangement with ESDA Properties for rental of an office space for a period of 5 years which ends 31 August 2024.

The lease is payable in advance every 1st of the month starting from 01 September 2019. Escalation clause is 7% every 1st October of each year.

The Property is in no ERF 18933, East London 25 Castellano Building, Woodbrook.

Rental expenses relating to operating leases

Minimum lease payments	2 436 643	2 692 968
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Operating leases as lessee - Photocopy machines

Minimum lease payments due

- within one year	301 688	380 663
- in second to fifth year inclusive	139 468	329 029

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
21. Commitments (continued)		
	441 156	709 692
Rental expenses relating to operating leases	499 213	432 387

Operating lease payments represent rentals payable by the entity for printing and photocopy machines. The entity is participating in a transversal contract (RT3), for the supply, delivery, installation, commissioning and maintenance of office automation solutions. The contract is for a 36-month period with a mandatory extension for multifunctional printers up to 24 months at a zero percent (0%) rental. No contingent rent is payable.

22. Contingencies

Contingent liabilities

Issue 1

Third Party Claims - Government owned vehicles are not insured by insurance companies. The State carries its own accident risk and accepts liability for any expenditure arising from claims instituted by third parties that would ordinarily be payable by an insurer, including damages to State owned vehicles. As at end of the financial year the Entity has a possible obligation/ contingent liability arising from third party claims amounting to R2 300 631.

Issue 2

Ndamase was awarded a contract to render security services at the Mthatha government garage. Various vehicle parts were stolen during the subsistence of the contract as a result the GFMS withheld payment to Ndamase. Ndamase has now issued summons for the release of the payment amounting to R253 000. The GFMS is defending the matter and a counterclaim has been filed to the value of the parts stolen.

Contingent assets

Issue 1

These are claims against third parties submitted to the office of the State Attorney. The outcome of these cases is still pending. These claims amounts to R10 947 172.

Issue 2

Emanating from an incident that occurred at Mthatha Government Garage, ten motor vehicles were stripped off items from tyres, seats, lights, canopy, dashboard, gearbox and engines. GFMS Loss Control Unit conducted an investigation and recommended that the security company that was employed to guard the garage is held accountable. The matter has been handed over to the State Attorney and the outcome is not yet known. GFMS has determined an estimated amount of R583 285 for replacement of the stolen parts.



Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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23. Related parties

Relationships

Controlling entity
Entities with common control
Members of key management

Eastern Cape Department of Transport
Mayibuye Transport Corporation
Mr K Gazi (Head of Entity)
Mr. M. Mboya (Institutional Compliance)
Mr. F. Narkadien (Senior Manager: Fleet Maintenance & SMME Development)
Ms. N. Mafumbu (Senior Manager: Finance)
Mr. B. Chirimuta (Senior Manager: Fleet Development & Provisioning)
Ms. M. Mija (Senior Manager: Internal Audit)

Services provided by Department of Transport:

The Trading Entity enjoys the benefit of free services being delivered by the Department of Transport in respect of its Human Resources. The costs relating to these functions cannot be reliably measured and is therefore not disclosed.

Related party balances

Amounts included in Receivable regarding related parties

Eastern Cape Department of Transport	9 065 546	7 154 454
Mayibuye Transport Corporation	2 672 572	2 340 553

Amounts included in Trade Payable regarding related parties

Eastern Cape Department of Transport - Trade Payables	-	6 524 089
Eastern Cape Department of Transport - Accrued expenses	1 118 426	648 356
Auction Proceeds payable to Department of Transport	265 576	(148 334)
	1 384 002	7 024 111

Related party transactions

Salaries to be paid to employees by related parties on behalf of the trading entity

Eastern Cape Department of Transport	42 851 739	35 462 049
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Revenue Received from related parties in terms of lease agreements

Eastern Cape Department of Transport	29 463 973	29 990 364
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Key management information

Class	Description	Number
Executive management	Head of Entity and Senior Managers	6

Remuneration of management



Notes to the Annual Financial Statements

Figures in Rand 2022 2021

23. Related parties (continued)

Management class: Executive management

2022

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Total
K. Gazi	943 526	-	424 817	1 368 343
Seconded to Mayibuye	(232 395)	-	(99 624)	(332 019)
M. Mboya	965 557	80 761	353 797	1 400 115
F. Narkadien	735 305	61 275	456 769	1 253 349
N. Mafumbu	751 231	62 603	279 803	1 093 637
B. Chirimuta	744 754	-	302 418	1 047 172
M Mija	715 987	-	377 649	1 093 636
	4 623 965	204 639	2 095 629	6 924 233

2021

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Total
K. Gazi	929 582	-	398 506	1 328 088
Seconded to Mayibuye	(929 582)	-	(398 506)	(1 328 088)
M. Mboya	830 764	79 568	385 070	1 295 402
F. Narkadien	683 435	56 953	400 752	1 141 140
N. Mafumbu	740 128	61 677	255 625	1 057 430
B. Chirimuta	370 064	-	158 651	528 715
	2 624 391	198 198	1 200 098	4 022 687

Other short term employee benefits comprise of medical aid, pension fund, motor car allowance, non-pensionable cash allowance, housing allowance and bargaining council.

24. Prior-year adjustments

The prior year adjustments resulted from prior period errors.

Statement of financial position

March 2021

	As previously reported	Correction of error	Restated
Finance lease	746 359 960	(465 086)	745 894 874
Trade and other receivables	427 350 320	(8 127 595)	419 222 725
Property, Plant and Equipment	146 567 989	(1 808 848)	144 759 141
Inventories	175 150 941	(429 845)	174 721 096
Trade and Other payables	(172 960 999)	3 033 367	(169 927 632)
	1 322 468 211	(7 798 007)	1 314 670 204



Notes to the Annual Financial Statements

Figures in Rand 2022 2021

24. Prior-year adjustments (continued)

Statement of financial performance

March 2021

	As previously reported	Correction of error	Restated
Interest	70 678 492	(26 011)	70 652 481
Rendering of services	433 175 234	(1 955 723)	431 219 511
Other Income	7 650 076	(79 871)	7 570 205
Depreciation	(28 500 067)	88 975	(28 411 092)
Personnel cost	(35 485 855)	23 806	(35 462 049)
Admin costs	(24 287 373)	652 334	(23 635 039)
Fleet running costs	(313 386 866)	1 311 784	(312 075 082)
Inventory write down	(6 353 314)	37 715	(6 315 599)
Impact on surplus	103 490 327	53 009	103 543 336

Prior year adjustment summary

	Correction of error
Impact on the Income Statement	53 009
Impact on the Balance Sheet	7 798 007
Total changes in Retained Earnings	7 851 016

Cash flow statement

March 2021

	As previously reported	Correction of error	Restated
Cash flow from operating activities			
Sale of goods and services	337 260 352	(1 914 019)	335 346 333
Interest income	70 678 492	(26 011)	70 652 481
Other receipts	8 760 387	(465 689)	8 294 698
Employee costs	(35 485 855)	23 806	(35 462 049)
Suppliers	(698 780 460)	652 334	(698 128 126)
	(317 567 084)	(1 729 579)	(319 296 663)
Cash flow from investing activities			
Purchase of property, plant and equipment	(15 091 710)	2 194 664	(12 897 046)
	(15 091 710)	2 194 664	(12 897 046)
Cash flow from financing activities			
Finance lease receipts	186 417 765	(465 085)	185 952 680
	186 417 765	(465 085)	185 952 680

Prior period adjustments

The following prior period errors adjustments occurred:



Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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24. Prior-year adjustments (continued)

Finance Lease Receivables

The Department of Transport made an advanced payment for vehicles they had requested GFMS to procure on their behalf. Vehicles released as Full Maintenance Lease to the Department were later converted to Managed Maintenance vehicles. This impacted Finance Lease receivables and the amount recognised as a prepayment for the Department as at the 31 March 2021.

The above adjustment also affected the interest received from finance leases and trade and other payables.

Trade and other Receivables

Trade Receivables: Adjustments were made to certain trade receivable accounts to correct misstatements made in previous financial years. The adjustments also had an impact on revenue from rendering of services.

Other receivables:

- Accrued Revenue: An adjustment of R2 720 973 was made to correct fuel accrual that was not reversed in previous financial year.
- Other debtors: An adjustment of R652 334 relates to amount owed by Dovebid SA (Auctioneer). The service provider incorrectly claimed VAT on an invoice for commission and that also affected the admin costs- commission expense.

Property, plant and Equipment and Depreciation

The adjustment resulted from the following:

- Depreciation for Motor Vehicles which was calculated using incorrect useful life.
- Derecognition of vehicles that were written off in the prior years.
- Surveillance camera accrual that was raised in the prior year was overstated and reversed in the current year

Inventory

Reclassification of vehicles that were previously disclosed as inventory held for sale to operating leases and the reversal of impairment previously recognised was adjusted from inventory write down account.

Trade and other payables

The adjustment was made on Accruals for Tracker expenditure which was overstated in the prior year. This adjustment also affected the fleet running costs expenditure.

Personnel Costs

The adjustment was made to correct overtime accrual raised in the prior year which was overstated as the actual payment made was less than the accrual raised.

25. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: liquidity risk, credit risk and market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk)

The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. The accounting officer provides principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity.



Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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25. Risk management (continued)

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk by continuously monitoring forecasts and actual cash flows. Liquidity risk is the risk that the entity may fail to meet its payment obligations as they fall due, the consequences of which may be the failure to meet the obligations to creditors.

Current assets

Finance Lease receivables	159 764 235	176 635 175
Inventories	85 750 722	174 721 096
Receivable from exchange	415 297 915	419 222 725
Cash and cash equivalent	209 164 937	58 740 190
	869 977 809	829 319 186

Current Liabilities

Payables from exchange	81 478 911	169 927 632
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Credit risk

Credit risk consists mainly of cash equivalents and trade debtors. The entity manages the liquidity risk relating to cash and cash equivalents by placing Entity funds with high credit quality institutions.

Credit loss allowances for expected credit losses are recognised for trade debtors that show risk of irrecoverability.

Market risk

Interest rate risk

The Entity's interest rate risk arises from finance leases, short-term deposits and investment.

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Price risk

The Entity is not exposed to significant price risk

26. Fruitless and wasteful expenditure

Opening balance as previously reported	157 715	165 995
Opening balance as restated	157 715	165 995
Less: Amount written off - prior period	-	(8 280)
Closing balance	157 715	157 715

Comment:

Included in the opening balance of Fruitless and Expenditure is an amount of R157 715 which relates to cost of fitting and removing decals on 17 vehicles due to wrong branding used. This case is still under investigation and there are no disciplinary action taken yet.

Staff training - R8 280 was removed from prior year as the expenditure does not meet definition of fruitless and wasteful expenditure and the expenditure could not have been avoided,



Notes to the Annual Financial Statements

Figures in Rand	2022	2021
27. Irregular expenditure		
Opening balance as previously reported	4 497 338	3 901 164
Opening balance as restated	4 497 338	3 901 164
Add: Irregular Expenditure - current	3 818	1 248 508
Irregular expenditure reclassified to receivables	-	(652 334)
Closing balance	4 501 156	4 497 338

Incidents/cases identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Opening balance		4 497 338	-
This irregular relates to a contract between Afrirent and GFMS. GFMS had a contract with Afrirent to install trackers on leased vehicles. The contract came to an end on the 31 January 2018. GFMS continued with the contract without getting approval from Provincial Treasury to deviate from normal procurement processes. Quotes were awarded even though written price quotations were not obtained from at least three different prospective suppliers and no approval by delegated official.	This case has been finalised and is awaiting condonement	-	3 901 164
Go Industry withheld 4.6% instead of 4% of commission fees as stipulated in the contract and the amount that was raised as irregular expenditure in the prior year. In the current year the amount was reclassified to debtors	To be investigated	-	596 174
Leasing charges for a photocopier machine without a valid contract.	Auctioneer was engaged and agreed to pay the amount	-	652 334
	Reclassified to debtors	-	(652 334)
	This case has been finalised and is awaiting condonement	3 818	-
		4 501 156	4 497 338

Comment:

Go Industry withheld 4.6% instead of 4% of commission fees as stipulated in the contract and that was raised as irregular expenditure in the prior year, Auctioneer was engaged and agreed to pay the amount. An amount of R652 334 which was previously raised as irregular expenditure was reclassified to a receivable.

28. Budget differences

Material differences between budget and actual amounts



Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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28. Budget differences (continued)

1. Revenue

1.1 Rendering of services

Variance in revenue generated is mainly due to:

Delays in vehicle procurement and delays in deliveries of vehicle orders affected our revenue generation, as a result, 124 vehicles that were written off have not been replaced during the financial year. Also out of 60 additional vehicles that were budgeted for, only 21 vehicles that were procured and issued to the User Departments.

Also the entity generated less fuel revenue due to less travel by most departments as a result of work from home arrangements and most meeting are now held virtually.

1.2 Other Income

Delays in replacement of vehicles also resulted in the entity disposing less vehicles than initially projected which affected revenue generated from auctions.

2. Goods and Services

2.1 Fleet Running Costs

The Entity's expenditure on fleet costs has reduced due to less fuel expenditure and repairs across departments which resulted from COVID 19 national lockdown as most people are working remotely and most meeting are held virtually

2.2 Professional Services

Revenue Management – Approval was granted by Treasury for appointment of the consultants, however there were delays from our procurement processes and the bid was thereafter affected by the Circular 15 of 2021/22 which was issued by National Treasury. The circular instructs departments to place bids advertised on or after 16 February 2022 to be held in abeyance.

Demand assessment – Bid was non responsive and a cancellation was obtained from Treasury on the 25 March 2022

3. The following items have not been budgeted for:

Depreciation

Bad debts

Derecognition of Asset

Movement in provision

Gain/loss on sale of inventory held for sale

29. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

Details of the arrangement are as follows:

Government Fleet Management Services entered into an agreement with the Provincial Departments to provide fleet services for managed maintenance vehicles. A fixed monthly administration fee of R926.5 per vehicle is charged to Provincial departments as per the approved rate card.

Managed maintenance vehicles are owned by the departments however the entity maintains these on their behalf and they are charged an administration fee.

The Entity as the only fleet management entity in the province, participates in the National transversal contract (RT46) for the supply of repairs and maintenance of state vehicles (including fuel). The managed maintenance vehicles owned by Departments are serviced and maintained through the RT contract. This means that all the repairs, maintenance and fueling of these vehicles are done through this contract by the Entity on behalf of the client departments.

All costs incurred relating to managed maintenance vehicles are fully recovered from the Departments.



Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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29. Accounting by principals and agents (continued)

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

There are no resources held by the Entity on behalf of Provincial Departments.

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R9 467 903 (2021: 10 252 625). This relates to the administration fee charged for the management of departmental vehicles.

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

Category(ies) of revenue received or to be received on behalf of the principal, are:

Categories

Fleet running costs

Additional details

This relates to fleet running costs expenditure paid by GFMS to a service provider (FNB) on behalf of the principal Departments

Amount of expenses accrued and paid on behalf of the principal during the reporting period

Fleet running costs	4 711 637	51 729 659
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Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Carrying amount of receivables relating to the arrangement

Amounts included in Trade receivables relating to the arrangement

Trade and other receivables	20 463 620	47 890 966
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Carrying amount of payables relating to the arrangement

Amounts included in Trade payables relating to the arrangement

Trade and other payables	-	9 267 022
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